

5.5



May 18, 1994

Redevelopment Agency of the
City of Sacramento
Sacramento, California



Honorable Members in Session:

**SUBJECT: OAK PARK BOARDED HOMES FOR REHABILITATION PROGRAM -
SALE OF THREE HOMES TO RURAL CALIFORNIA HOUSING
CORPORATION (RCHC)**

LOCATION AND COUNCIL DISTRICT: Oak Park Project Area, District 5

STAFF RECOMMENDATION

Staff recommends approval of the attached resolution authorizing the Executive Director to:

- enter into a disposition and development agreement (DDA) (which is on file with the Clerk) to sell three Agency-owned homes to RCHC to be rehabilitated and sold to low-income home buyers; and
- receive repayment of all Agency funds from the sale of each house. Such funds shall be deposited into the Oak Park Boarded Homes for Rehabilitation Program Fund.

**CONTACT PERSON: Anne Moore, Acting Director of Community
Development, 440-1357 and Lisa Bates, Associate
Planner, 440-1322**

FOR COUNCIL MEETING OF: May 31, 1994

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
May 18, 1994
Page 2

SUMMARY:

This report requests authorization to sell three boarded and vacant homes to Rural California Housing Corporation (RCHC) to be rehabilitated and sold to low-income home buyers for homeownership.

OAK PARK PROJECT AREA ACTION

At its meeting of May 4, 1994, the Oak Park Project Area Committee recommended approval of the attached resolution. The votes were as follows:

AYES: Castro, Crump, Gibbs, Jennings, Kline, Lam, Mitchell, Raya, Torres, White

NOES:

ABSENT: Baxter, Cavese, Hernandez

COMMISSION ACTION

At its meeting of May 18, 1994, the Sacramento Housing and Redevelopment Commission recommended approval of the attached resolution. The votes were as follows:

AYES: Amundson, Cespedes, Dobbins, Harland, Holloway, Moose, Rotz, Simon, Yew, Diepenbrock

NOES: None

ABSENT: Williams

BACKGROUND

In December 1991, the Redevelopment Agency of the City of Sacramento (Agency), received authorization to implement the Oak Park Boarded Homes for Rehabilitation (BHR) Program. Under the Oak Park BHR Program, the Agency is authorized to purchase up to 30 boarded and vacant single-family homes over a three-year period to rehabilitate and sell to first-time home buyers. The Program provides special financing to home buyers,

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
May 18, 1994
Page 3

including a forgivable second loan offered by the Federal Home Loan Bank under its Affordable Housing Program (AHP) to help home buyers qualify for a first mortgage, and forgivable loans from Agency tax increment funds to assist with downpayment or closing costs. To date, the Agency has purchased 14 homes and two additional homes are under contract. The rehabilitation of two homes has been completed and the rehabilitation of a third home is in progress.

In the summer of 1992, RCHC, a non-profit organization, applied for and was awarded \$450,000 in U.S. Department of Housing and Urban Development (HUD) Homeownership Opportunities for People Everywhere (HOPE III) funds. HOPE III funds are used by non-profits to acquire government-controlled properties to rehabilitate and sell for homeownership. RCHC applied for these funds in order to purchase 10 single-family homes from the Agency under the Agency's Oak Park BHR Program. RCHC plans to apply for additional HOPE III funds in July 1994 to purchase government-owned properties to rehabilitate under the Agency's Citywide Boarded Homes for Rehabilitation Program adopted in March 1994.

In September 1993, the Agency sold the first four homes acquired under the Oak Park BHR Program to RCHC. Although RCHC paid the Agency for the four houses at the time of transfer, the Agency provided deferred payment loans to RCHC to rehabilitate the homes. The Agency will be repaid its rehabilitation loans upon the sale of each home. To date, all four of the homes have been completed. Three homes are currently under contract for purchase by low-income, first-time home buyers and the fourth home is being marketed. The sales prices for these homes range from \$70,000 to \$85,000.

In the case of the first four RCHC homes, the Agency provided rehabilitation loans to RCHC because HOPE III guidelines limited the amount of rehabilitation funds per house to \$33,500. Based on our experience to date, the cost of rehabilitating often badly deteriorated boarded homes, containing lead, asbestos, and severe pest damage, has consistently exceeded \$33,500. To date, the cost to rehabilitate the three Agency-owned and four RCHC-owned homes completed has ranged from \$55,000 to \$98,000.

Because HUD has removed restrictions on rehabilitation costs from the HOPE III Program, Agency rehabilitation loans are no longer necessary for the three homes which are the subject of this report. Instead, to ensure that there are sufficient HOPE III funds available to RCHC to acquire and rehabilitate the homes, the Agency will sell the homes to RCHC for fair-market value and will defer repayment until RCHC's sale of the homes to first-time home buyers.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
May 18, 1994
Page 4

The three homes which this report requests authorization to sell to RCHC are:

<u>Address</u>	<u>APN</u>	<u>Price</u>	<u>Estimated Rehab Cost</u>
4709 14th Avenue	014-0294-015	\$32,000	\$55,000
3928 7th Avenue	014-0173-012	\$41,000	\$65,000
3449 10th Avenue	013-0391-015	\$35,000	\$38,000

Please see Attachment I for the location map.

As a condition of the DDA, Agency staff will approve the work write-ups and any plans and specifications used to rehabilitate the homes. Staff will also approve RCHC's contracts with selected rehabilitation contractors and monitor the progress of their work.

HOPE III funding allows the Agency and RCHC to target more deteriorated or costly-to-rehabilitate homes by providing \$450,000 in federal funds to match available tax increment funds. If, however, the sales proceeds are significantly lower than anticipated, or rehabilitation costs are significantly higher than estimated, the Agency may need to forgive a portion of RCHC's purchase price pursuant to the terms of the DDA in order to ensure that sufficient HOPE III funds remain to enable RCHC to meet its goal of completing 10 homes. Please see Attachment II for additional information regarding the HOPE III budget and Attachment III regarding the schedule for completing all 10 homes.

RCHC will follow the BHR Program guidelines, as adopted by the Agency in December 1991, to rehabilitate and sell the homes. The home buyers will benefit from the program's loans for downpayment and closing costs.

FINANCIAL CONSIDERATIONS

On December 3, 1991, the Agency allocated \$950,000 for the Oak Park BHR Program as a revolving fund with the ability to purchase 10 homes a year. In 1993, the Agency approved an additional allocation of \$243,300 1993 TARF funds to the Program, bringing the total current allocation for the Oak Park BHR Program to \$1,193,300. Presently, \$251,228 are available in the Oak Park BHR fund.

On September 30, 1993, the Agency authorized the sale of four homes to RCHC under the Oak Park BHR Program. The actions recommended in this report will allow RCHC to purchase three additional Agency-owned homes for fair-market value. The Agency will provide no interest, partially forgiven, deferred payment purchase money loans to RCHC

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
May 18, 1994
Page 5

for the purchase of these homes. The purchase money loans will be repaid upon the sale of each home to a low-income, first-time home buyer.

POLICY CONSIDERATIONS

The proposed actions are consistent with Agency policy to increase the housing stock and provide home ownership opportunities in Oak Park. The action comports with the goals of the Oak Park Redevelopment Plan and the Oak Park Five-Year Revitalization Strategy. No policy changes are recommended.

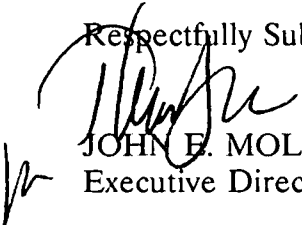
ENVIRONMENTAL REVIEW

The proposed action is in furtherance of the Oak Park Redevelopment Plan and was deemed approved at the time of plan adoption. Per CEQA Guidelines Sections 15180, 15162 and 15163, no further environmental documentation is required. RCHC, as the federal grantee, is responsible for meeting NEPA and statutory requirements.


M/WBE

The DDA and other agreements will contain the appropriate Agency M/WBE requirements.

Respectfully Submitted by,


JOHN E. MOLLOY
Executive Director

Transmittal approved by:

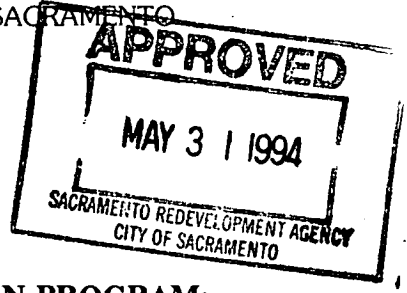

WILLIAM H. EDGAR
City Manager

F:\LRB\BHP\RCHC2.RPT
act:May 6, 1994

RESOLUTION NO. 94-034

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF _____



OAK PARK BOARDED HOMES FOR REHABILITATION PROGRAM: DISPOSITION AND DEVELOPMENT AGREEMENT WITH RURAL CALIFORNIA HOUSING CORPORATION AND AMENDMENT OF AGENCY BUDGET

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:

Section 1: The Executive Director is authorized to enter into a Disposition and Development Agreement (DDA) and related documents, with Rural California Housing Corporation (RCHC), in substantially the form on file with the Agency Clerk, subject to modification as approved by Agency Counsel, for rehabilitation and development of three single-family residences (Units) under the Oak Park Boarded Homes for Rehabilitation Program, on the following Agency-owned properties.

<u>Address</u>	<u>APN</u>	<u>Price</u>
4709 14th Avenue	014-0294-015	\$32,000
3928 7th Avenue	014-0173-012	\$41,000
3449 10th Avenue	013-0391-015	\$35,000

Section 2: The Executive Director is authorized to make purchase money loans to RCHC for the Units to be developed pursuant to the DDA. The principal amount for each Unit shall not exceed the Agency's sale's price for each Unit. The sales prices of the Units shall be as indicated above. Each loan shall be secured by first deeds of trust on the Units. Each loan shall be due upon the RCHC's sale of the rehabilitated Units, without interest, provided that rehabilitation and sale are completed as required under the DDA. Each loan may be partially forgiven pursuant to the terms of the DDA.

Section 3: The Executive Director is authorized to receive repayment of the loan funds to the Oak Park Boarded Homes for Rehabilitation Program, and to amend the budget accordingly.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

Section 4: The Agency finds that the sale of the Units will assist in the elimination of blight as the purchaser will rehabilitate the Units and sell them to low-income families thus providing additional low-income housing in the Oak Park Redevelopment Project Area.

Section 5: The Agency finds that the consideration to be paid for the Units is not less than the fair reuse value of the Units with the covenants, conditions and development costs authorized by the sale.

CHAIR

ATTEST:

SECRETARY

f:\mdi\staffres\oprhc

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

3449 10th Avenue

3928 7th Avenue

4709 14th Avenue

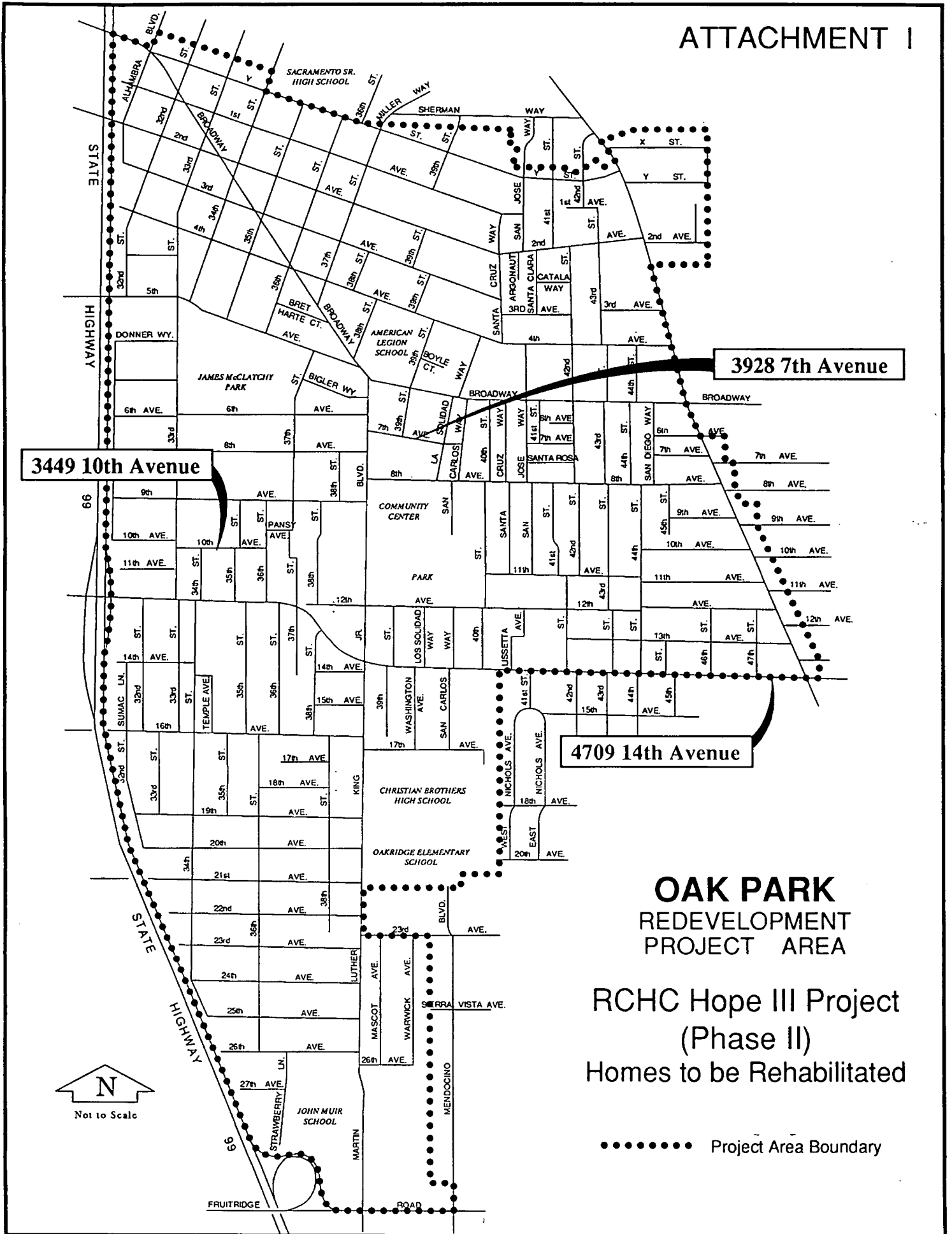
**OAK PARK
REDEVELOPMENT
PROJECT AREA**

RCHC Hope III Project
(Phase II)
Homes to be Rehabilitated

..... Project Area Boundary



Not to Scale



RCHC PROJECTED BUDGET FOR COMPLETION OF 10 HOPE III HOMES

Total HOPE III Allocation: \$450,000
 Administration: \$45,000
 Acquisition/Rehabilitation funds: \$405,000

<u>FIRST PHASE (4 Homes)</u>	<u>Agency Funds</u>	<u>HOPE III Funds</u>	<u>Total</u>
Acquisition:	0	129,000	129,000
Rehabilitation:	184,000	140,000	324,000
Home Buyer Assistance:	<u>8,000</u>	<u>12,000</u>	<u>20,000</u>
Total Funds Expended:	192,000	281,000	473,000

Sales Proceeds 184,000 131,000 315,000
 (\$85K, \$80K, \$75K, \$75K)

Permament Investment: 8,000 150,000 158,000

<u>SECOND PHASE (3 homes)</u>	<u>Agency</u>	<u>HOPE III</u>	<u>Total</u>
Acquisition:	108,000	0	108,000
Rehabilitation:	0	158,000	158,000
Home Buyer Assistance:	<u>6,000</u>	<u>9,000</u>	<u>15,000</u>
Total Funds Expended:	114,000	167,000	281,000

Sales Proceeds: 108,000 117,000 225,000
 (3 homes @ 75K)

Permament Investment: 6,000 50,000 56,000

<u>THIRD PHASE (3 homes)</u>	<u>Agency</u>	<u>HOPE III</u>	<u>Total</u>
Acquisition:	125,000	0	125,000
Rehabilitation:	0	175,000	175,000
Home Buyer Assistance:	<u>6,000</u>	<u>9,000</u>	<u>15,000</u>
Total Funds Expended:	131,000	184,000	315,000

Sales Proceeds: 125,000 100,000 225,000
 (3 homes @ 75K)

Permament Investment: 6,000 84,000 90,000

TOTAL PERMANENT INVESTMENT (10 Homes):

HOPE III: \$284,000 (\$121,000 HOPE III FUNDS WILL REMAIN BUDGET)
 OPTI: \$20,000 (Home buyer assistance loans)

RURAL CALIFORNIA HOUSING CORPORATION
HOPE III PROJECT TIME LINE

FIRST PHASE (4 homes):

Close of escrow to home buyers June 1994

SECOND PHASE (3 homes)

Purchase Homes June 1994
Begin Rehabilitation July 1994
Finish Rehabilitation November 1994
Sell Homes to Home Buyer December 1994

THIRD PHASE (3 homes)

Purchase Homes January 1995
Begin Rehabilitation February 1995
Finish Rehabilitation June 1995
Sell Homes to Home Buyer July 1995

5.5

Report Regarding the Disposition of Property Acquired Directly or Indirectly with Tax Increment Funds (Health & Safety Code Section 33433)

I. Agreement

A copy of the Purchase and Sale or Lease Agreement ("Agreement") disposing of an interest in Agency real property is attached to this Report.

II. Summary of Terms of Disposition

AGENCY'S COST OF ACQUIRING THE LAND - 3449 10TH AVENUE	
Purchase Price (or Lease Payments Payable During Agreement)	35,000.00
Commissions	
Closing Costs	360.00
Relocation Costs	
Land Clearance Costs	
Financing Costs	
Improvement Costs (e.g. utilities or foundations added)	
Other Costs (Environmental Testing, Securement)	688.00
TOTAL	36,048.00

ESTIMATED VALUE OF INTEREST CONVEYED	
Value of the property determined at its highest and best use under the redevelopment plan	35,000.00

ESTIMATED REUSE VALUE OF INTEREST CONVEYED	
Value of property determined with consideration of the restrictions and development costs imposed by the Agreement	0.00

VALUE RECEIVED ON DISPOSITION	
The purchase price or the total of the lease payments due to the Agency under the Agreement	35,000 or less*

* Please see Section III, page 4 for more information.

Report Regarding the Disposition of Property Acquired Directly or Indirectly with Tax Increment Funds (Health & Safety Code Section 33433)

I. Agreement

A copy of the Purchase and Sale or Lease Agreement ("Agreement") disposing of an interest in Agency real property is attached to this Report.

II. Summary of Terms of Disposition

AGENCY'S COST OF ACQUIRING THE LAND - 4709 14TH AVENUE	
Purchase Price (or Lease Payments Payable During Agreement)	32,000.00
Commissions	
Closing Costs	360.00
Relocation Costs	
Land Clearance Costs	
Financing Costs	
Improvement Costs (e.g. utilities or foundations added)	
Other Costs (Environmental Testing, Securement)	1,578.00
TOTAL	33,938.00

ESTIMATED VALUE OF INTEREST CONVEYED	
Value of the property determined at its highest and best use under the redevelopment plan	32,000.00

ESTIMATED REUSE VALUE OF INTEREST CONVEYED	
Value of property determined with consideration of the restrictions and development costs imposed by the Agreement	0.00

VALUE RECEIVED ON DISPOSITION	
The purchase price or the total of the lease payments due to the Agency under the Agreement	32,000 or less*

Report Regarding the Disposition of Property Acquired Directly or Indirectly with Tax Increment Funds (Health & Safety Code Section 33433)

I. Agreement

A copy of the Purchase and Sale or Lease Agreement ("Agreement") disposing of an interest in Agency real property is attached to this Report.

II. Summary of Terms of Disposition

AGENCY'S COST OF ACQUIRING THE LAND - 3928 7TH AVENUE	
Purchase Price (or Lease Payments Payable During Agreement)	41,000.00
Commissions	
Closing Costs	674.00
Relocation Costs	
Land Clearance Costs	
Financing Costs	
Improvement Costs (e.g. utilities or foundations added)	
Other Costs (Environmental Testing, Securement)	996.00
TOTAL	42,670.00

ESTIMATED VALUE OF INTEREST CONVEYED	
Value of the property determined at its highest and best use under the redevelopment plan	41,000.00

ESTIMATED REUSE VALUE OF INTEREST CONVEYED	
Value of property determined with consideration of the restrictions and development costs imposed by the Agreement	0.00

VALUE RECEIVED ON DISPOSITION	
The purchase price or the total of the lease payments due to the Agency under the Agreement	41,000 or less*

III. Explanation of Disposition for Less than Full Value

The Agency's may forgive a portion or all of the sales price should the following occur:

- 1) Unforeseen physical conditions cause rehabilitation costs to exceed Agreement rehabilitation estimates by 20 percent; or
- 2) Appraised fair market values of the after-rehabilitated homes are less than 10 percent of the projected sales prices identified in the Agreement.

The Agency is selling these boarded and vacant homes to a nonprofit organization, Rural California Housing Corporation (RCHC), to renovate and sell to first-time, low-income home buyers. RCHC is using Housing and Urban Development (HUD) funds as part of the HOPE III program to acquire and rehabilitate these homes. HUD requires complete removal of lead-based paint, which causes rehabilitation costs to increase. Acquisition and rehabilitation costs will exceed the or equal fair-market value of the rehabilitated homes. Therefore, estimated property values considering development costs and affordability restrictions are zero.

IV. Elimination of Blight

This program eliminates blight by:

- 1) rehabilitating the many vacant, substandard and abandoned single-family homes in the Oak Park Project Area that cause a physical blight and are a haven for ancillary activities which lead to blight; and
- 2) providing affordable home ownership opportunities to low-income families wishing to buy their own home and invest in their community.

This program is identified as a housing goal in the 1991 Oak Park Revitalization Strategy, and its activities are authorized in the Oak Park Redevelopment Project Area Redevelopment Plan adopted in 1973 and amended March 1985.

NO FEE DOCUMENT:

*Entitled to free recording
per Govt. C. 6103, 27383*

When recorded, return to:

SACRAMENTO HOUSING AND
REDEVELOPMENT AGENCY
630 "I" Street
Sacramento, CA 95814
Attention: Legal Department

Disposition and Development Agreement
OAK PARK REDEVELOPMENT PROJECT
BOARDED HOMES FOR REHABILITATION PROGRAM
3449 10th Avenue
3928 7th Avenue
4709 14th Avenue

June 1, 1994

A Project of
REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO
and
RURAL CALIFORNIA HOUSING CORPORATION

1. <u>General Considerations</u>	5
1.1 <u>Purpose</u>	5
1.2 <u>Definitions</u>	5
2. <u>Purchase and Sale Agreement</u>	9
2.1 <u>Purchase Price</u>	9
2.2 <u>Conditions Precedent to Transfer</u>	10
2.3 <u>Escrow</u>	10
2.4 <u>Zoning of the Site</u>	10
2.5 <u>Condition of the Site</u>	10
2.6 <u>Hazardous Materials</u>	10
2.7 <u>Access to the Site</u>	11
3. <u>Predevelopment Obligations</u>	11
3.1 <u>Relocation</u>	11
3.2 <u>Preparation of Plans and Related Documents</u>	11
3.3 <u>Agency Approval of Plans</u>	12
3.4 <u>Approval of Substantial Changes to Plans</u>	12
3.5 <u>Development Financing</u>	12
3.6 <u>No Reimbursement</u>	13
3.7 <u>California Environmental Quality Act</u>	13
4. <u>Development Provisions</u>	13
4.1 <u>Substantial Changes</u>	13
4.2 <u>Requirements Prior to Construction</u>	13
4.3 <u>Commencement and Completion of Construction</u>	13
4.4 <u>Extension Fees</u>	13
4.5 <u>Reports</u>	14
4.6 <u>Permits</u>	14
4.7 <u>Local, State and Federal Laws</u>	15
4.8 <u>Antidiscrimination During Construction</u>	15
4.9 <u>Public Improvements</u>	15
4.10 <u>Agency Sign</u>	15
4.11 <u>Certificate of Completion</u>	15
4.12 <u>Minority/Women's Business Enterprises Requirements</u>	16
4.13 <u>Local Hire</u>	16
4.14 <u>Notification of Contractors, Architects and Engineers</u>	17
5. <u>Agency Financing</u>	17
5.1 <u>Purchase Money Loan</u>	17
5.2 <u>Homebuyer Loans</u>	17
5.3 <u>Affordable Housing Fund Loan</u>	17
6. <u>Covenants Regarding Use and Operation of the Project and Site</u>	18
6.1 <u>Uses</u>	18
6.2 <u>Affordability Requirements</u>	18
6.3 <u>Nondiscrimination</u>	18
6.4 <u>Payment of Taxes, Assessments, Encumbrances and Liens</u>	18
7. <u>Indemnification, Public Safety and Insurance</u>	18
7.1 <u>Indemnification</u>	18

7.2	<u>Public Safety Protections</u>	18
7.3	<u>Liability Insurance</u>	18
7.4	<u>Builder's "All Risk" Insurance</u>	19
7.5	<u>Errors and Omissions Insurance</u>	20
7.6	<u>Insurance Provisions</u>	20
8.	<u>Prohibitions Against Assignment and Transfer</u>	21
8.1	<u>Prohibition Against Transfer of Interest</u>	21
8.2	<u>Prohibition Against Transfer or Assignment</u>	21
8.3	<u>Conditions of Approval</u>	21
8.4	<u>Developer Obligations Not Relieved</u>	22
8.5	<u>Information as to Stockholders and Partners</u>	22
9.	<u>Special Provisions</u>	23
9.1	<u>Regulatory Agreement</u>	23
9.2	<u>City Requirements</u>	23
10.	<u>Financing and Lender's Rights</u>	23
10.1	<u>Limitation on Encumbrances</u>	23
10.2	<u>Provisional Refinancing</u>	23
10.3	<u>Lender Not Obligated to Construct</u>	23
10.4	<u>Lender's Option to Cure Defaults</u>	24
10.5	<u>Agency's Option to Pay Debt or Purchase Site</u>	24
10.6	<u>Agency's Option to Cure Loan Default</u>	24
10.7	<u>Inclusion in Loan and Security Instruments</u>	25
10.8	<u>Lender and Site</u>	25
11.	<u>Defaults and Remedies</u>	25
11.1	<u>In General</u>	25
11.2	<u>Termination by Developer Prior to Conveyance</u>	25
11.3	<u>Termination by Agency Prior to Conveyance</u>	25
11.4	<u>Revesting Title in Agency</u>	25
11.5	<u>Resale of Reacquired Site and Disposition of Proceeds</u>	26
11.6	<u>Other Rights and Remedies of Agency</u>	26
11.7	<u>No Waiving by Delay</u>	27
11.8	<u>Liquidated Damages</u>	27
11.9	<u>Agency Completion of Construction</u>	28
11.10	<u>Delay for Causes Beyond Control of Party</u>	28
11.11	<u>Rights and Remedies Cumulative</u>	28
11.12	<u>Waiver of Defenses of Surety</u>	29
12.	<u>General Provisions</u>	29
12.1	<u>Time for Actions</u>	29
12.2	<u>Time for Approvals</u>	29
12.3	<u>Counterparts</u>	29
12.4	<u>Contents of DDA</u>	29
12.5	<u>Inspection of Books and Records</u>	29
12.6	<u>Approvals</u>	29
12.7	<u>Plans and Data</u>	29
12.8	<u>Commissions</u>	29
12.9	<u>Entire Agreement</u>	30

12.10 Waivers and Amendments 30
12.11 Nonliability of Agency Officials and Employees 30
12.12 Notices And Demands 30

DISPOSITION AND DEVELOPMENT AGREEMENT
- OAK PARK BOARDED HOMES FOR REHABILITATION PROGRAM
[Using Housing Fund]

THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO and RURAL CALIFORNIA HOUSING CORPORATION enter into this DDA in consideration of the mutual promises and upon the representations, terms and conditions set out below. [The capitalized terms shall have the meanings assigned in Section 1.2.]

1. General Considerations. In furtherance of the objective of the Community Redevelopment Law, the Agency has undertaken a program for the clearance and reconstruction or rehabilitation of blighted areas in the City of Sacramento including a redevelopment project in the Project Area. This DDA is made in furtherance of the objectives of the Redevelopment Plan for the Project Area.

1.1 Purpose. The primary purpose of this DDA is to acquire and redevelop the Site at its highest and best use as the Project. The purpose of this DDA is not speculation in land holding.

The Agency represents that the development of the Site and the completion of the Project, under this DDA, and the fulfillment generally of this DDA, are (1) in the vital and best interests of the City and the health, safety, morals and welfare of its residents, (2) for the purpose of community improvement and welfare, (3) for the benefit of Project Area and in accordance with the Agency's Redevelopment Plan and (4) consistent with the Redevelopment Plan.

The Agency is using monies from the Agency's Housing Fund for this project for the purpose of increasing, improving and preserving the community supply of affordable housing.

1.2. Definitions. The following definitions shall apply for the purposes of this DDA:

1.2.1 "Agency" is the Redevelopment Agency of the City of Sacramento. The Agency is a public body, corporate and politic, exercising governmental functions and powers, and organized and existing under the Community Redevelopment Law of the State of California. The principal office of the Agency is located at 630 I Street, Sacramento, California 95814. Agency as used in this DDA includes the Redevelopment Agency of the City of Sacramento and any assignee of or successor to its rights, powers and responsibilities. The Sacramento Housing and Redevelopment Agency is a joint powers agency which provides staffing for the operation of the Agency.

1.2.2 "Certificate of Completion" is the certificate issued by the Agency certifying Developer's completion of the Project, as described in Section 4.12.

1.2.3 "CEQA" is the California Environmental Quality Act (commencing at Public Resources Code Section 21000), together with all rules and regulations promulgated under the statutes.

1.2.4 "City" is the City of Sacramento in the State of California.

1.2.5 "Commencement Date" is the date stated in the Schedule of Performances for the commencement of construction of the Improvements.

1.2.6 "Completion Date" is the date stated in the Schedule of Performances for the completion of construction of the Improvements.

1.2.7 "Community Redevelopment Law" is the law governing redevelopment in the State of California and is found commencing at Health and Safety Code Section 33000.

1.2.8 "Construction Period Extension Fee" is a fee payable by Developer for each day by which the completion of construction is delayed beyond the Completion Date.

1.2.9 "Contractor" is the contractor or contractors with whom Developer has contracted for the construction of the Project.

1.2.10 "DDA" is this Disposition and Development Agreement including and the attachments to this DDA consisting of Exhibits 1 through 10 which are incorporated in this DDA as if set forth in full in the body of the DDA. In the event of a conflict between the terms of this DDA and the Exhibits, this DDA shall be given precedence. A default of any of the documents attached as Exhibits and incorporated in the DDA shall be deemed a default of this DDA.

1.2.11 "Declaration of Restrictions" is a document which establishes certain restrictions on the use of the Site, which shall survive completion of the Improvements. A copy is attached as Exhibit 7: Declaration of Restrictions.

1.2.12 "Developer" is Rural California Housing Corporation, a California nonprofit corporation, organized and doing business in the State of California. The principal office of the Developer is located at 2125 19th Street, Suite 101, Sacramento, California 95818.

1.2.13 "Escrow" is the escrow for the transfer of the Site and all requirements related to complete of the purchase and sale and the transfer of the parcels in the Site to Developer.

1.2.14 "Escrow Holder" is the holder of the Escrow which is Stewart Title Company whose office is located at 555 Capitol Mall, Sacramento, California 95814.

1.2.15 "Escrow Instructions" are the instructions to the Escrow Holder. A copy of the Escrow Instructions are attached as Exhibit 3: Escrow Instructions.

1.2.16 "Grant Deed" is the grant deed for the transfer of the Site to Developer under this DDA. The Grant Deed contains covenants which run with the land, easements and a reverter provision. A copy of the Grant Deed is attached as Exhibit 4: Grant Deed.

1.2.17 "Hazardous Materials" as used in this DDA shall include, but not be limited to, all substances, wastes and materials designated or defined as hazardous or toxic pursuant to any of the following statutes, as they may be amended or superseded, from time to time: the Clean Water Act (33 U.S.C. §1321 et. seq.); the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. §9601 et seq.); the Resource Conservation and Recovery Act (42 U.S.C. §6901 et seq.); the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101); the Environmental Protection Agency list of hazardous materials (40 CFR Part 302) and California Health and Safety Code Sections 25115, 25117, 25122.7, 25140 (Hazardous Waste Control Law), 25316 (Carpenter-Presley-Tanner Hazardous Substances Account Act), 25501 (Hazardous Materials Release Response Plans and Inventory) and 25281 (Underground Storage of

Hazardous Substances); all applicable local regulations; and all regulations and promulgations pursuant to said laws.

1.2.18 "Housing Fund" is the fund established pursuant to Health and Safety Code Sections 33334.2, 33334.3 and 33334.6 to be used for the purposes of increasing improving and preserving the community's supply of low- and moderate-income housing available at affordable cost to persons and families of low or moderate income.

1.2.19 "Improvements" are the improvements which are rehabilitated and constructed on the Site in accordance with this DDA. References to construction of the Improvements includes rehabilitation of the Improvements.

1.2.20 "Legal Descriptions" are the legal descriptions of the parcels within the Site. The Legal Descriptions are specified in Exhibit 5: Legal Description.

1.2.21 "Lender" shall include all holders of any lien or encumbrance as security for a loan on all or any part of the Site, excluding Agency.

It is not intended that Developer shall incur any additional indebtedness for the completion of the project, and there shall be no Lender for the project, as defined in this section, without Agency's prior written approval.

1.2.22 "MBE/WBE" means Minority-Owned Business Enterprise/Women-Owned Business Enterprise as set out in Agency's MBE/WBE program described in Section 4.13.

1.2.23 "Option Extension Fee" is an option fee payable by Developer for each day by which the commencement of construction is delayed beyond the Commencement Date, as provided in Section 4.4.1.

1.2.24 "Parcel Map" is the map (or maps) of the various parcels of real property affected by this DDA. The Parcel Map is attached as Exhibit 6: Parcel Map.

1.2.25 "Plans" are the full and final work descriptions, plans, drawings and specifications for the Project which are sufficient to obtain any and all permits required for completion of the Improvements as described in Section 1.2.22.

1.2.26 "Project" is the rehabilitation of single-family residential units on each parcel in the Site for sale to owner-occupants. The Project is more fully described in the Scope of Development.

1.2.27 "Project Area" is the Project Area for the Oak Park Redevelopment Project, Project No. 7, as defined the Redevelopment Plan.

1.2.28 "Punch List" is defined as generally used in the construction trade to mean a list of unfinished items or defective work of insubstantial nature.

1.2.29 "Purchase Money Deed of Trust" is the Deed of Trust securing the Purchase Money Loan which shall be the standard short form deed of trust with a Deed of Trust addendum. A copy of the Deed of Trust Addendum is attached hereto as Exhibit 1: Deed of Trust Addendum.

1.2.30 "Purchase Money Loan" is the Agency's loan to Developer for the purchase of the Site as described in the Plans. The terms of the Purchase Money Loan are set out in the Purchase Money Note and the Purchase Money Deed of Trust.

1.2.31 "Purchase Money Note" is the promissory note evidence Agency's Purchase Money Loan to Developer and Developer's obligation to repay the Purchase Money Loan. A copy of the Purchase Money Note is attached as Exhibit 2: Promissory Note.

1.2.32 "Purchase Price" is the purchase price for the Site. The Purchase Price for each parcel in the Site is specified in Section 2.1.

1.2.33 "Purchase Price List" is the list of Purchase Prices for each parcel within the Site. The Purchase Price List is included in Exhibit 5: Legal Description and Purchase Price.

1.2.34 "Redevelopment Plan" is the redevelopment plan for the Project Area (as it has been and may be amended from time to time) as adopted by the City Council of the City on May 30, 1973, by City Ordinance No. 3278, Fourth Series, and amended on March 27, 1985 by City Ordinance No 85-022. A copy of the Redevelopment Plan as initially adopted was recorded on August 29, 1973, in the Official Records of the County of Sacramento, in Book 73-07-12, beginning at page 390. A copy of the Redevelopment Plan as mended was recorded on April 19, 1985, in the Official Records of the County of Sacramento, in Book 85-04-19, beginning at page 1496.

1.2.35 "Regulatory Agreement," a copy of which is attached as Exhibit 8: Regulatory Agreement, is the agreement which sets out covenants, conditions and restrictions, and other provisions of this DDA which shall survive the completion of the Improvements and which shall burden the Site.

1.2.36 "Rehabilitation Estimate", a copy of which is attached as Exhibit 11: Rehabilitation Estimate, is the estimate of the cost to rehabilitate the Improvements on the Site which Agency and Developer have agreed upon.

1.2.37 "Schedule of Performances" is the schedule which establishes the dates by which obligations of the parties under this DDA must be performed and on which conditions must be satisfied. The Schedule of Performances is attached as Exhibit 9: Schedule of Performances.

1.2.38 "Scope of Development" is the detailed description of the construction of the Improvements which is attached as Exhibit 10: Scope of Development.

1.2.39 "Site" is that real property to be developed under this DDA by Agency, as more particularly described in the Legal Descriptions and shown in the Parcel Map. The Site includes all improvements contained within the Site.

1.2.40 "Title Company" refers to the insurer of title, which is the Escrow Holder.

1.2.41 "Unavoidable Delay" is a delay in the performance by a party of any obligation which delay is beyond the control of such party. Unavoidable Delay shall include delay resulting from acts of God, acts of the public enemy, acts of the Federal Government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather (as for example, floods, tornadoes, or hurricanes) or delays of subcontractors due to such causes.

2. Purchase and Sale Agreement. Subject to all the terms, covenants and conditions of this DDA, including, specifically, the following terms, the Agency shall sell the Site to Developer upon the condition that Developer construct the Improvements consistent with the approved Plans for the uses set out in this DDA.

2.1 Purchase Price. The Purchase Price for each parcel within the Site shall be the same as the purchase price previously paid by the Agency for such parcel, without adjustment for costs of sale. The Purchase price for each such parcel is specified as follows:

2.1.1	<u>Address</u>	<u>APN #</u>	<u>Purchase Price</u>
	3928 7th Avenue	014-01730-012	\$41,000.00
	4709 14th Avenue	014-0294-015	\$32,000.00
	3449 10th Avenue	013-0391-015	\$35,000.00

2.1.2 Developer shall pay the Purchase Prices by depositing, before the close of escrow, into escrow Developer's Purchase Money Notes in the form of Exhibit 2: Promissory Note for the full purchase price for each parcel of the Site. Each Purchase Money Note shall be secured by a Purchase Money Deed of Trust in the form of a standard short form deed of trust with the addendum in the form of Exhibit 1: Deed of Trust Addendum.

2.1.3 The Purchase Money Note for each parcel of the Site shall be due and payable upon close of escrow for Developer's transfer of each rehabilitated parcel to a subsequent purchaser who meets the criteria for the Agency's Oak Park Boarded Homes for Rehabilitation Program.

2.1.4 A portion of the principal amount of each Purchase Money Note may be forgiven if (a) the cost to rehabilitate the parcel or (b) the after rehabilitation value of the parcels are such that not enough HOPE III funds would remain in the Developer's budget to acquire, rehabilitate three (3) subsequent homes. The amount of forgiveness shall be calculated as follows:

2.1.4.1 If rehabilitation costs per parcel exceed twenty percent (20%) of the original estimate to rehabilitate that parcel, as set forth in Exhibit 11: Rehabilitation Estimate, the amount of the difference between the total rehabilitation cost and the estimated rehabilitation cost will be the amount forgiven of the principal of the Purchase Money Note for that parcel; or

2.1.4.2 If the after-rehabilitation appraised fair market value of the parcel and Improvements on each parcel is less than Sixty-seven thousand five hundred dollars (10% less than the estimated sales price) the difference between \$67,500 and the

actual appraised fair market value of each parcel will be the amount forgiven of the principal of the Purchase Money Note for that parcel.

2.2. Conditions Precedent to Transfer. The following shall be conditions precedent to the transfer of the Site to Developer.

2.2.1 Execution and Delivery of Agreements. Developer and Agency have executed and delivered to the Escrow Holder the Escrow Instructions and the Regulatory Agreement. The Regulatory Agreement shall be executed in recordable form.

2.2.2 Payment of Purchase Price. Developer has paid the Purchase Price upon the terms set out in, and in accordance with, Section 2.

2.3 Escrow. The parties shall open the Escrow with the Title Company selected by the parties for the transfer of the Site. The escrow shall be opened on or before the date set forth in Schedule of Performances.

2.3.1 Escrow Instructions and Terms of Conveyance. The Escrow Instructions contain the terms of this DDA related to the conveyance of the Site, including method and form of conveyance, order of recordation, title insurance and allocation of costs, fees, expenses and prorations related to the Escrow. The parties shall execute the Escrow Instructions concurrently with execution of this DDA. The Escrow Instructions shall not be modified, amended or expanded, except in writing signed jointly by the parties.

2.3.2 Close of Escrow. Escrow shall close in accordance with the terms of the Escrow Instructions and only after all provisions of the Escrow Instructions have been completely fulfilled. The date for close of escrow is specified in the Schedule of Performances.

2.3.3 Taxes and Assessments. Ad valorem taxes and assessments, if any, on the Site and taxes upon this DDA or any rights under this DDA, levied, assessed or imposed for any period after the date of this DDA shall be paid by the Developer prior to delinquency.

2.4 Zoning of the Site. Developer shall assure that zoning of the Site at the time of development shall be such as to permit the development and construction of the Improvements and the use, operation and maintenance of the Improvements, all in accordance with the provisions of this DDA.

2.5 Condition of the Site. Developer, at Developer's expense, shall conduct any Site investigation which Developer may consider necessary to determine the condition of the Site for the development of the Project. As between the Agency and Developer, Developer shall be solely responsible for the adequacy of such investigations.

Except as provided in this DDA, if the condition of the Site is not in all respects entirely suitable for the use or uses to which the Site will be put, it is the sole responsibility and obligation of the Developer to take such reasonable action as may be necessary to place the condition of the Site in a condition which is entirely suitable for its development in accordance with the construction plans and drawings approved by the Agency. The Agency shall not be responsible for removing any surface or subsurface obstructions, or structures of any kind on or under the Site.

2.6 Hazardous Materials. Developer, at Developer's expense, shall conduct any necessary Hazardous Materials investigation of the Site investigation to determine the condition of the Site for the development of the Project. As between the Agency and Developer, Developer shall be solely

responsible for the adequacy of such Hazardous Materials investigations. Agency has tested the site for the presence of lead and asbestos in accordance with U.S. Department of Housing and Urban Development guidelines.

2.6.1 Decontamination. If "Hazardous Materials" are discovered on the Site, Developer shall decontaminate the Site as required by any federal, state or local agency and as may be necessary to avoid incurring liability or further liability under any federal, State and local law or regulation. Developer shall bear all costs related to such decontamination. If costs of such decontamination costs for a single parcel exceed the sum of ONE THOUSAND DOLLARS (\$1,000.00), Developer shall notify Agency in writing and Agency may elect to pay the actual cost to decontaminate the parcel in excess of ONE THOUSAND DOLLARS. If Agency does not notify Developer in thirty (30) days following such written notification, Developer shall have the right to delete that parcel from this DDA after Developer executes and delivers to Agency a quit claim deed for the parcel.

2.6.2 Indemnification of Agency for Hazardous Materials. Developer shall indemnify, protect and defend Agency and hold Agency harmless from any and all costs, fees, penalties and claims related to the existence of Hazardous Materials on the Site at any time and related to the removal or discharge of Hazardous Materials by Developer, or its employees, agents or contractors, during and after Developer's decontamination of the Site pursuant to this Section.

2.7 Access to the Site. Developer shall have access to the Site solely for purposes of inspection at reasonable business hours and when accompanied by Agency personnel. Prior to transfer of the Site to Developer, Developer shall do no work on Site.

After the conveyance of the Site by Agency to Developer, Developer shall permit Agency representatives access, without charge, to the Site at any time and for any purpose which Agency reasonably considers necessary to carry out its obligations and protect its interests under the DDA. Purposes for Agency entry may include, without limitation, inspection of all work being performed in connection with the construction of the Improvements.

3. Predevelopment Obligations As a condition subsequent to the transfer of the Site to Developer, Developer shall comply with and perform the following obligations:

3.1 Relocation. Developer shall pay all costs of relocation of existing businesses (including goodwill) and residential tenants which may be required by law to be paid by Developer or the Agency as a result of this Project.

3.2 Preparation of Plans and Related Documents Developer shall prepare the Plans which shall include all construction plans, drawings, specifications and other documents required to obtain all required building permits for the construction of the Improvements. The Plans shall conform in all material respects to the Preliminary Plans and the Scope of Development. The Plans shall specifically include changes or corrections of the Plans approved as provided in this DDA. The Plans shall incorporate all related mitigation measures which may be required for compliance with CEQA approvals.

3.2.1 Developer shall deliver the Plans or changes to the Plans for Agency review to the office of the Agency Clerk and shall have clearly marked on its exterior "URGENT: OAK PARK BOARDED HOMES FOR REHABILITATION PROGRAM PLAN REVIEW -- ATTENTION: LISA BATES" or the equivalent.

3.2.2 If any revisions or corrections of Plans approved by the Agency shall be required by any government official, agency, department or bureau in exercise of its proper jurisdiction, the Developer shall inform the Agency. If Agency and Developer concur in writing with the required change, Developer shall incorporate the change and it shall be deemed approved by Agency. If Agency or Developer reasonably disagree with the required change, they shall reasonably cooperate with the agency requiring the change in efforts to develop a mutually acceptable alternative.

3.3 Agency Approval of Plans. The Agency shall have the right, but not the obligation, to review the Plans to assure that they conform to the Scope of Development and the provisions of this DDA. Based upon such review, the Agency shall have the right to approve or reject the Plans. Agency's right of review shall specifically include the right to review architectural and landscaping designs. If the Agency rejects the Plans, Developer shall obtain no interest in the Site and take no action on the Site until such time as Developer has modified the Plans and received the Agency's approval of the Plans as modified.

The Plans may be approved by the Agency's Executive Director, without further review by the Agency's governing board, if (a) the Plans conform in all material respects to the Scope of Development, (b) no changes which require Agency approval under this DDA have been made to the Plans previously approved by the Agency, and (d) the City is prepared to issue a building permit based upon the Plans.

3.4 Approval of Substantial Changes to Plans. If the Developer desires to make any substantial changes in the Plans as approved by the Agency, the Developer shall submit such proposed changes, in writing, to the Agency for its approval. The plans shall be deemed to include any approved changes to the Plans as originally approved. The Agency shall approve or disapprove the proposed change as soon as practicable.

Nothing in this Section shall be construed to relieve Developer of its obligations under all applicable laws regarding such changes.

3.4.1 Purpose of Approval. Agency's approval of Plans is not an assurance of the adequacy or correctness of the Plans. Agency has reserved approval rights solely (a) to assure that the Plans conform to the Scope of Development, further the Redevelopment Plan and are otherwise generally suitable to the uses contemplated by this DDA and (b) to assure that any Agency funds which may be obligated under this DDA are used as intended by the Agency.

3.4.2 Misrepresentation. If Agency's approval of the Plans or the changes to the Plans delivered to the Agency is based upon a wilful and material misrepresentation of Developer made in conjunction with the Plans or changes to the Plans, nothing in this section shall be construed to preclude or limit the rights or claims of the Agency with regard to such misrepresentation, including any rights the Agency may have to rescind such approval.

3.5 Development Financing. Except as specifically provided in this DDA, Developer shall be responsible for, obtain and pay all costs of developing the Site and constructing all Improvements. Developer shall provide to Agency evidence of financing for this project, in a manner and with specificity acceptable to the Agency. Agency and Developer anticipate that Developer shall utilize HOPE II funds for the rehabilitation of the Improvements. Unless approved in writing by the Agency, the loan documents for the Project shall be consistent with this DDA.

3.6 No Reimbursement. Except as expressly provided in this DDA, no party shall have the right of reimbursement for any funds expended by them for the Project prior to execution of this DDA.

3.7 California Environmental Quality Act. Agency has prepared all environmental documents and held all hearings required under CEQA, and the Project has been approved in accordance with CEQA. Nothing in this Agreement shall be construed to limit the application of CEQA to the Project or changes in the Project or to control Agency's actions in meeting its CEQA obligations. Agency shall not be liable, in any respect, to Developer or any third party beneficiary of this Agreement for Agency's action or inaction in fulfilling its CEQA obligations.

Developer, at Developer's cost, shall comply with all measures required under CEQA to mitigate negative impacts of the Project. Developer shall incorporate all applicable mitigation measures in the Final Plans.

4. Development Provisions. As a further condition subsequent to transfer of the Site to Developer, Developer shall construct and manage the Project according to the requirements established in this DDA, the Scope of Development and the Plans.

In the event that the cost of construction of the Project, or any part of the Project exceeds the costs projected by Developer, Developer shall, nevertheless, bear the responsibility to complete, at Developer's cost, the construction of the Improvements in accordance with this DDA.

In consideration of Developer's performance in constructing the Improvements and developing the Site according to the requirements of this DDA, Agency has made significant material concessions for transfer of the Site to Developer. Therefore, the parties agree that such obligations of Developer shall be covenants running with the land and that they shall, in any event, and without regard to technical classification or designation, be to the fullest extent permitted by law and equity, binding for the benefit of the Agency and enforceable by the Agency against the Developer, its successors and assigns.

4.1 Substantial Changes. Developer covenants and agrees that Developer shall not make or permit to be made any construction of the Improvements which incorporates a substantial change in the Plans, as described in Section 1.2.28, without Agency approval of such changes as provided in Section 3.4.

4.2 Requirements Prior to Construction. No construction of the Improvements shall be undertaken by the Developer until Developer has fulfilled all the conditions precedent to transfer of the Site and Agency has transferred the Site to Developer; until the Plans have been approved by all government agencies from whom approval is required; and until Agency has approved all policies of insurance and the bonds or other security required by this DDA.

4.3 Commencement and Completion of Construction. The Developer shall begin construction of the Improvements not later than the Commencement Date, diligently prosecute to completion the construction of the Improvements, and complete the Improvements not later than the Completion Date. Developer shall conduct such construction strictly in accordance with the provisions of this DDA.

4.4 Extension Fees

4.4.1 Option Extension Fee. If Developer does not begin the construction of the Improvements on or before the Commencement Date, Developer shall pay to Agency, monthly in advance, on the first day of each month beginning the calendar month following

the Commencement Date, the Option Extension Fee of TWENTY-FIVE DOLLARS (\$25) for each day by which the commencement of construction is delayed beyond the Commencement Date. Option Extension Fees due for days of delay occurring prior to the first payment date shall be paid in arrears at the time of the first payment under this Section.

4.4.2 Construction Period Extension Fee. If Developer does not complete the construction of the Improvements on or before the Completion Date, Developer shall pay to Agency, monthly, in advance, on the first day of each month beginning the calendar month following the Completion Date, a construction period extension fee ("Construction Period Extension Fee") of TWENTY-FIVE DOLLARS (\$25) for each day by which the completion of construction is delayed beyond the Completion Date. Construction Period Extension Fees due for days of delay occurring prior to the first payment date shall be paid in arrears at the time of the first payment under this Section. The Construction Period Extension Fee, if any, shall be in addition to any Option Extension Fee and liquidated damages which may also be due.

4.4.3 Agency Delay. The number of days used in computation of the Option Extension Fee or Construction Period Extension Fee shall be reduced by the number of days of delay in performance of any Agency obligations required for Developer's commencement or completion of construction, as the case may be. Said fee shall not, however, be reduced for any delay in Agency performance which is the result of any action or inaction of Developer.

4.4.4 Agency Option. Agency shall have the option to terminate, upon ten (10) days prior written notice, Developer's rights to such extension fees and to declare Developer in material default of this DDA.

4.4.5 Maximum Period. Such extension fees shall not be accepted for a time period greater than six months, at which time Developer shall be deemed in material default of this DDA.

4.4.6 Refund of Unearned Fee. Any unearned portion of an advance payment of any such extension fee shall be refunded by the Agency within thirty (30) days of commencement or completion of construction, or of termination of the DDA, as the case may be.

4.4.7 Material Default. Failure of Developer to make an advance payment of any such extension fee when due or to commence or complete construction, as the case may be, within three (3) months after the specified date for such activity shall, at the election of the Agency, be deemed a material default by the Developer in the performance of its obligations under this DDA.

4.5 Reports. During the period of construction, the Developer shall submit to the Agency a written report of the progress of the work when reasonably requested by the Agency, but not more often than once each month. The report shall be in such form and detail as may reasonably be required by the Agency and shall include a reasonable number of construction photographs taken since the last report if previously requested by the Agency.

4.6 Permits. Before commencement of construction or development of any buildings, structures or other work of improvements upon the Site, the Developer shall at its own expense secure any and all certifications and permits which may be required by any governmental agency affected by such construction, development or work. The Agency shall cooperate in securing certifications and permits which require consent of the owner of the property.

4.7 Local, State and Federal Laws. The Developer shall carry out the construction of all Improvements in conformity with all applicable laws, including all applicable federal and state labor standards.

4.8 Antidiscrimination During Construction. The Developer for itself and its successors and assigns, agrees that the following provisions shall apply to, and be contained in all contracts and sub-contracts for the construction of the improvements on the Site provided for in this DDA.

4.8.1 Employment. The Developer shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, marital status, creed or national origin. The Developer will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, creed, religion, sex, marital status, or national origin. Such action shall include, but not limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layout or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Developer agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Agency setting forth the provisions of this nondiscrimination clause.

4.8.2 Advertising. The Developer will, in all solicitations or advertisements for employees placed by or on behalf of the Developer, state that all qualified applicants will receive consideration for employment without regard to race, color, creed, religion, sex, marital status, or national origin.

4.8.3 Office of Equal Opportunity in Construction. For the purpose of monitoring the antidiscrimination provisions, Developer and Developer's contractor and subcontractors shall comply with the requirements of the Office of Economic Opportunity in Construction, also known as OEOC.

4.9 Public Improvements. Except as specifically provided in the Development Agreement, the Developer shall at Developer's expense, undertake and complete any modification, construction, relocation or improvement of public facilities, improvements and utilities on or for the development of the Site. If it shall become necessary that Developer build any public improvement at Agency expense, Developer shall comply with all provisions required for a public work including prevailing wage and bonding requirements.

4.10 Agency Sign. If Developer places a sign on the Site during construction stating the names of the Project participants, it shall also name "Sacramento Housing and Redevelopment Agency" as a participant in the Project. The Agency name on the sign shall be in letters not less than size of letters used to name the lenders for the Project.

4.11 Certificate of Completion. After the Agency has determined that Developer has completed the Improvements in accordance with Developer's obligations under this DDA, the Agency will furnish the Developer with a "Certificate of Completion" certifying such completion. Such certification shall be a conclusive determination of satisfaction and termination of the agreements and covenants in the DDA and in the Deed with respect to the obligations of the Developer to construct the Improvements and of the dates for the commencement and completion of construction, subject to any qualifications or limitations stated in such certification. Such certification and such determination shall not constitute evidence of compliance with or satisfaction of any governmental requirements other than Agency or any obligation of the Developer to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance all or any part of the Improvements.

4.11.1 Certificate of Partial Completion. With respect to such individual parts or parcels of the Site which Developer may, subject to this DDA, convey or lease upon completion of Improvements, the Agency shall issue a "Certificate of Partial Completion" to Developer for such part or parcel, certifying such completion. Subject to any qualifications or limitations contained in said certification, such certification shall mean, (1) that any party properly purchasing or leasing such individual part or parcel pursuant shall not incur any obligation with respect to the construction of the Improvements relating to such part or parcel or to any other part or parcel of the Site; and (2) that neither the Agency nor any other party shall have any rights or remedies or controls with respect to the Developer's obligations under this DDA to complete the construction of the Improvements on such part or parcel. Agency's issuance of a Certificate of Partial Completion shall not be construed to release Developer from any other obligations under this DDA.

4.11.2 Form. Agency shall prepare and execute each Certificate of Completion in a form suitable for recording in the Official Records of Sacramento County.

4.11.3 Refusal to Issue. If the Agency shall refuse or fail to provide a Certificate of Completion, the Agency shall, within thirty (30) days after written request by the Developer, provide the Developer with a written statement, indicating in adequate detail in what respects the Developer has failed to complete the Improvements in accordance with the provisions of the DDA, or is otherwise in default, and what measure or acts it will be necessary, in the opinion of the Agency, for the Developer to take or perform in order to obtain such certification.

4.12 Minority/Women's Business Enterprises Requirements. The provisions of this DDA related to the Site are subject to Agency's minority-owned and women-owned business enterprises ("MBE/WBE") requirements. Developer shall meet with Agency's MBE/WBE program manager to establish goals for, and to coordinate, Developer's MBE/WBE efforts under this DDA.

In all services solicitation (whether direct or by bid, Request for Proposal or Request for Qualification), Developer shall take all reasonable steps necessary to encourage the participation of minority-owned and female-owned businesses.

4.12.1 Documentation. Developer shall maintain such documentation of efforts of outreach to minority or female owned businesses as may be required by Agency. Additionally, Developer shall maintain documentation of contract awards which may be reasonably required by Agency.

4.12.2 Inclusion in Contracts. The requirements and contract provisions for the Minority and Women's Business Enterprises must be included in all contracts. Contracts for purchases of goods and services over \$10,000 must be coordinated with the Agency's MBE/WBE Coordinator.

4.13 Local Hire. Developer shall use its best efforts to hire, or cause to be hired, for no less than fifty percent (50%) of the cost of the work relating to direct labor of the Project, local contractors and subcontractors with permanent places of business within the County of Sacramento. To the extent that labor for any portion of the Project is not available within the county, such portion shall not be included in determining the said percentage. Agency shall have the right to approve the computations as described in the foregoing sentence. If Agency determines that Developer has failed to hire, or cause hiring of local contractors and subcontractors as provided in this Section,

Developer shall give written justification for such failure including a detailed listing of all efforts made to effect such compliance.

4.14 Notification of Contractors, Architects and Engineers. Developer shall have the responsibility of notifying his contractors, architects and engineers for the Project of the requirements of this DDA. Developer shall include, where applicable, the provisions of this DDA in construction contracts and subcontracts for the Project, and Developer shall undertake the enforcement of such provisions.

5. Agency Financing.

5.1 Purchase Money Loan. Developer shall pay the costs of construction of the Improvements using all available funds received by Developer from the HOPE 3 program. Agency shall make the Purchase Money Loan to Developer solely for the acquisition costs of the Property. The Purchase Money Loan shall be evidenced by promissory notes. Each such note shall be in the form of the Purchase Money Note. Each such note shall be secured by the respective parcel in the Site for which it paid the acquisition costs. Specific terms and conditions of the Purchase Money Loan, which are in addition to the terms and conditions included in this DDA, are contained in the Purchase Money Note and Purchase Money Deed of Trust. Each Purchase Money Note shall be due upon sale of the respective parcel on which it is secured.

5.1.1 Amount of Purchase Money Loan. The amount of the Purchase Money Loan for each respective parcel within the Site shall be the Purchase Price as set forth in Section 2.1. of this DDA.

5.1.2 Use of Purchase Money Loan Proceeds. Developer shall use Purchase Money Loan proceeds only for costs of services necessary to complete the acquisition of the parcels, done strictly in accordance with the requirements of this DDA.

5.1.3 Disbursement Procedures. All loan proceeds disbursed to Developer shall be considered advances under the Purchase Money Notes and secured by the Purchase Money Deeds of Trust. Agency shall disburse the Loan funds in accordance with the Escrow Instructions.

5.2 Homebuyer Loans. Upon completion of construction of the Improvements, Agency shall make loans available to buyers of the parcels within the Site who meet the definition of a low-income person or family, as defined in Health and Safety Code Section 50052.5. Such loan shall not exceed five percent of the purchase price to be paid by the buyer for the home. Such loan shall be used solely for "nonrecurring closing costs," as the term is commonly used, related to the purchase and sale of the respective parcel.

5.3 Affordable Housing Fund Loan. In addition to the loans described in Section 5.2, Agency shall make available, to qualifying buyers, loan funds pursuant to the Affordable Housing Program of the Federal Home Loan Bank Board. Each such loan shall be in an amount not to exceed 15% of the buyer's purchase price; bear no interest; have payments deferred; and be forgiven at the end of the ten year term; or as may be otherwise provided by the Affordable Housing Program.

6. Covenants Regarding Use and Operation of the Project and Site. The Developer covenants and agrees for itself, its successors, its assigns and every successor-in-interest to all or any part of the Site, that the Developer, such successors and such assignees shall act as follows:

6.1 Uses. Developer shall develop and operate the Site primarily as single family residential unit for sale to owner-occupants and to other uses necessary and incidental to such uses, all as specified in this DDA, the Declaration of Restrictions and the Plans approved by the Agency under this DDA, and shall continue to maintain and use the Site in accordance with said uses.

6.2 Affordability Requirements. Developer acknowledges that the source of Funds for the Project is the Agency's Housing Fund as defined in the Community Redevelopment Law. Developer acknowledges and agrees that use of the funds is subject to restrictions on the affordability of the affected residential units. To assure that the affordability requirements are met Developer shall execute the Regulatory Agreement for recordation in accordance with the Escrow Instructions.

6.3 Nondiscrimination. Developer, its successors and assigns, shall not discriminate on the basis of race, color, ancestry, religion, creed, sex, marital status, or national origin in the sale, lease or rental or in the use or occupancy of the Site and the Improvements.

6.4 Payment of Taxes, Assessments, Encumbrances and Liens. The Developer shall pay prior to delinquency all real estate taxes and assessments assessed and levied on the Site, at all times. The Developer shall not allow to be placed on the Site any mortgage, trust deed, encumbrance or lien unless expressly authorized by this DDA or the Agency. The Developer shall promptly remove or satisfy any levy or attachment made on all or any part of the Site. Nothing contained in this DDA shall prohibit the Developer from reasonably contesting the validity or amounts of any tax assessment, encumbrance or lien, nor to limit the remedies available to the Developer in respect thereto.

7. Indemnification, Public Safety and Insurance

7.1 Indemnification. Developer shall indemnify, protect and defend the Agency, its officers, directors, commissioners, employees and agents, and hold them harmless from any and all claims and liability for bodily injury, death and property damage caused by or resulting from the acts or omissions of Developer, its officers, employees, agents or independent contractors and for any and all costs incurred by the Agency in defending against such claims, including investigator's, witness's and attorney's fees and court costs.

7.2 Public Safety Protections. Developer shall promptly take all necessary steps (including the erection of fences, barricades and warning devices) to protect private contractors and their employees and the public from the risk of injury arising out of the condition of the Site or Developer's activities in connection with the Site, including without limitation, fire, or the failure, collapse or deterioration of any improvements or buildings. Prior to transfer of title to the Site to Developer, the Agency agrees to permit Developer, upon request and subject to reasonable restrictions imposed by Agency, to enter upon the Site for purposes of performing its obligations under this paragraph.

7.3 Liability Insurance. The Developer shall obtain and maintain, and require the contractor and subcontractors for the Project to purchase and maintain such insurance as will protect him from the following claims which may result from the operations under the DDA of the Developer, any contractor, subcontractor or anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable. The insurance required by this Section shall be written with

the following specified limits of liability and a deductible of not more than TWENTY-FIVE THOUSAND DOLLARS (\$25,000):

7.3.1 Worker's Compensation. For claims under workers' compensation benefit acts, Worker's Compensation Statutory Limits shall be as required by Article 1 (commencing with Section 3700) of Chapter 4 of Part 1 of Division 4 of the California Labor Code (as it may, from time to time, be amended) and having an employer's Liability of not less than \$2,000,000.

7.3.2 Comprehensive General Liability. For claims for damages because of bodily injury, occupational sickness or disease, or death of his employees; for damages because of bodily injury, sickness or disease, or death of any person other than his employees; for damages insured by usual personal injury liability coverage which are sustained by any person as a result of an offense directly or indirectly related to the employment of such person by the Developer, or by any other person; for damages, other than to the construction itself, because of injury to or destruction of tangible property, including resulting loss of use; and for contractual liability arising from the Developer's obligations under this DDA, Commercial General Liability coverages shall include Premises-Operations, Independent Contractor's Protective, Products and Completed Operation (for four years), Broad Form Property Damage, or other coverage as approved by Agency Counsel, in the following limits of liability:

7.3.2.1 Bodily Injury: Bodily injury liability of \$1,000,000 each occurrence and \$1,000,000 Aggregate, Products and Completed Operations

7.3.2.2 Property Damage: Property damage liability of \$500,000 each occurrence; \$500,000 Single limit and \$1,000,000 aggregate.

7.3.2.3 Contractual Liability: Contractual liability for Bodily Injury of \$1,000,000 each occurrence; for Property Damage of \$500,000 each occurrence and \$1,000,000 aggregate; and Personal Injury with Employment Exclusion Deleted of \$1,000,000 aggregate.

7.3.3 Motor Vehicle. For claims for damages because of bodily injury or death of any person or injury to property arising out of the ownership, maintenance or use of any motor vehicle, Comprehensive Automobile Liability shall be for any vehicle used for or in connection with the Work (Owned, Nonowned, hired, leased) for injury to persons \$500,000, each incident and aggregate and for injury to property, \$300,000, each incident and aggregate.

7.4 Builder's "All Risk" Insurance. Developer shall obtain and maintain, or require his contractor to obtain and maintain at all times during the course of construction of the Improvements on the Site, Builder's Risk Insurance for protection against all loss of, or damage to the Improvements or materials, on-site and off-site, to be used in the construction of the Improvements to their full insurable value. Said Builder's Risk Insurance shall name the Agency as a loss-payee as its interests may appear, and all subcontractors and sub-subcontractors as their interests may appear. Said insurance shall insure against the perils of fire and extended coverage and shall include "all risk" insurance for physical loss or damage including without duplication of coverage, theft, vandalism and malicious mischief. The Developer shall be responsible for materials stored on-site, off-site or in transit unless supplied by Agency and shall obtain and maintain similar insurance for any of the materials not otherwise covered by said "all risk" insurance.

Developer shall obtain and maintain such equipment insurance as required by the contractor or by law which insurance shall insure the interests of the Agency, the Contractor and all subcontractors in said work as their interests may appear.

7.5 Errors and Omissions Insurance. Architects, engineers and others for whom errors and omissions insurance coverage is available shall obtain and maintain, for a period of five years after completion of the Project, such insurance in a form and from an insurer acceptable to Agency and in the policy amount of not less than \$1,000,000 each occurrence and \$1,000,000 aggregate.

7.6 Insurance Provisions

7.6.1 Provider. Each policy of insurance required under this DDA shall be obtained from a provider licensed to do business in California and having a current Best's Insurance Guide rating of AVII, or such other rating as may be approved in writing by Agency's legal counsel.

7.6.2 Additional Insured. Unless otherwise approved by Agency's legal counsel in writing, the Agency, including Sacramento Housing and Redevelopment Agency, the Redevelopment Agency of the City of Sacramento, the Redevelopment Agency of the County of Sacramento, the Housing Authority of the City of Sacramento and the Housing Authority of the County of Sacramento, shall be additional insured on all insurance policies, except the worker's compensation policy. Agency shall have the right to arbitrarily withhold such approval.

7.6.3 Single Project Insurance. The specified insurance amount shall be provided solely for this Project. Insurance amounts shall not be provided which are considered in aggregate with other Projects which Developer or the respective contractor might have concurrently under construction.

The Agency may at its discretion permit an aggregate policy if and only if Developer or the respective contractor has fully disclosed to Agency other projects which will or may be considered in aggregate with the Project, and thereafter, Developer shall immediately inform Agency of the change in or addition to any such projects. Nevertheless, Agency may, at any time require that the insurance coverage be provided solely for the Project.

7.6.4 Cancellation. Each policy shall bear an endorsement precluding cancellation or termination of the policy or reduction in coverage unless the Agency has been given written notice of such intended action at least thirty (30) days prior to its effective date.

7.6.5 Certificates and Policies. Developer shall provide to Agency certificates of said insurance prior to commencing the work of this DDA and shall provide to Agency true copies of the policies of said insurance as soon as available.

7.6.6 Failure to Maintain. If Developer fails to obtain or maintain, or cause to be obtained and maintained, any insurance required by this DDA, the Agency shall have the right to purchase the insurance and Developer shall promptly reimburse the full cost of such insurance to the Agency. If Developer fails to reimburse the Agency for insurance, the amount of unpaid reimbursement shall bear interest, at the maximum rate permissible under the law, until paid. If the Letter of Credit is then in effect, Agency may withdraw the cost of such insurance by demand upon the Letter of Credit.

8. Prohibitions Against Assignment and Transfer. Assignment and transfer of Developer's interests under this Agreement are prohibited, as provided in this Section 8, for the following reasons. The development of the Site is important to the general welfare of the community. Substantial public financing and other public aids have been made available by law and by the federal and local governments to make development of the Site possible. Prior to issuance of a Certificate of Completion, a transfer of a substantial part of the stock in the Developer, if it is a corporation, or a change in the ownership or identity of its member partners, if it is a partnership, or any other act or transaction involving or resulting in a significant change in the ownership regarding the identity of the parties in control of the Developer or the degree of their control, is for practical purposes a transfer or disposition of the Site which may affect the ability of Developer to carry out its obligations under this DDA.

For the foregoing reasons, the qualifications and identity of the Developer, and its stockholders or member partners, are of particular concern to the community and Agency. Developer understands and acknowledges that it is because of qualifications and identity and in reliance on Developer's promise to perform its obligations under this DDA that Agency is entering into this DDA.

For the foregoing reasons, Developer represents and agrees that its purchase of the Site, and its other undertakings pursuant to the DDA, are for the purpose of development of the Site and not for speculation in land holding.

8.1 Prohibition Against Transfer of Interest. Developer represents that it has informed its stockholders or member partners, and Developer shall inform any successor in interest of itself, its stockholders or member partners of this provisions of this Section 8. Subject to restriction of federal and State securities regulation and prior to issuance of a Certificate of Completion, Developer shall not permit any of the following transfers of ownership interests in itself without the prior written approval of the Agency: (a) any transfer by a party owning ten percent (10%) or more of the stock or partnership interest in the Developer, (b) any other similarly significant change in ownership, with respect to the identity of the parties in control of the Developer or the degree of such control, by any other method or means, including, but not limited to increased capitalization, merger with another corporation, corporate or other amendments, issuance of additional or new stock or classification of stock, or otherwise. With respect to this provision, the Developer and the parties signing the DDA on behalf of the Developer represent that they have the authority of all of its existing stockholders or partners holding ten percent (10%) or more interest in Developer to agree to and bind them to this provision.

8.2 Prohibition Against Transfer or Assignment. Except as required to obtain the financing approved by Agency, Developer shall not, prior to issuance of the Certificate of Completion, make any total or partial sale, assignment or transfer of any interest in the DDA or the Site without the prior written approval of the Agency.

8.3 Conditions of Approval. Agency shall be entitled to require the following as conditions to any approval of any assignment or transfer of any interest in the Site, the DDA, or the Developer:

8.3.1 Qualifications and Financial Responsibility. Any proposed transferee shall have the qualifications and financial responsibility, as determined by Agency, necessary and adequate to fulfill Developer's obligations under the DDA (or, in the event of transfer of a part of the Site, such obligations to the extent that they relate to such part).

8.3.2 Assumption of Obligations. Any proposed transferee shall, for itself and its successors and assigns, expressly assume all of Developer's obligations under the DDA and shall agree to be subject to all the conditions and restrictions to which Developer is subject (or, in the

event the transfer is of or relates to part of the Site, such obligations, conditions and restrictions to the extent that they relate to such part). Said assumption of obligations shall be in writing in recordable form approved by Agency and shall expressly be for the benefit of Agency. The fact that any such transferee shall not have assumed such obligations or so agreed, shall not relieve such transferee from such obligations, conditions, or restrictions, or deprive the Agency of any rights or remedies or controls with respect to all or any part of the Site or this DDA that the Agency would have had, had there been no such transfer or change.

8.3.3 Review of Documents. Developer shall submit to the Agency for review all legal documents involved in effecting such transfer. Such documents shall be subject to Agency's prior written approval.

8.3.4 Limits on Consideration. Prior to issuance of the Certificate of Completion, the consideration payable for the transfer by such transferee shall not exceed an amount representing the actual cost (including carrying charge) to Developer of the Site (or allocable to the part or interest transferred) and the Improvements, if any, actually made on the portion of the Site subject to the transfer. It is the intent of this provision to preclude assignment of the DDA or transfer of the Site for profit prior to the completion of the Improvements. If any such assignment or transfer is made, the Agency shall be entitled to increase the Purchase Price for the Site to the Developer by the amount that such consideration exceeds the amount authorized pursuant to this paragraph. Such excess consideration shall belong to and be immediately paid to the Agency by Developer.

8.3.5 Other Conditions. Developer and such transferee shall comply with such other conditions as Agency may find desirable in order to achieve and safeguard the purposes of the DDA.

8.4 Developer Obligations Not Relieved. In the absence of specific written agreement by the Agency to the contrary, no such transfer or approval of transfer by the Agency shall relieve the Developer, or any other party bound in any way by the DDA, from any of its obligations under the DDA.

8.5 Information as to Stockholders and Partners. Developer shall, during the period between execution of the DDA and the issuance of the Certificate of Completion, to do the following:

8.5.1 Notice of Ownership Changes. Developer will promptly notify the Agency of any and all changes affecting ten percent (10%) or more in the relative distribution of ownership of stock, legal or beneficial, or with respect to the identity of the parties in control of the Developer or the degree of such control.

8.5.2 Statement of Ownership Interests. Developer shall, at such times as Agency may request, furnish Agency with a complete statement, setting forth the names of all of the owners or stockholders, legal or beneficial, of Developer which hold ten percent (10%) or more interest or control in Developer, all as indicated by the records of the Developer. Developer shall furnish such other information or knowledge that it may have regarding such holdings which is different from the corporate records, including beneficial ownership or control. Such lists, data, and information shall in any event be furnished the Agency immediately prior to the delivery of the Deed to the Developer and as a condition precedent to such delivery, and annually thereafter on the anniversary of the date of delivery of the Deed until the issuance of the Certificate of Completion.

8.5.3 Partnership Statement. If Developer is a partnership, information shall be provided under the terms in this section, as to the ownership of partnership interests and the stockholders or ownership of the partners who own interest in Developer.

9. Special Provisions

9.1 Regulatory Agreement. Agency and Developer shall execute, in a form suitable for recording, the Regulatory Agreement, and each shall deliver an executed original to the other. The Regulatory Agreement sets out the provisions of this DDA which shall survive the completion of the Improvements.

9.2 City Requirements. The Agency is a legal entity separate and distinct from the City. Developer is not by this DDA relieved of any ordinances or fees of the City of Sacramento, except to the extent superseded by the Agency in exercise of its authority.

10. Financing and Lender's Rights

10.1 Limitation on Encumbrances. Prior to the completion of the Improvements, the Developer of the Site shall not engage in any financing or any other transaction creating any encumbrance or lien on the Site, whether by express agreement or operation of law except to obtain funds to be used only for actual construction costs of the Improvements and other expenditures necessary and appropriate to develop the Site in accordance with this DDA. Developer shall notify the Agency in advance of any proposed financing to be secured by the Site. In any event, Developer shall promptly notify Agency of any encumbrance or lien that has been created on or attached to the Site. For the purposes of such financing as may be made, pursuant to the DDA, Developer may divide the Site into several parts or parcels, provided that such subdivision is not inconsistent with the purposes of the DDA and is approved in writing by the Agency.

10.2 Provisional Refinancing. Developer may, without Agency consent, refinance any indebtedness secured by an encumbrance which is superior to the Deed of Trust, provided that the refinanced encumbrance shall have the following characteristics:

10.2.1 Amount. The refinanced encumbrance shall not secure an indebtedness in a dollar amount greater than the dollar amount of the indebtedness to which the Agency's interest was originally subordinated.

10.2.2 Debt Service. The debt service of the refinanced indebtedness shall be an amount which does not exceed the amount of the debt service of the indebtedness to which the Agency's interest was originally subordinated.

10.2.3 No Monies to Developer. Developer shall receive no fees or monies as a result of the refinancing of the indebtedness of the Project.

10.3 Lender Not Obligated to Construct. Notwithstanding any of the provisions of the DDA, the holder of any security in the Site authorized by the DDA ("Lender"), but not including any other party who obtains title to the Site through Lender or any other purchaser at a foreclosure sale other than Lender, shall not be obligated by the provisions of the DDA to construct or complete the Improvements. Nothing in this Section or any other provision of the DDA shall be construed to permit or authorize Lender to devote the Site to any uses, or to construct any improvements on the Site, other than those uses or improvements provided or permitted in the DDA.

10.4 Lender's Option to Cure Defaults. After any default of Developer's obligations under the DDA, each Lender shall have the right, at its option, to cure or remedy such default (or to the extent that it relates to the part of the Site covered by its lien), within the time for cure allowed to Developer, and to add the cost of such cure to the debt and the lien secured by the Site. If the breach or default relates to construction of the Improvements, however, Lender shall not undertake or continue the construction of the Improvements (beyond the extent necessary to conserve or protect Improvements or construction already made) unless Lender assumes in writing Developer's obligations to complete the Improvements on the Site in the manner provided in the DDA. Any Lender who properly completes the Improvements as provided in the DDA shall be entitled, upon written request made to the Agency, to Certificate of Completion from the Agency in a manner provided in the DDA. Such certification shall mean that any remedies or rights with respect to revesting of title to the Site that the Agency may have because of Developer's failure to cure any default with respect to the construction of the Improvements on other parts of the Site, or because of any other default of the DDA by the Developer shall not apply to the part of the Site to which such Certification relates.

10.5 Agency's Option to Pay Debt or Purchase Site. If, after Developer's default under the DDA and after sixty (60) days prior written notice from the Agency, the Lender fails to exercise its option to construct the Improvements or undertakes, but does not diligently prosecute to completion, construction of the Improvements, Agency shall have the option to do one of the following:

10.5.1 Pay Debt. Agency shall be entitled, at its option, to pay to the Lender the amount of the secured debt and, thereby, cancel the debt and related lien on the Site.

10.5.2 Purchase Site. If title to the Site has vested in Lender by way of foreclosure or action in lieu of foreclosure, Agency shall be entitled, at its option, to a conveyance to it of the Site upon payment to Lender of an amount equal to the sum of the following:

10.5.2.1 The secured debt at the time of foreclosure or action in lieu of foreclosure (less application of rentals and other income received during foreclosure proceedings).

10.5.2.2 All expenses with respect to the foreclosure.

10.5.2.3 The net expense if any (exclusive of general overhead), incurred by Lender in and as a direct result of the subsequent management of the Site.

10.5.2.4 The costs of any Improvements made by Lender.

10.5.2.5 An amount equivalent to the increase that would have accrued on such amounts had all such amounts been additional advances under Lender's note secured by the Site.

10.6 Agency's Option to Cure Loan Default. In the event of a default prior to the completion of the Improvements by the Developer, or any successor in interest to Developer by reason of any of its obligations under any mortgage or other instrument creating an encumbrance or lien upon the Site, the Agency may at its option cure such default or breach, in which case the Agency shall be entitled, in addition to any of its other rights or remedies, to reimbursement from the Developer of all costs and expenses incurred by the Agency in curing such default and to a lien upon the Site for such reimbursement, provided that any such lien shall be subject always to the lien of any then

existing liens on the Site authorized by the DDA (including any lien contemplated, because of advances yet to be made).

10.7 Inclusion in Loan and Security Instruments. Agency's rights and remedies under this Section shall be included in all loan and security instruments of Lender related to the Site. Lender acknowledges and accepts the provisions of this DDA by making of a loan

10.8 Lender and Site. For the purposes of the DDA, the term "Lender" shall include all holders of any lien or encumbrance as security for a loan on all or any part of the Site and references to the Site shall mean that portion of the Site so encumbered.

11. Defaults and Remedies

11.1 In General. Subject to any extension of time permitted by this DDA, a failure or delay by a party to perform any term or provision of this DDA constitutes a default of this DDA.

Except as otherwise provided in the DDA, if either party shall default in, or breach, the DDA, such party shall immediately commence and diligently proceed to cure such default or breach within thirty (30) days after receipt of written notice from the other party of such default or breach. If the defaulting party does not promptly begin and diligently pursue a cure of, or fails to cure, the default or breach within a reasonable time, the aggrieved party may institute proceedings to cure and remedy such default or breach, including, but not limited to, proceedings to compel specific performance by the party in default or breach of its obligations.

11.2 Termination by Developer Prior to Conveyance. If Agency does not tender possession or conveyance of the Site, as and when provided in the DDA, then the DDA shall, at the option of the Developer, be terminated by written notice to Agency made at least thirty (30) days after Developer's written demand to Agency for such conveyance; provided, however that Developer has tendered to Agency delivery of all funds and property delivered to Developer by or on behalf of Agency under the DDA, and further provided, that Agency has no other claims against Developer related to this DDA or the Site. Prior to termination of the DDA under this Section, each party shall return any deposit of funds or other properties received from or on behalf of the other party. After such return of deposits and termination of the DDA, neither the Agency nor the Developer shall have any further rights against or liability to the other under the DDA.

11.3 Termination by Agency Prior to Conveyance. If, prior to conveyance of the Site to Developer and without Agency approval, Developer assigns any interest in the DDA or the Site, permits a change in ownership or control in Developer, fails to comply with conditions and obligations of the DDA when due or does not pay the Purchase Price and take title to the Site upon tender of conveyance by the Agency, then Agency may terminate the DDA, at its option. In such event, the Agency shall be entitled to liquidated damages, as if Developer had promptly reconveyed the Site to Agency after default as provided in this DDA, without any deduction, offset, or recoupment whatsoever. After payment of such liquidated damages and return of any deposit of funds made by one party with the other party, neither the Developer nor the Agency shall have any further rights against or liability to the other under the DDA.

11.4 Revesting Title in Agency. If, after conveyance of all or any part of the Site to Developer and prior to issuance of Certificate of Completion, Developer defaults in its obligations related to the construction of the Improvements, abandons or unreasonably suspends such construction work, permits any unauthorized encumbrance or lien (including tax liens), any transfer of all or any part of the Site or any change in the ownership or control of Developer, then the Agency shall have the

right to re-enter and take possession of the Site, or any part of the Site conveyed to Developer, and to terminate and revert in the Agency the estate so conveyed. It is the intent of this DDA, that the conveyance of the Site to the Developer shall be made upon, and that the Deed shall contain, a condition subsequent to the effect that in the event of any default, failure, violation, or other action or inaction by the Developer specified in this Section, failure on the part of the Developer to remedy, end, or abrogate such default, failure, violation, or other action or inaction, within the period and in the manner stated in the DDA, the Agency at its option may declare a termination in favor of the Agency of the title, and of all the rights and interest in the Site conveyed by the Deed to the Developer, and that such title and all rights and interests of the Developer, and any assigns or successors in interest to and in the Site, shall revert to the Agency. Such condition subsequent and any such reversion of title in the Agency shall always be subject to and limited by the lien or security interest authorized by the DDA, and any rights or interests provided in the DDA for the protection of the Lenders; and shall not apply to individual parts or parcels of the Site on which the Improvements have been completed in accordance with the DDA and for which a Certificate of Completion issued as provided in the DDA.

11.5 Resale of Reacquired Site and Disposition of Proceeds. Upon the reversion in the Agency of title to the Site, Agency shall use its best efforts to resell the Site, as soon and in such manner as the Agency shall find feasible and consistent with the objectives of the law, to a qualified and responsible party, as determined by the Agency, who will assume the obligation of completing the Improvements or such other improvements in their stead as shall be satisfactory to the Agency. Upon such resale of the Site, the resale proceeds shall be applied as follows:

11.5.1 Agency Reimbursement. Said proceeds shall be paid first to Agency to reimburse Agency for all costs and expenses incurred by the Agency, including legal costs, attorney's fees and salaries of personnel, in connection with the recapture, management, and resale of the Site (but less any net income derived by Agency from the Site after such reversion); all taxes, assessments, and water and sewer charges with respect to the Site (or, in the event the Site is exempt from such taxation or assessment during Agency's ownership, an amount equal to such taxes, assessment, or charges (as determined by local assessing authorities) as would have been payable if the Site were not so exempt); any payments necessary to discharge any encumbrances or liens existing on the Site at the time of such reversion or to discharge or prevent any subsequent encumbrances or liens due to obligations, defaults, or acts of the Developer; any expenditures made or obligations incurred with respect to completion of the Improvements; and any amounts otherwise owing the Agency by the Developer.

11.5.2 Developer Reimbursement. After said payment to Agency, said proceeds shall be paid to Developer to reimburse Developer in an amount not to exceed (1) the sum of the purchase price paid by Developer for the Site and the cash actually expended by it in actual construction of any of the Improvements, less (2) any gains or income withdrawn or made by it from the DDA or the Site and any amounts, including interest on loans, then due from Developer to Agency.

11.5.3 Balance to Agency. Any balance remaining after such reimbursements shall be retained by the Agency as its property.

11.6 Other Rights and Remedies of Agency. Agency shall have the right to institute such actions or proceedings as it may deem desirable to carry out the purposes of this Section, including the right to record in the public land records a written declaration of the termination of all the rights, title, and interest of the Developer in the Site and the reversion of title to the Site in the Agency.

11.7 No Waiving by Delay. Any delay by the Agency in asserting any rights under this Section shall not operate as a waiver of such rights or to deprive Agency of or limit such rights in any way. Any waiver in fact made by the Agency with respect to any specific default by Developer under this Section shall not be considered as a waiver of the rights of the Agency with respect to any other defaults by Developer under this Section or with respect to the particular default except to the extent specifically waived in writing.

11.8 Liquidated Damages. If the Developer should default upon its obligations under this DDA, making it necessary for the Agency to terminate the Developer's interest in the Site and to procure another party or parties to redevelop the Site substantially as required by this DDA, then the resulting damages suffered by the Agency would be uncertain. Such damages would involve factors which are difficult or impossible to predict, including the costs of identifying, obtaining and negotiating with such other party; the amount of compensation which such other party would require; the expense of continuing the acquisition, ownership and control of the Site without the completed redevelopment; the loss to the Agency and community of tax revenues from the redeveloped property; and the failure to the Agency to effect its purposes and objectives within a reasonable time, resulting in additional immeasurable damage and loss to the Agency and the community.

It is impracticable and extremely difficult to fix the amount of such damages to the Agency, but the Agency and Developer are of the opinion, upon the basis of all information available, that such damages would be approximately the sum of **TEN THOUSAND DOLLARS (\$10,000.00)**. Therefore, the Agency and the Developer agree in advance that the Liquidated Damages shall be paid to the Agency upon demand of the Agency after the occurrence of any default of Developer for which this DDA may be terminated or the interests of Developer in the Site may be terminated.

Liquidated Damages paid to Agency under this Section shall be the total of all liquidated damages payable for any and all defaults of Developer and not as a penalty.

11.8.1 No Waiver of Equitable Damages. This provision for Liquidated Damages is intended to compensate for damages, such as loss of tax increment and unrecoverable costs of enforcing this DDA and loss to the redevelopment project area and community, for which equitable remedies cannot compensate. Therefore, the parties agree that the Liquidated Damages are in addition to and do not constitute a waiver of any equitable remedies specified in this DDA.

11.8.2 Election to Recover Actual Damages. If Agency incurs provable damages in excess of the Liquidated Damages, Agency may waive its rights to the Liquidated Damages and recover its actual damages.

If after such default the Agency elects, in accordance with this DDA to enter the Site and complete construction of the Improvements, the Agency shall not be entitled to Liquidated Damages, but shall be entitled to actual damages resulting from the underlying default.

11.8.3 Reduction of Damages

If, within three months of Agency's written notice to Developer of default and demand for reconveyance of the Site, Developer voluntarily reconveys the Site to the Agency free of all encumbrances, except those securing loans for development of the Improvements in accordance with this DDA, the amount of Liquidated Damages shall be reduced to **THREE THOUSAND DOLLARS (\$3,000.00)**.

11.8.4 Failure of Provision. In the event that this Section 11.8 should be held to be void for any reason, the Agency shall be entitled to the full extent of damages otherwise provided by law.

11.8.5 Acknowledgment of Liquidated Damages Provisions. The Agency and Developer acknowledge and agree that the provisions of this DDA related to liquidated damages, are valid and binding.

DEVELOPER:
RURAL CALIFORNIA HOUSING
CORPORATION

AGENCY:
REDEVELOPMENT AGENCY OF THE
CITY OF SACRAMENTO

By: _____
STANLEY KEASLING
Executive Director

By: _____
JOHN E. MOLLOY
Executive Director

11.9. Agency Completion of Construction. Notwithstanding any other provision of this DDA, if the Developer fails, after commencing construction of the Improvements fails to diligently prosecute the construction of the work in accordance with the Schedule of Performances and substantially complete such construction within thirty (30) days following the date for substantial completion, the Agency may elect not to revest title to the Site but may elect, upon fifteen (15) days written notice to the Developer and construction lender, and with or without legal process, take possession of the Site, remove the Developer and all agents, employees and contractors of the Developer from the Site, complete the work of construction and market and sell or lease the Site with the Improvements. All contracts with contractors, subcontractors, suppliers and other entities related to the construction of the Improvements and all sources of funds for construction of the Improvements are irrevocably assigned by Developer to the Agency upon Agency demand after such failure by Developer. Upon the Agency taking possession of the Site, the Developer irrevocably appoints the Agency as its attorney-in-fact with regard to the Site and Improvements, and construction and financing agreements related thereto, until issuance of a Certificate of Occupancy for the said improvements, which Agency is coupled with an interest. Nevertheless, Agency has no obligation to take possession of the Site or to complete the construction of the Improvements.

11.10 Delay for Causes Beyond Control of Party. For the purposes of any of the provisions of the DDA, neither Agency nor Developer shall be considered in breach of, or default in, its obligations with respect to the preparation of the Site for development, or the beginning, prosecution and completion of construction of the Improvements, for Unavoidable Delay in the performance of such obligations.. In the event of the occurrence of any such Unavoidable Delay, the time or times for performance of such obligations of the Agency and Developer shall be extended for the period of the Unavoidable Delay, as determined by the Agency, provided that the party seeking the benefit of the provisions of this Section shall, within ten (10) days after the beginning of any such Unavoidable Delay, have first notified the other party, in writing, of the Unavoidable Delay and its cause, and requested an extension for the period of the Unavoidable Delay.

11.11 Rights and Remedies Cumulative. The rights and remedies of the parties to the DDA, shall be cumulative, and the exercise by either party of any one or more of such remedies shall not preclude the exercise by it, at the same or different times, of any other such remedies for the same default or breach or of any of its remedies for any other default or breach by the other party. No waiver made by either such party with respect to the performance of any obligation of the other

party or any condition to its own obligation under the DDA shall be considered a waiver of any rights beyond those expressly waived in writing.

11.12 Waiver of Defenses of Surety. Developer, for itself and its successors and assigns, and for all other persons who shall become subject to any obligation under the DDA, hereby waives, to the fullest extent permitted by law and equity, and all claims and defenses otherwise available to a surety, whether real, personal, or otherwise or whether by agreement or operation of law, including any and all claims and defenses based upon extension of time, indulgence, or modification of terms of contract.

12. General Provisions

12.1 Time for Actions. Agency and Developer shall each do the actions required of them, on or before the times specified in this DDA including the Schedule of Performances.

12.2 Time for Approvals. Unless otherwise provided, Agency shall give required approvals or disapprovals within forty-five (45) days after submission.

12.2.1 Correction of Disapproved Plans or Contracts. If the Agency disapproves the Plans or contracts for construction of the Improvements, the Developer shall submit corrected Plans or contracts, as the case may be, within thirty (30) days from the date on which the Developer receives written notice from the Agency of such disapproval. Agency shall review all such corrections within thirty (30) days after their submission by Developer.

12.3 Counterparts. This DDA may be executed in five (5) counterpart originals, each of which shall constitute one and the same instrument.

12.4 Contents of DDA. This DDA is comprised of this DDA and the attachments to this DDA consisting of Exhibits 1 through 11 which are incorporated in this DDA as if set forth in full in the body of the DDA. In the event of a conflict between the terms of this DDA and the Exhibits, this DDA shall be given precedence. A default of any of the documents attached as Exhibits and incorporated in the DDA shall be deemed a default of this DDA.

12.5 Inspection of Books and Records. Agency has the right, at all reasonable times, to inspect the books and records of the Developer pertaining to the Site as pertinent to the purposes of this DDA.

12.6 Approvals. Approvals required under this DDA of either party shall not be unreasonably withheld.

12.7 Plans and Data. If this DDA is terminated, for any reason, prior to the completion of the Improvements, Developer shall deliver to Agency any and all data acquired for development of the Site and the portions of the Plans related to the construction of the Garage and other public improvements on the Site. The Agency shall have full ownership and rights to use such data and portion of the Plans.

12.8 Commissions. Agency shall not be liable for any real estate commissions, brokerage fees or finders fees which may arise from this DDA. Agency and Developer each represent the neither has engaged any broker, agent or finder, and that neither claims such a commission or fee, in connection with this DDA.

Recording requested by the
REDEVELOPMENT AGENCY OF
THE CITY OF SACRAMENTO

When recorded return to
RURAL CALIFORNIA HOUSING
CORPORATION
2125 19th Street, Suite 101
Sacramento, CA 95818

GRANT DEED

(WITH COVENANTS, RESTRICTIONS AND RESERVATIONS)

For valuable consideration, receipt of which is hereby acknowledged,

THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO, a public body, corporate and politic, of the State of California (the "Grantor"), acting to carry out the Redevelopment Plan, (the "Redevelopment Plan"), for the Redevelopment Project known as the Oak Park Project Area, the ("Project"), under the Community Redevelopment Law of California, hereby grants to RURAL CALIFORNIA HOUSING CORPORATION, a California nonprofit corporation (the "Grantee"), the real property, (the "Property"), described in Exhibit 1 which is attached to, and incorporated in this Deed by this reference, subject to the covenants, restrictions and reservations set forth below which covenants, restrictions and reservations shall inure to the benefit of, and bind, each and every successor, assign or successor in interest of the parties, including any heirs, executors, administrators, transferees or any other person or entity claiming through the parties.

1. The Property is conveyed in accordance with, and subject to, (i) the Redevelopment Plan which was adopted by the City Council of the City of Sacramento of May 30, 1973, by City Ordinance No. 3278, Fourth Series, and which was most recently amended on March 27, 1985, by City Ordinance No. 85-022, and which was recorded as originally adopted on July 12, 1973 in the Official Records of the County of Sacramento, in Book 73-07-12, beginning at page 390; and (ii) the Disposition and Development Agreement (the "Disposition and Development Agreement") entered into by and between Grantor and Grantee on _____, 1994.

2. The Grantee covenants and agrees that the Property shall be devoted only to the uses specified in the applicable provisions of the Redevelopment Plan for the Project (including all Redevelopment Plan amendments, except amendments from which Grantee may be exempt by the doctrine of vested rights), said Disposition and Development Agreement, the Declaration of Restrictions and the Regulatory Agreement With Resale Restrictions (and affordability requirements thereof), the Deed of Trust recorded by Grantor and affecting the Property, and this Deed. The Property is conveyed to Grantee at a purchase price (the "Purchase Price") determined in accordance with the uses permitted. Therefore, Grantee hereby covenants and agrees that the Grantee, such successors and such assigns shall develop, use, and maintain the Property as follows:

2.1. As provided in the Disposition and Development Agreement, Grantee shall promptly commence and complete development of the Property in accordance with plans and specifications approved by Grantor. Construction of improvements and development of the Property (the "Improvements") required by the Disposition and Development Agreement shall commence and be prosecuted diligently to completion at the time specified in, and subject to the terms of, the Disposition and Development Agreement.

2.2. Grantee shall maintain the Improvements and any other improvements on the Property and shall keep the Property free from accumulation of debris and waste materials.

2.3. All obligations imposed upon Grantee herein shall bind any and all successors of Grantee; provided, however, that upon sale or conveyance of the Project, the party selling or conveying shall be relieved of any such obligation to the extent that such obligation arises after the date of sale or conveyance.

3. Grantee covenants and agrees that prior to recordation of any Certificate of Completion for the Property:

3.1. The Grantor shall have the additional right, at its option, to re-enter and take possession of the Property and all improvements on the Property and to terminate and re-vest the Property in the Grantor if the Grantee or its successors in interest shall, in accordance with and subject to the terms of the Disposition and Development Agreement:

3.1.1. Fail to complete the construction of the Improvements when required by the Disposition and Development Agreement and after sixty days written notice from the Grantor of Grantee's failure to timely complete construction, provided that the Grantee shall not have obtained an extension or postponement to which Grantee may be entitled or that Grantee or Grantee's lender for the project have commenced and are diligently proceeding to cure such default; or

3.1.2. Abandon or substantially suspend construction of the Improvements for more than sixty days after written notice from the Grantor to continue such construction, provided that Grantor shall not have obtained an extension or postponement to which Grantee may be entitled or that Grantee or Grantee's lender for the project have commenced and are diligently proceeding to cure such default; or

3.1.3. Transfer, or suffer any involuntary transfer, of all or any part of, or interest in, the Property, in violation of the Disposition and Development Agreement or this Grant Deed.

3.2. The right to re-enter, repossess, terminate and re-vest shall be subject to and be limited by and shall not defeat, render invalid, or limit:

3.2.1. Any mortgage or deed of trust permitted by the Disposition and Development Agreement or this Deed and duly approved by the Grantor; or

3.2.2. Any rights or interests provided for the protection of the holders of such mortgages or deed of trust.

3.3. The right to re-enter, repossess, terminate and re-vest with respect to the Property shall terminate when the Certificate of Completion has been recorded by the Grantor.

3.4. In the event title to all or any part of the Property is re-vested in the Grantor as provided in this Section 3, the Grantor shall, pursuant to its responsibilities under California Law, use its best efforts to resell the Property or part as soon and in such manner as the Grantor shall find feasible and consistent with the objectives of such law and of the Redevelopment Plan to a qualified and responsible party or parties (as determined by the Grantor) who will assume the obligation of making or completing the Improvements or such other improvements in their stead as shall be satisfactory to the Grantor and in accordance with the uses specified for such Property or part in the Redevelopment Plan. Upon such resale of the Property the proceeds thereof shall be applied as follows:

3.4.1. First, the Grantor shall be reimbursed, on its own behalf or on behalf of the City of Sacramento, California for all costs and expenses incurred by the Grantor, including but not limited to salaries of personnel incurred in connection with the recapture, management and resale of the Property or part (but less any income derived by the Grantor from the Property in connection with such management); all taxes, assessments, and water and sewer charges with respect to the Property or part (or, in the event the Property is exempt from taxation, assessment or such charges during the period of Grantor's ownership thereof, an amount equal to such taxes, assessments or charges as determined by the assessing official as would have been payable if the Property were not exempt); any payments made or necessary to be made to discharge any encumbrances or liens existing on the Property or part at the time of revesting of title in the Grantor or to discharge or prevent such encumbrances or liens from attaching or being made by any subsequent successors or transferees; any expenditures made or obligations incurred with respect to the completion of the Improvements; and any amounts otherwise owed to the Grantor by the Grantee and its successors or transferee; and

3.4.2. Second, to the extent possible, the Grantee shall be reimbursed in an amount not to exceed the sum of (1) the Purchase Price paid to the Grantor by the Grantee for the Property (or allocable to the part thereof); (2) the costs incurred for the development of the Property and for the improvements existing on the Property at the time of the reentry and repossession, (3) less any gains or income withdrawn or made by the Grantee from the Property or the Improvements; and

3.4.3. Third, any balance remaining after such reimbursements shall be retained by the Grantor.

3.4.4. To the extent that this right of reverter involves a forfeiture, it must be strictly interpreted against the Grantor, the party for whose benefit it is created. This right of reverter shall, however, be interpreted in light of the fact that the Grantor is by this deed conveying the Property to the Grantee for development and not for speculation in undeveloped land and that such development is a material element of the consideration received by Grantor for the Property.

4. The Grantee covenants and agrees that:

4.1. There shall be no discrimination against or segregation of any person on the basis of race, color, creed, religion, sex, marital status, or national origin in the sale, lease, or rental or in the use or occupancy of the Property hereby conveyed or any part thereof. Grantee covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property. The foregoing covenants shall run with the land.

4.2. All advertising (including signs) for sale and/or rental of the whole or any part of the Property shall include the legend "Equal Opportunity Houser" in type or lettering of easily legible size and design. The word "Project" or "Development" may be substituted for the word "Houser" where circumstances require such substitution.

5. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage or deed of trust made in good faith and for value; provided, however, that any subsequent owner of the Property shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such owner's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

6. All covenants contained in this Deed shall be covenants running with the land and equitable servitudes thereon. The covenants contained in Section 3 of this Deed shall terminate upon issuance of a Certificate of Completion for the Property. Every covenant contained in this Deed not previously terminated shall terminate ten years from the date of recordation hereof, except that the covenants against discrimination contained in Section 4 of this Grant Deed shall remain in perpetuity.

7. All covenants without regard to technical classification or designation shall be binding for the benefit of the Grantor, its successors and assigns, the City of Sacramento, California, any successor in interest to the Property, the owner of any other land (or of any interest in such land) in Project which is subject to the land use requirements and restrictions of the Redevelopment Plan, and the covenants against discrimination contained in Section 4 shall be binding for the benefit of the Grantor, the City of Sacramento and the United States of America and such covenants shall run in favor of the Grantor, the City of Sacramento and the United States of America, for the entire period during which such covenants shall be in force and effect, without regard to whether the Grantor and the City of Sacramento, is or remains an owner of any land or interest therein to which such covenants relate. The Grantor, in the event of any breach of any such covenant, and the City of Sacramento (and the United States of America, in the event of any such breach of the covenants in Section 3), shall have the right to exercise all the rights and remedies, and to maintain any actions at law or suits in equity or other property proceedings to enforce the curing of such breach against Grantee, its successors to and assigns of the Property or any part or interest in the Property, any subcontracting party or parties or other transferees under the Disposition and Development Agreement, and any party in possession or occupancy of all or any part of the Property.

8. Both before and after issuance of a Certificate of Completion, the Grantor and Grantee and their successors and assigns only shall have the right to mutually consent and agree to changes in, or to eliminate in whole or in part, any of the covenants, easements, or other restrictions contained in this Deed or to subject the Property to additional covenants, easements, or other restrictions, and Grantor and Grantee may do so without the consent of any tenant, lessee, easement holder, licensee, or any other such person or entity having any interest less than a fee in the Property. Amendments to the Redevelopment Plan applying to other property in the Project shall not require the consent of Grantee by virtue of this Deed.

9. The covenants contained in this Deed shall not be construed as conditions which might result in reversion of title, except for the covenant and condition contained in Section 3 of this Grant Deed.

10. Promptly after the issuance of a Certificate of Occupancy from the City of Sacramento Building Department and completion of the Improvements in accordance with the provisions of the construction plans approved pursuant to the Disposition and Development Agreement and fulfillment of the related obligations of the Grantee under the Disposition and Development Agreement, the Grantor shall furnish the Grantee with an appropriate instrument (the "Certificate of Completion") certifying such completion and stating that the Certificate of Completion shall be a conclusive determination of satisfaction and termination of the agreements and covenants in the Disposition and Development Agreement and in this Deed obligating the Grantee with respect to the construction of the Improvements and the dates for beginning and completion thereof.

With respect to such individual parts or parcels of the Property which, if so provided in the Disposition and Development Agreement, the Grantee may convey or lease as the Improvements thereon are completed, the Grantor shall also, upon proper completion of the Improvements relating to any such part or parcel and prior to such conveyance or lease, issue a Certificate of Completion with regard to such part or parcel. Such certification shall mean and provide (1) that any party purchasing or leasing such individual part or parcel with required authorization shall not (because of such purchase or lease) incur any obligation with respect to the construction of the Improvements relating to such part or parcel or to any other part or parcel of the Property; and (2) that neither the Grantor nor any other party shall thereafter have or be entitled to exercise with respect to any such individual part or parcel so sold (or, in the case of lease, with respect to the leasehold interest) any rights or remedies or controls that it may otherwise have or be entitled to exercise with respect to the Property

as a result of a default in or breach of any provisions of the Disposition and Development Agreement or of this Deed by the Grantee or any successor in interest or assign, unless (i) such default or breach be by the purchaser or lessee, or any successor in interest to or assign of such individual part or parcel with any other of the covenants contained and referred to in this Deed and the Declaration of Restrictions and (ii) the right, remedy or control relates to such default or breach.

The Certificate of Completion shall be in a form acceptable for recordation in the proper office for the recordation of deeds and other instruments pertaining to the Property. If the Grantor shall refuse or fail to provide the Certificate of Completion, the Grantor shall, within thirty (30) days after written request by the Grantee provide the Grantee with a written statement, indicating in what respects the Grantee has failed to duly complete said Improvements and what measures or acts will be necessary, in the opinion of the Grantor, for the Grantee to take or perform in order to obtain such certification.

11. The Grantor certifies that Grantor has complied with all conditions precedent to the valid execution and delivery of this Deed required on its part and that all things necessary to constitute this Deed and its valid, binding and legal agreement on the terms and conditions and for the purposes set forth herein have been done and performed and have happened, and that the execution and delivery of this Deed on its part have been and are in all respects authorized in accordance with law. The Grantee similarly certifies with reference to its execution and delivery of this Deed.

IN WITNESS WHEREOF, the Grantor and the Grantee have caused this instrument to be executed on their behalf by their respective officers thereunto duly authorized, this ____ day of _____, 1994.

APPROVED AS TO FORM:

By: _____
JOHN E. MOLLOY
Executive Director

Agency Counsel

Grantee hereby accepts, concurs in and agrees to all the covenants, conditions, easements, reservations and restrictions set forth in this Grant Deed.

RURAL CALIFORNIA HOUSING CORPORATION

By: _____
STANLEY KEASLING
Executive Director
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12.9 Entire Agreement. This DDA integrates all of the terms and conditions related or incidental to its subject matter, and supersedes all negotiations or previous agreements between the parties with respect to its subject matter.

12.10 Waivers and Amendments. All waivers of the provisions of this DDA must be in writing and signed by the appropriate authorities of the Agency or the Developer, and all amendments hereto must be in writing and signed by the appropriate authorities of the Agency and the Developer.

12.11 Nonliability of Agency Officials and Employees. No member, official or employee of the Agency shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the Agency or for any amount which may become due to the Developer or its successors, or on any obligations under the terms of this DDA.

12.12 Notices And Demands. A notice, demand or other communication under the DDA by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, to the address set out above, or at such other address with respect to either such party as that party may, from time to time, designate in writing and forward to the other as provided for a Notice in this Section.

THIS DDA IS EXECUTED as of _____.

DEVELOPER: RURAL CALIFORNIA
HOUSING CORPORATION

AGENCY: REDEVELOPMENT AGENCY OF
THE CITY OF SACRAMENTO

By: _____
STANLEY KEASLING
Executive Director

By: _____
JOHN E. MOLLOY
Executive Director

APPROVED AS TO FORM:

Agency Counsel

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State of California
County of Sacramento

ss.

On _____, 1994 before me, _____, Notary, personally appeared JOHN MOLLOY, personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public in and for said County and State
Commission expires: _____

State of California
County of Sacramento

ss.

On _____, 1994 before me, _____, Notary, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public in and for said County and State
Commission expires: _____

LIST OF EXHIBITS

- Exhibit 1: Trust Deed Addendum
- Exhibit 2: Promissory Note
- Exhibit 3: Escrow Instructions
- Exhibit 4: Grant Deed
- Exhibit 5: Legal Description
- Exhibit 6: Parcel Map
- Exhibit 7: Declaration of Restrictions
- Exhibit 8: Regulatory Agreement
- Exhibit 9: Schedule of Performances
- Exhibit 10: Scope of Development
- Exhibit 11: Rehabilitation Estimate

EXHIBIT 1

PURCHASE MONEY DEED OF TRUST ADDENDUM

TRUST DEED ADDENDUM

(For Attachment to Title Company Standard Short-Form Deed of Trust)

1. The purpose of the loan evidenced by the Promissory Note secured by this Deed of Trust is for the general welfare of the citizens of the City and County of Sacramento for the purpose of increasing the supply of decent, safe and sanitary housing which is affordable to persons and families of low and moderate income. Loan funds have been advanced pursuant to a Disposition and Development Agreement (the "DDA") dated _____, 1994 between the Trustor and the Beneficiary. The terms and covenants of the DDA are incorporated herein by this reference in their entirety. A default under the terms of the Promissory Note, DDA or the Regulatory Agreement dated _____, 1994 between the Trustor and Beneficiary shall constitute a default of this Deed of Trust.
2. In the event that the Trustor, without the prior written consent of the Beneficiary, sells, agrees to sell, transfers or conveys its interest in the Properties or any part thereof, or any interest therein, whether voluntarily or involuntarily, the Beneficiary may, at its option, declare all sums secured hereby immediately due and payable. Consent to one such transaction shall not be deemed to be a waiver of the right to require such consent to future or successive transactions. The terms "Trustor" and "Beneficiary" include their successors.

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EXHIBIT 2

PURCHASE MONEY NOTE

PROMISSORY NOTE
SECURED BY DEED OF TRUST

\$ _____, 1994

For value received, RURAL CALIFORNIA HOUSING CORPORATION ("Borrower") promises to pay to REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO ("Lender") or order at 630 I Street, Sacramento, California 95814 the sum of _____ DOLLARS (\$ _____ .00) on the following terms and conditions.

1. This Note evidences the obligation of Borrower to Lender for repayment of funds loaned to Borrower under a Disposition and Development Agreement dated _____, 1994 (the "DDA"). The terms and covenants of the DDA are incorporated herein by reference. Lender has made this loan for the benefit of the general welfare of the citizens of the City of Sacramento and for the purpose of increasing the supply of decent, safe and sanitary housing which is affordable to persons and families of low and moderate income. Loan funds are to be used exclusively for the acquisition of a single family residence located at _____, Sacramento, California, and more fully described in Exhibit 1 hereto (the "Site").
2. The entire principal balance of this Note shall be due upon Borrower's sale or other transfer of the Site or upon the date one year from the date of this Note, whichever first occurs. Any amount of principal not paid when due shall accrue interest at the rate of eight and one-half percent per annum, commencing on the due date. Notwithstanding the provisions of this paragraph regarding interest, Lender may elect to find Borrower in default if any part of the principal amount of this Note is not paid when due.
3. This Note is secured by a Deed of Trust with Assignment of Rents against the above-referenced property, recorded in the office of the County Recorder of Sacramento County (the "Deed of Trust").
4. The Deed of Trust contains the following language:

"In the event that the Trustor, without the prior written consent of the Beneficiary, sells, agrees to sell, transfers or conveys its interest in the real property or any part thereof, or any interest therein, whether voluntarily or involuntarily, the Beneficiary may, at its option, declare all sums secured hereby immediately due and payable. Consent to one such transaction shall not be deemed to be a waiver of the right to require such consent to future or successive transactions. The terms 'Trustor' and 'Beneficiary' include their successors."

5. Upon occurrence of any one or more of the following the Lender may, in its sole discretion, declare all unpaid loan principal immediately due and payable without demand or notice:

a. Borrower sells or transfers its interest in the Site or any part thereof without the Lender's prior written consent.

b. Borrower fails to commence and complete construction on the Site within the time specified in the DDA.

c. Borrower ceases construction work for a period of fifteen (15) consecutive calendar days.

d. Borrower fails to carry out and complete construction on the Site in accordance with the plans, specifications and work write-up approved by the Lender, without prior written consent of the Lender.

e. Lender discovers that Borrower, in any application to the Lender in connection with the Loan, failed to disclose or misrepresented any fact deemed by the Lender to be material or which would have prevented the Borrower from being eligible for the Loan.

f. Lender discovers that the Borrower has made any misrepresentations or failed to disclose any fact deemed material by the Lender in the DDA, this Note or the Deed of Trust.

g. Borrower defaults or breaches any of the terms of the DDA, this Note or the Deed of Trust.

h. Borrower defaults or breaches any of the terms, conditions or restrictions of the Regulatory Agreement With Resale Restrictions or the Declaration of Restrictions.

i. Borrower fails to perform any covenant, term or condition in any instrument creating a lien upon the property which is the security under the Deed of Trust or any part thereof, which lien shall have priority over the lien of the Deed of Trust securing this Note.

j. Occurrence of any of the following:

i. The Borrower becoming insolvent or bankrupt or being unable or admitting in writing its inability to pay its debts as they mature or making a general assignment or entering into any arrangement with creditors.

ii. Proceedings for the appointment of a receiver, trustee or liquidator of the assets of the borrower or a substantial part thereof, being authorized or instituted by or against the Borrower.

k. Borrower discriminates against prospective buyers on the basis of their receipt of or eligibility of housing assistance under any federal, state or local housing assistance program, or except for elderly housing, on the basis that the tenants have minor children.

l. Borrower defaults in the payment of any principal or interest when due.

6. No waiver of any default or breach by Borrower hereunder shall be implied from any omission by the Lender to take action on account of such default, and no express waiver shall affect any default other than the default specified in the waiver. Such waiver shall be in writing and shall be operative only for the time and to the extent therein stated.

7. Borrower may repay this Note in full or in part at any time without any prepayment penalty being charged by Lender.

8. This Note and the lien of the Deed of Trust securing it are not subject to subordination.

9. This Note evidences Lender's funds advanced for the acquisition of a single family residence on the Site.

10. Borrower agrees to pay all reasonable attorney's fees, costs of collection, costs and expenses incurred by Lender in enforcing or collecting the amounts owed to Lender.

EXECUTED as of the date first written above in Sacramento County, California.

BORROWER:

RURAL CALIFORNIA HOUSING
CORPORATION

By: _____
STANLEY KEASLING
Executive Director

WITNESS

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EXHIBIT 1

Site Description

All that certain real property situated in the City of Sacramento, County of Sacramento, State of California, and described as follows:

EXHIBIT _____

Site Description

All that certain real property situated in the City of Sacramento, County of Sacramento, State of California, and described as follows:

The east 40 feet of Lot 90, as shown on the plat of H.J. Goethe Company's addition "F" to Sacramento, recorded in Book 5 of Maps, Map No. 36, records of said County.

3928 7th Avenue
014-0173-012



EXHIBIT _____

Site Description

All that certain real property situated in the City of Sacramento, County of Sacramento, State of California, and described as follows:

Lot 46 as shown on the "Map of Ingleview", recorded in Book 8 of Maps, Map No. 43, records of said County.

3449 10th Avenue
013-0391-015

EXHIBIT _____

Site Description

All that certain real property situated in the City of Sacramento, County of Sacramento, State of California, and described as follows:

Lot 14 in Block "D" of Fairmond, according to the Official Plat thereof, filed in the Office of the Recorder of Sacramento County, California, on March 8, 1910 in Book 10 of Maps, Map No. 8.

4709 14th Avenue
014-0294-015

EXHIBIT 3
ESCROW INSTRUCTIONS

JOINT ESCROW INSTRUCTIONS
(Purchase and Sale)

DATE: _____, 1994

TO: ESCROW HOLDER (TITLE COMPANY):

Stewart Title of Sacramento
555 Capitol Mall
Sacramento, CA 95814
Escrow No: _____
Escrow Officer: Marilyn Britton

FROM: BUYER: RURAL CALIFORNIA HOUSING CORPORATION

2125 19th Street, Suite 101
Sacramento, CA 95818
TEL (916) 442-4731
FAX (916) 442-1701

SELLER: REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

600 "I" Street
Sacramento, California 95814
Attention: Lisa Bates
TEL (916) 440-1315
FAX (916) 447-2261

ESCROW INFORMATION:

1. Preliminary Report: Order No. _____ dated _____.
2. Close of Escrow: No later than fourteen (14) calendar days after receipt by Escrow Holder of the last of the items identified at Sections 1.2.2 (Loan Documents) below, but in any event no later than _____, 1994
3. Purchase Price:

<u>Address</u>	<u>APN #</u>	<u>Purchase Price</u>
3928 7th Avenue	014-01730-012	\$41,000.00
4709 14th Avenue	014-0294-015	\$32,000.00

3449 10th Avenue

013-0391-015

\$35,000.00

4. Title Policy On Grant Deeds: CLTA Standard Form Owner's Policy, with endorsements as requested by Buyer.
5. Title Policy Exceptions:
 - (a) Lien for current general and supplemental taxes
 - (b) Disposition and Development Agreement (DDA) (to be recorded)
 - (c) Declaration of Restrictions (to be recorded)
 - (d) Regulatory Agreement With Resale Restrictions (to be recorded)
 - (e) Grant Deed (with covenants, conditions and restrictions, and subject to a power of termination) (to be recorded)
 - (f) Deed of Trust (to be recorded)
6. Title Policy on Loans: ALTA Loan Policy - 1987.

This document, including attachments and any amendments and additions, shall constitute the escrow instructions of the Buyer and Seller named above for the purchase and sale of the Property legally described on Attachment A hereto. These escrow instructions shall refer to the above Escrow Information where the context so indicates.

1. SUBMISSION OF ESCROW ITEMS.

YOU WILL RECEIVE PRIOR TO CLOSING, all items, including moneys and documents listed below.:

1.1 Documents, to be deposited by Seller three (3) days before the Close of Escrow:

1.1.1 Disposition and Development Agreement (DDA)

1.1.2. Declaration of Restrictions

1.1.3 Regulatory Agreements With Resale Restrictions (one for each property)

1.1.4. Grant Deeds (with covenants, conditions and restrictions, and subject to a power of termination; one for each property)

1.1.5 Trust Deed Addenda (one for each property)

1.1.6 Promissory Notes (one for each property)

1.2 Documents to be Deposited by Buyer three (3) days before Close of Escrow:

1.2.1 Executed loan documents, approved by Seller, for purchase loan for the Property.

1.2.2 Certificate of Buyer's comprehensive general liability insurance, approved by Seller.

1.2.3 Certificate of Buyer's builder's risk insurance, approved by Seller.

1.2.4 Certificate of Buyer's comprehensive automobile liability insurance, approved by Seller.

1.2.5 Certificate of Buyer's worker's compensation insurance, approved by Seller.

1.2.6 Certificate of fire and extended coverage insurance on the Site approved by Seller.

1.2.7 Plans approved by Seller and all necessary officials of the City of Sacramento.

1.2.8 Construction contracts for the construction of improvements on the Property, approved by Seller.

1.3 Funds to be Deposited by Buyer:

1.3.1 An amount sufficient to cover escrow fees, title insurance policy premium, documentary transfer taxes, and all other costs and expenses of this escrow.

1.3.2 Such additional items which you will need to close the escrow. At least three days before the Close of Escrow, notify Buyer and/or Seller of the additional items required. Buyer and/or Seller shall deliver the same to you before the Close of Escrow.

1.4. Documents to be recorded on each property and order thereof:

1.4.1. DDA

1.4.2. Declaration of Restrictions

1.4.3 Regulatory Agreement with Resale Restrictions

1.4.4. Grant Deed

1.4.5. Deed of Trust (short form) with Trust Deed Addendum

1.4.6 All other recordable documents approved by Seller.

2. REQUIREMENTS FOR CLOSE OF ESCROW:

BEFORE YOU ARE AUTHORIZED TO CLOSE ESCROW, THE FOLLOWING EVENTS MUST OCCUR:

2.1 You have received all items listed in Section 1 above including all additional items required to complete this transaction and close the escrow;

2.2 All conditions and provisions of these escrow instructions have been met;

2.3 You have determined with regard to the documents listed in Section 1, that the documents are fully executed, that the documents listed for recording are in sufficient form for recordation and that the Grant Deed listed are sufficient to convey title to the Property, subject to the covenants, conditions and restrictions specified in such deed;

2.4 You are prepared to issue the policies of title insurance listed above insuring that (a) title to the Property as conveyed is vested in Buyer free and clear of all title defects, liens, encumbrances, conditions, covenants, restrictions and adverse interests, subject only to the title exceptions stated above and items to be recorded prior to the Grant Deed in accordance with these instructions, and (b) the Deed of Trust is secured by the Property; and

2.5 You are prepared to strictly comply with these instructions.

3. CLOSING OF ESCROW:

WHEN THE REQUIREMENTS FOR CLOSE OF ESCROW SET FORTH IN SECTION 2 HAVE BEEN MET, THEN AND ONLY THEN, YOU ARE AUTHORIZED AND INSTRUCTED TO:

3.1 Date all undated documents as of the date of recording.

3.2 Record in the Official Records of Sacramento County, California, the documents listed in Section 1.1 in the order listed. No recording fees shall be paid. The instruments shall state: "No Fee Document - Entitled to free recording per Government Code Section 6103, 27383."

3.3 Buyer shall pay all escrow fees, title insurance premiums, documentary transfer taxes and other costs and fees related to the escrow. Buyer shall deposit all necessary funds into escrow. Seller shall be at no cost or expense with regard to this escrow.

3.4 Deliver to Buyer the following:

3.4.1 Copy of all documents to be recorded. Instruct the recorder to send the recorded original Grant Deed to Buyer at the above address.

3.4.2 CLTA Owner's Policy of Title Insurance.

3.4.3 Your itemized statement of the costs charged to Buyer's account and your bill for the amount due you for Buyer's account, if any, or your check for any balance deposited by Buyer in excess of costs charged to Buyer's account.

3.4.4 Copies of all documents deposited in Escrow.

3.5 Deliver to Seller the following:

3.5.1 Executed copies of all documents deposited in Escrow. Instruct the recorder to send to Seller at the above address the original recorded DDA, Declaration of Restrictions, Regulatory Agreements with Resale Restrictions (3), Deeds of Trust with Trust Deed Addendum (3) and Promissory Notes (3).

3.5.2 ALTA Loan Title Policy - 1987 for each property.

3.5.3 Originals of all documents not recorded.

4 TIME FOR CLOSE OF ESCROW: YOU ARE AUTHORIZED AND DIRECTED TO CLOSE ESCROW AS FOLLOWS:

4.1 On or before the date stated above for Close of Escrow at 5:00 p.m. provided all prior conditions to the Close of Escrow, as set forth in these

instructions, have been met. If either Buyer or Seller request to be present at the Close of Escrow, whether to review the documents and disbursements or, otherwise, you will notify Buyer and Seller of the actual date and time of the closing which shall be held at your office during regular business hours.

4.2 If you are unable to close the escrow on or before the date stated for the Close of Escrow, you are authorized to hold the funds, documents and other items delivered to you pending further instructions from Buyer and Seller. Unless otherwise stated in these escrow instructions, Buyer and Seller reserve the right to demand the return of all items deposited by them, respectively, if the escrow has not closed by the stated date and time and if Buyer and Seller have not mutually extended the escrow. If no such demand is made, you are authorized and instructed to close this escrow as soon as possible.

5. ACCEPTANCE OF THE ESCROW:

Your acceptance of this escrow shall create a contractual obligation by you with Buyer and Seller for complete compliance with these instructions. Buyer and Seller reserves the right to jointly revoke this escrow at any time upon their payment to you of your fees and reimbursement to you of your expenses in accordance with the terms of these escrow instructions. Your obligations as Escrow Holder under these escrow instructions shall be subject to the following provisions:

5.1 Any adjustments or prorations shall be made on the basis of a 30-day month.

5.2 You are not responsible for the sufficiency or correctness of form, manner of execution, or validity of any instrument deposited in this escrow nor to as to the authority or rights of any person executing such instrument. Except as otherwise provided in these escrow instructions, your duties as Escrow Holder are limited to the proper handling of monies and the proper safekeeping of instruments and other items received by you as Escrow Holder, and for the performance of your obligations as specifically provided under this agreement. You are responsible for the sufficiency of any instruments or documents prepared by you for this escrow.

5.3 Buyer agrees to indemnify and hold you harmless from damages incurred as a result of your good faith and diligent performance of your duties under these escrow instructions.

5.4 Mail all documents and other items to Buyer at the address shown above unless otherwise directed.

5.5 You may deposit monies received under these instructions in your escrow accounts in accordance with usual and acceptable practice in your industry.

6. ACKNOWLEDGEMENT OF ACCEPTANCE:

Please acknowledge your receipt and acceptance of these escrow instructions on counterparts of these escrow instructions and return the same to Buyer and Seller, respectively.

BUYER AND SELLER ACKNOWLEDGE that they have read, understood and agreed to the foregoing escrow instructions, including all attachments.

BUYER:

SELLER:

RURAL CALIFORNIA
HOUSING CORPORATION

REDEVELOPMENT AGENCY
OF THE CITY OF
SACRAMENTO

By: _____
STANLEY KEASLING
Executive Director

By: _____
JOHN E. MOLLOY
Executive Director

APPROVED AS TO FORM:

Agency Counsel

F:\MHG\OAKPARK.CON\RCHC\D1051194.EI

ACCEPTANCE OF ESCROW INSTRUCTIONS

Escrow Holder hereby acknowledges receipt of the foregoing escrow instructions and agrees to act as escrow holder and to comply with the terms and conditions of said escrow instructions.

Dated: _____

ESCROW HOLDER:

By: _____
Title: _____

ATTACHMENT A
LEGAL DESCRIPTION OF PROPERTY

State of California

County of Sacramento

SS.

On _____, 1994 before me, _____, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public in and for said County and State

State of California

County of Sacramento

SS.

On _____, 1994 before me, _____, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public in and for said County and State

EXHIBIT 1

Site Description

That certain real property situated in the City of Sacramento, County of Sacramento, State of California, described as follows:

EXHIBIT 5

LEGAL DESCRIPTION AND PURCHASE PRICE

Property Descriptions
of homes to be sold to RCHC

3928 7th Avenue
014-0173-012

Purchase Price
\$41,000

The east 40 feet of Lot 90, as shown on the plat of H.J. Goethe Company's addition "F" to Sacramento, recorded in Book 5 of Maps, Map No. 36, records of said County.

3449 10th Avenue
013-0391-015

Purchase Price
\$35,000

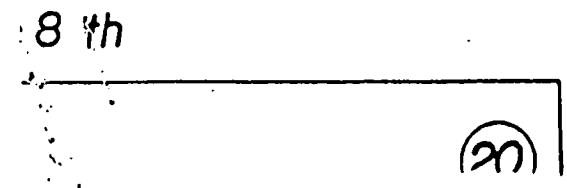
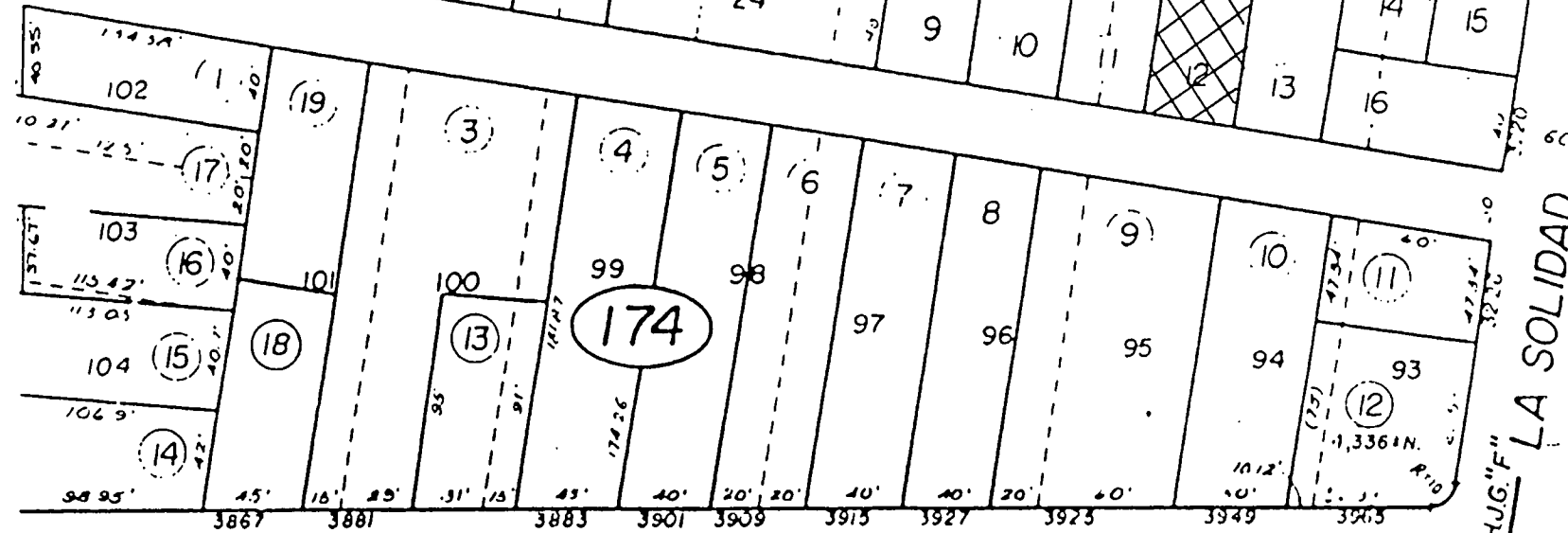
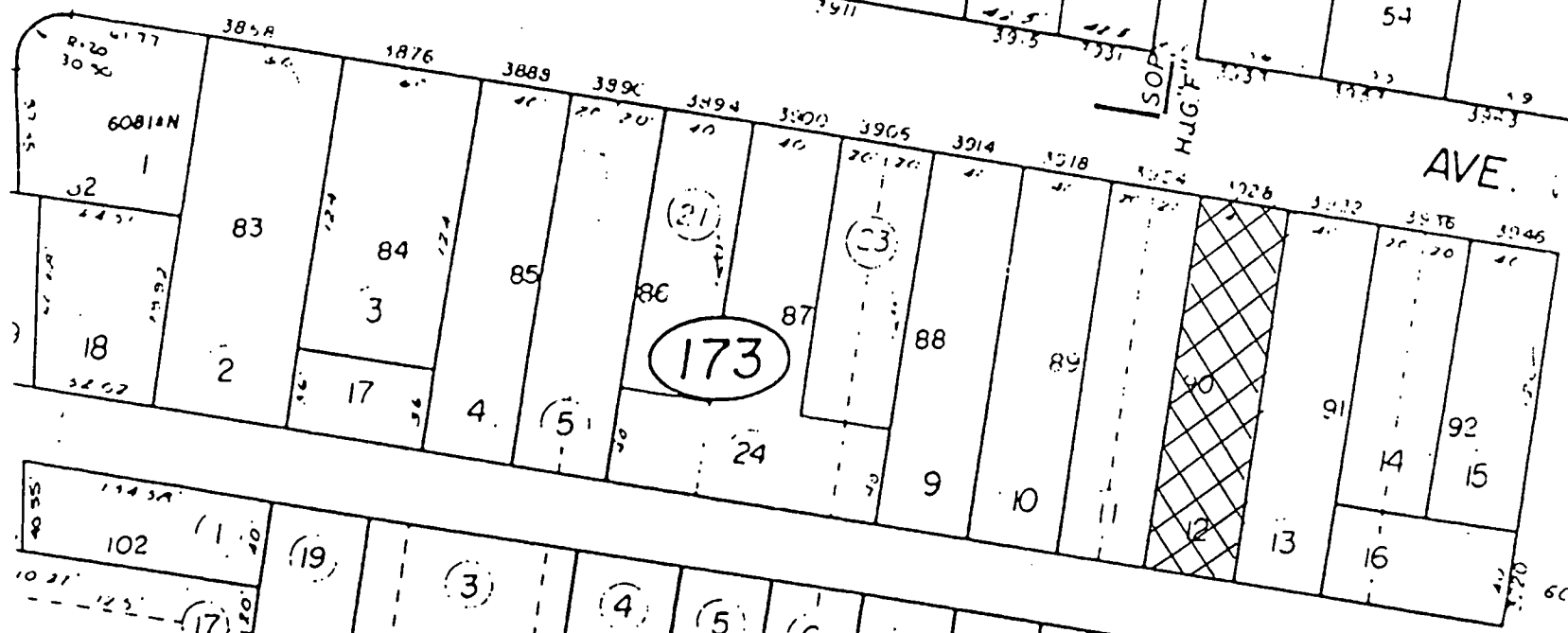
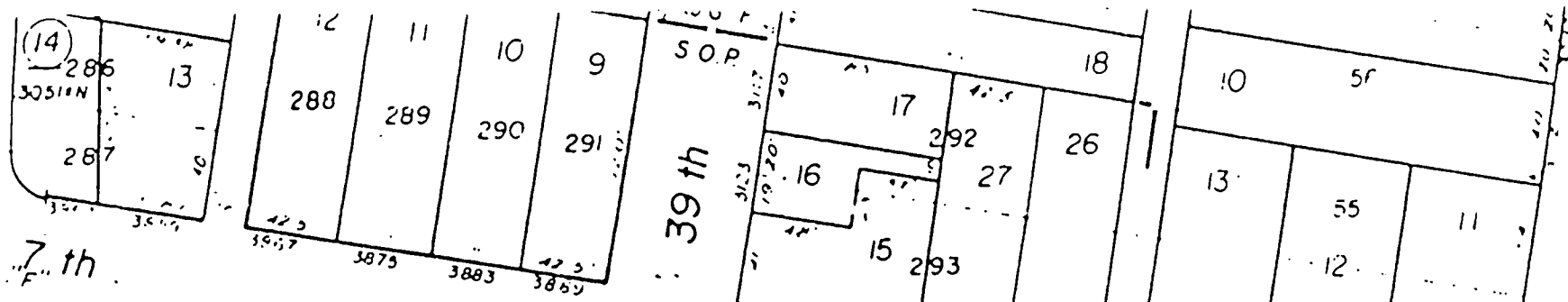
Lot 46 as shown on the "Map of Ingleview", recorded in Book 8 of Maps, Map No. 43, records of said County.

4709 14th Avenue
014-0294-015

Purchase Price
\$32,000

Lot 14 in Block "D" of Fairmond, according to the Official Plat thereof, filed in the Office of the Recorder of Sacramento County, California, on March 8, 1910 in Book 10 of Maps, Map No. 8.

EXHIBIT 6
PARCEL MAP



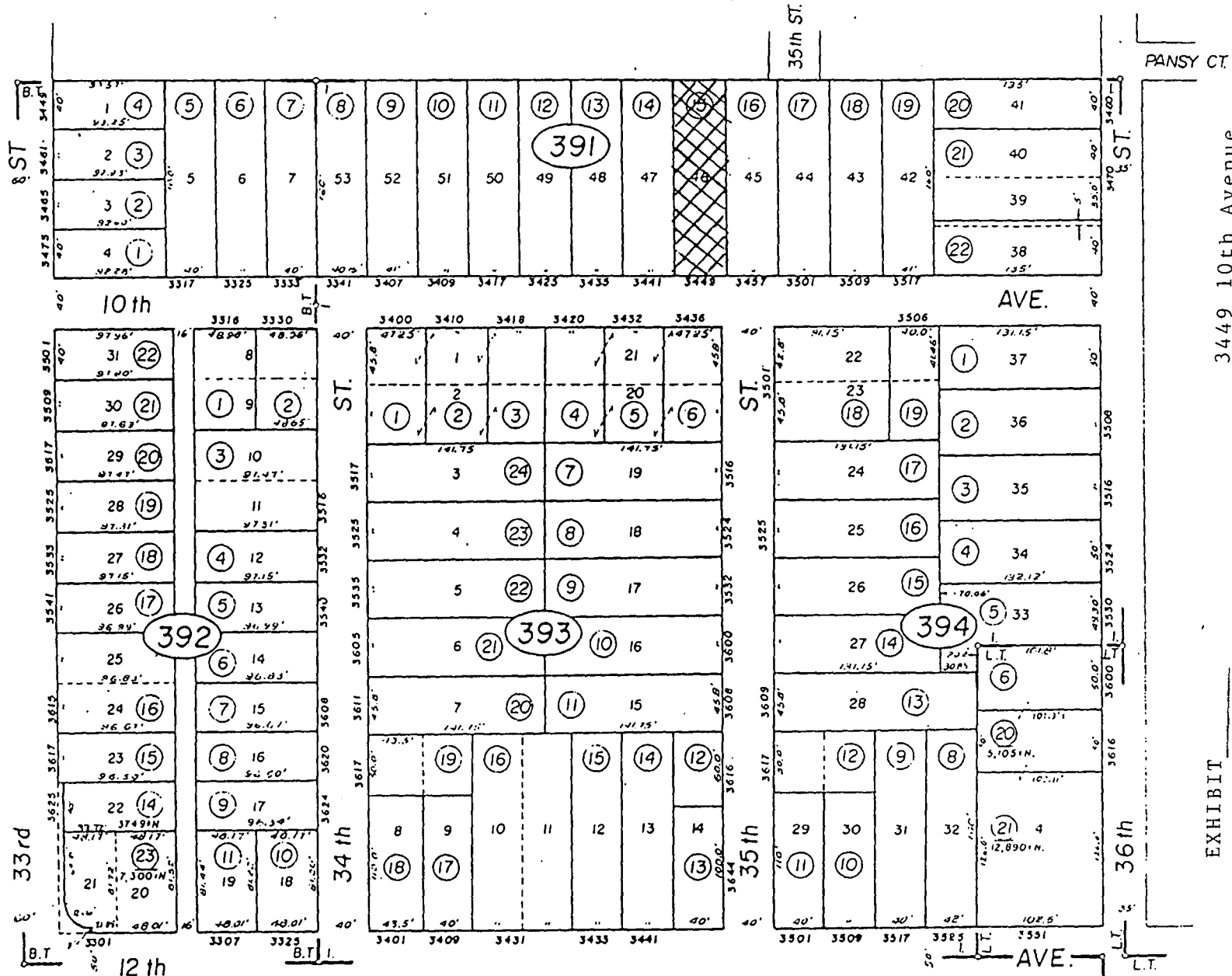
NOTE—Assessor's Block Numbers Shown in Ellipses.
Assessor's Parcel Numbers Shown in Circles

EXHIBIT

3928 7th Avenue

City Assessor's Office

34

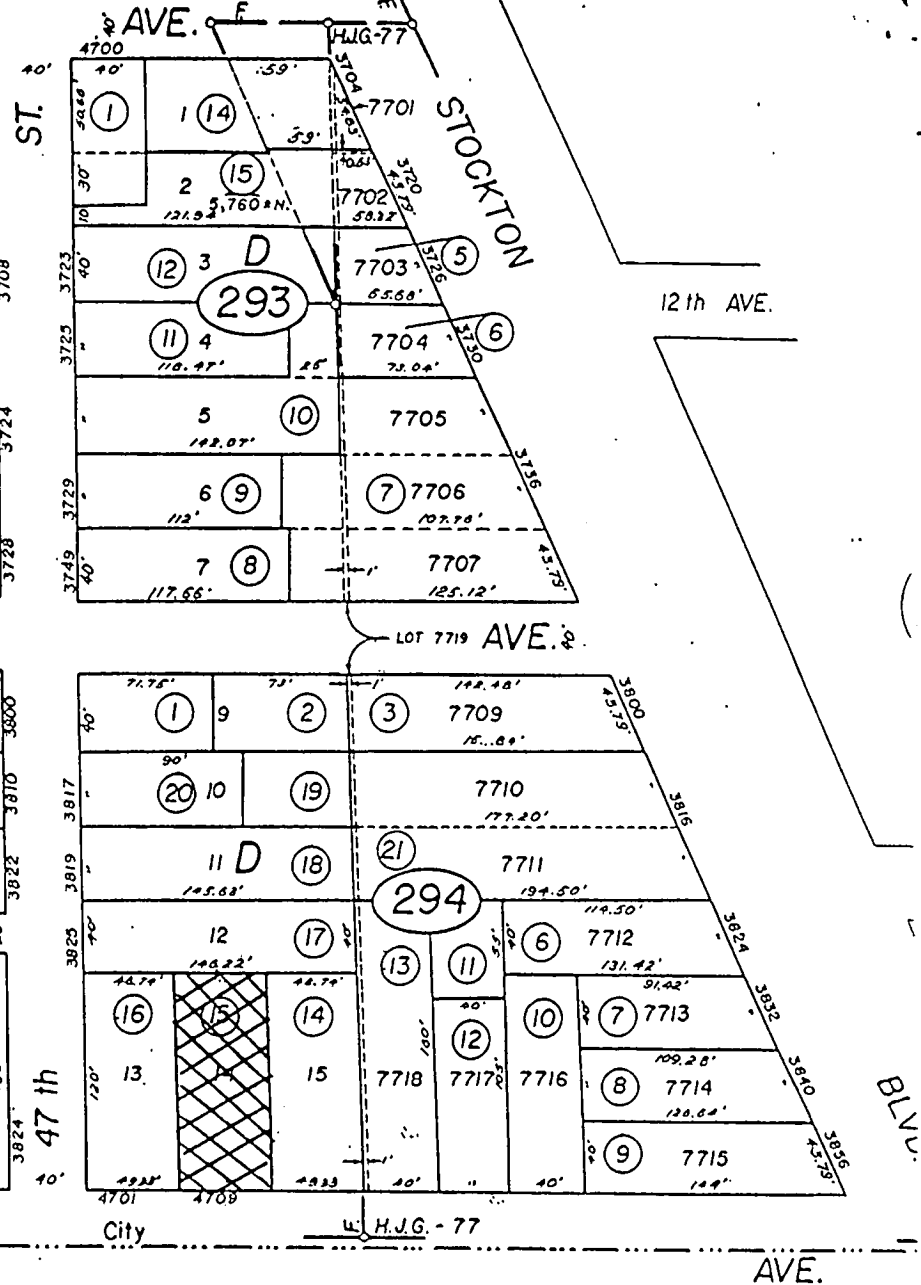
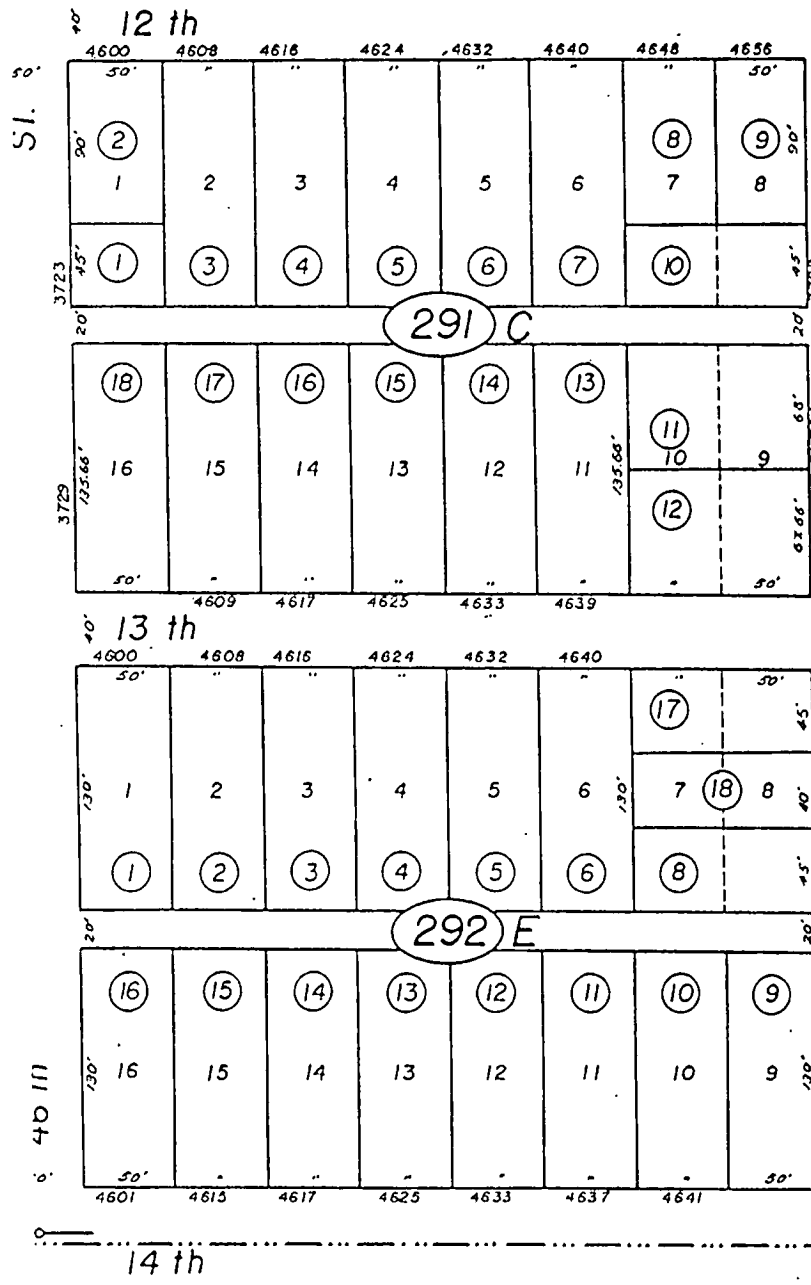


3449 10th Avenue

EXHIBIT

EXHIBIT

4709 14th Avenue



Bk.20

EXHIBIT 7

DECLARATION OF RESTRICTIONS

OFFICIAL BUSINESS

Entitled to free recording
per Govt.C. §§6103, 27383

WHEN RECORDED MAIL TO:

Redevelopment Agency of
the City of Sacramento
630 I Street
Sacramento, CA 95814
Attn: Legal Department

DECLARATION OF RESTRICTIONS

Oak Park Boarded Homes for Rehabilitation Program

**CONDITIONS, COVENANTS, RESTRICTIONS AND EASEMENTS
AFFECTING THE PROPERTY OF THE
REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO,
A PUBLIC BODY, CORPORATE AND POLITIC**

This Declaration is made this ___th day of _____, 1994, by the Redevelopment Agency of the City of Sacramento (the "Agency").

WHEREAS, the Agency is the owner of certain redevelopment sites in the Oak Park Redevelopment Area, (the "Project Area") in the City of Sacramento, which Project Area is covered by a Redevelopment Plan adopted by City Council Ordinance No. 3278, 4th Series, May 30, 1973, and last amended by Ordinance No. 85-022, 4th Series, on March 27, 1985, (the "Redevelopment Plan"); and

WHEREAS, a copy of the Redevelopment Plan as amended was recorded in the office of the Sacramento County Recorder on June 18, 1985, in Book 850618 of Official Records beginning at page 0971; and

WHEREAS, California Community Redevelopment Law, Health and Safety Code Section 33437 through 33439 authorizes the Agency to establish conditions, restrictions and covenants running with the land in connection with the sale or lease of property by the Agency for redevelopment purposes. Such sections authorize the Agency to establish covenants, conditions and restrictions regarding the use of property for the purposes designated in the Redevelopment Plan, and for compliance with other conditions which the Agency deems necessary to carry out the purposes of Community Redevelopment law; and

WHEREAS, for the purpose of providing adequate safeguards so that the work of redevelopment will be carried out pursuant to the Redevelopment Plan and for the purposes

of the state Community Redevelopment law, the Agency subjects the real property (Property"), described below, to the covenants, conditions and restrictions hereinafter set forth, each and all of which are for the benefit of all property within said Project Area, and pass with the Property in each and every parcel thereof and shall apply to and bind the successors and any owner thereof as covenants running with the land, and equitable servitudes.

NOW, THEREFORE, the Redevelopment Agency of the City of Sacramento hereby declares that the Property is and shall be held, transferred, sold and conveyed subject to the conditions, restrictions, covenants and reservations set forth in this Declaration of Restrictions.

1. Property Subject to This Declaration

Notwithstanding any previously recorded conditions, covenants or restrictions on the Property, the real property which is and shall be, held, conveyed, transferred and sold subject to this declaration is located in the City of Sacramento, County of Sacramento, State of California and is more particularly described in Exhibit 1 attached.

2. Map of Property

A map showing the Property is attached as Exhibit 2.

3. Land Use

The land use for the Property shall be limited to the following uses:

a. Permitted Uses

Single-family residential use.

4. Upkeep and Maintenance

It is the responsibility of the Agency to oversee the rehabilitation and reconstruction of a portion of the City to protect its continuous economic stability and to improve its environment. Therefore, the owner will be required to maintain properly and consistently the Property and all improvements on the Property so as to assure that the Property does not detract from or degrade that of the neighborhood. Therefore, the owner of the Property shall maintain at least the following minimum quality of exterior maintenance of the Property:

a. Building Upkeep. The exterior appearance of all buildings and structures are to be kept in a clean and attractive condition. Refinishing of any and all surfaces is to

be performed immediately when observed to be needed due to damage or deterioration.

B. Grounds Upkeep. All surfaces and landscaped areas within the Property and those adjacent to the Property that are to be maintained by the Property owner are to be kept in a condition consistent with top quality landscape care. All lawn areas are to be kept fully planted and regularly mowed. Shrubs and trees are to be properly and consistently pruned. All landscaped areas are to be kept free of weeds, undesirable plants and trash.

b. Trash Storage. All trash, including lawn, shrub and tree cuttings are to be placed in a screened enclosure when stored for pickup.

5. Nondiscrimination

There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall the owner or any person claiming under or through her/him, establish or permit such practice or practices of discrimination or segregation in the Property.

6. Terms

These covenants are to run with the land and shall be binding on all parties and all persons claiming under them. The Property and all parts or parcels thereof shall be subject to these restrictions which are hereby declared to be for the benefit of all property in the Project Area, and each and every owner thereof, and shall pass with the Property and are applied to and bind the respective successors in interest of the owner and the Redevelopment Agency. This Declaration of Restrictions shall run until ten years from the date of its recordation.

7. Enforcement

In the event of any breach of the covenants, conditions and restrictions contained herein, the Agency shall endeavor to remedy such breach by conference, conciliation and persuasion. In the event of failure so to remedy such breach or in advance thereof, if in the opinion of the Redevelopment Agency circumstances so warrant, such breach shall be enjoined or abated by appropriate proceedings brought by the Agency.

The Agency may institute or prosecute in its own name and in the names of owners of property in the Oak Park Project Area, any suit which the Agency may consider advisable in order to compel and obtain a decree for specific performance of any obligation of any owner to develop and maintain the subject property in conformity with this Declaration. Any owner or owners, singly or collectively, of any of the real property in the Project Area,

may at any time prosecute any proceedings at law or in equity in the case of any violation of any of the covenants, conditions and restrictions contained herein.

8. Foreclosure and Enforcement of Lien

The provisions of this Declaration of Restrictions do not limit the right of the obligees to foreclose or otherwise enforce any mortgage, deed of trust, or other encumbrance upon the Property or any portion thereof, or the right of any obligee to exercise any of its remedies for the enforcement of any pledge or lien upon any property covered hereby; provided, however, that in the event of any foreclosure under any such mortgage, deed of trust or other lien or encumbrance, or sale pursuant to any power of sale included in any such mortgage or deed of trust, the purchaser or purchasers and their successors and assigns and the Property shall be, and shall continue to be, subject to all of the conditions, restrictions and covenants contained herein.

9. Amendment

If at any time the Redevelopment Plan is amended in any manner as is hereafter permitted by law, this Declaration of Restrictions may be amended accordingly.

10. Dissolution

In the event the Redevelopment Agency shall be abolished or its designation changed by or pursuant to law, its powers, rights and functions under this Declaration of Restrictions may be transferred to any other designated governmental office or agency.

11. Other Property of the Agency

This Declaration of Restrictions applies only to the Property described in Section 1 hereof and does not apply to any other land which the Agency now owns or may hereafter acquire.

12. City Codes and Redevelopment Plan

Nothing contained herein shall be construed as permitting the violation of any requirement of the ordinances or other laws or rules of the City of Sacramento or any provision of the Redevelopment Plan for the Project Area, it being the intent hereof to impose additional restrictions over and above the requirements of any such ordinances, rules or provisions of the Redevelopment Plan for the Project.

13. Severability of Provisions

If any of the provisions of this Declaration of Restrictions shall be held invalid by any court of law, the validity of the remainder of this Declaration of Restrictions and the applicability

of such provisions to any other owner or owners of parcels of land shall not be affected hereby.

14. Included Documents

This Declaration of Restrictions consists of this document and any and all attachments hereto affixed which attachments are incorporated herein by reference.

IN WITNESS WHEREOF, the Redevelopment Agency of the City of Sacramento has caused this Declaration of Restrictions to be executed as of the day and year first above written.

APPROVED AS TO FORM

Agency Counsel

REDEVELOPMENT AGENCY OF THE CITY OF
SACRAMENTO

By: _____
JOHN E. MOLLOY
Executive Director

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State of California

County of Sacramento

ss.

On _____, 1994 before me, _____, personally appeared JOHN E. MOLLOY, personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public in and for said County and State

EXHIBIT 1

PROPERTY DESCRIPTION

That certain real property situated in the City of Sacramento, County of Sacramento, State of California, described as follows:

EXHIBIT 2

SITE MAP

EXHIBIT 8
REGULATORY AGREEMENT

OFFICIAL BUSINESS

Entitled to free recording
per Govt.C. §§6103, 27383

WHEN RECORDED MAIL TO:

Redevelopment Agency of
the City of Sacramento
630 I Street
Sacramento, CA 95814
Attn: Legal Department

REGULATORY AGREEMENT WITH RESALE RESTRICTIONS

[Ten Year Term]

Oak Park Boarded Homes for Rehabilitation Program

THIS AGREEMENT is made as of _____, 1994, by and between RURAL CALIFORNIA HOUSING CORPORATION, a California nonprofit corporation, and its successors and assigns (jointly and severally hereafter referred to as "Developer"), and the REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO, a public body, corporate and politic (the "Agency").

THE PARTIES AGREE as follows:

1. This Agreement is made for the following reasons and based upon the following facts:
 - 1.1. Agency is willing to sell to Developer real property located in the City and County of Sacramento, State of California, described in Exhibit "A" attached and incorporated herein by reference (the "Property") subject to the terms of the Disposition and Development Agreement between the parties and dated _____, 1994 (the "DDA"). Under the DDA the transfer of the Property to Developer is conditioned, among other requirements, upon Developer's execution and delivery to Agency of this Regulatory Agreement and Developer's express agreement for itself, its successors and assigns, that Developer shall comply with this Regulatory Agreement.
 - 1.2. The DDA also provides that Agency will make purchase money loans ("Loans") to Developer as evidenced by promissory notes executed by Developer in favor of the Agency and secured by one or more deeds of trust on the Property.
 - 1.3. The funds used by Agency for the development of the Property under the DDA are funds set aside, pursuant to Health and Safety Code Section

33334.2, for purposes of increasing and improving the community's supply of low and moderate-income housing available at affordable housing cost, as defined under Health and Safety Code Section 50052.5 ("Affordable Housing Cost"), to persons or families of low or moderate income, as defined under Health and Safety Code Section 50093, ("Low- or Moderate-Income Family").

1.4. The Agency approved the DDA, the transfer of the Property and the Loan on the basis that the Property would be developed with a single family residence ("Project") and sold at an Affordable Housing Cost to a Low- or Moderate-Income Family for their occupancy, all in accordance with the guidelines set forth in Health and Safety Code Sections 33334.2 and 33334.3(e).

2. Affordability Requirements.

Pursuant to Health and Safety Code Section 33334.3(f)(2), the Property shall remain affordable to persons and families of low or moderate income for not less than ten years from the date of transfer of the Property from Developer to an owner-occupant.

2.1. Conditions of Transfer. Upon the completion of the Improvements on the Property in accordance with the DDA, Developer covenants and agrees that Developer shall not transfer the Property at a price exceeding its appraised fair market value.

2.2. Subsequent Owners. If, during the term of this Agreement, any subsequent owner of the Property sells the Property or otherwise transfers the Property for value, such owner shall (a) sell the Property only to a Low- or Moderate-Income Family at a price and terms which qualify as an Affordable Housing Cost; or (b) repay the principal amount of the Loan together with interest at the maximum legal rate from the date of the Loan. If such owner shall fail to comply with the provisions of this Section 2.2., any Loans from Agency relating to the Property shall become immediately due and payable, together with interest at the maximum legal rate from the date of the Loan until repaid in full.

2.3. Rental Requirements.

During the term of this Agreement, any subsequent owner of the Property shall not lease the Property except to a Low- or Moderate Income Family and only for a rental amount which is an "affordable rent" as defined in Health and Safety Code Section 50053. In no event shall Developer lease the Property without Agency's prior written consent.

3. Further Covenants. Developer shall not, without the prior written approval of the Agency:

3.1. Convey, transfer or encumber any of the Property or permit the conveyance, transfer, or encumbrance of such property unless such assignee, transferee or encumbrancer has agreed, in writing and in a form suitable for recordation, to be bound by the terms of this Regulatory Agreement;

3.2. Add to, reconstruct, or demolish any part of the Property or improvements, except as provided by the DDA; or

3.3. Permit the use of the Property for any purposes except residential purposes.

4. Maintenance. Developer shall maintain the Property and the building improvements, grounds and equipment of the Property in good repair and condition.

5. Bankruptcy. Developer, its successors and assigns, shall not file any petition in bankruptcy, or for a receiver, or insolvency, or for reorganization or composition, or make any assignment for the benefit of creditors or to a trustee for creditors or permit an adjudication in bankruptcy, the taking possession of the Property or any part thereof by a receiver, or the seizure and sale of the Property or any part thereof under judicial process or pursuant to any power of sale and fail to have such adverse action set aside within forty-five (45) days.

6. Term. The term of this Agreement shall commence on the date of Agency's transfer of the Property to Developer and shall continue in full force and effect for ten (10) years from the date of transfer of the Property from Developer to an owner-occupant. This Agreement shall terminate sooner in the event of repayment of the Loan, in full, as defined in Section 2.2.

7. Audit and Inspection. The Property and all related equipment, buildings, plans, offices, books, contracts, records, documents and other related papers shall at all times be maintained in reasonable condition for audit and shall be subject to examination by the Agency or its agents. The books and accounts of the operations of the Property and of the Property shall be kept in accordance with generally accepted accounting principles.

8. Information. Developer shall promptly provide any information or documentation requested in writing by the Agency to verify Developer's compliance with the provisions of this Agreement. At the written request of the Agency, its agents, employees, or attorneys, Developer shall, within a reasonable time following receipt of such request, furnish reports and shall give specific answers to questions upon which information is desired from time to time relative to the income, assets, liabilities, contracts, operations, and condition of the property and the status of the Deed of Trust.

9. Default. Upon a breach of any of the provisions of this Agreement by Developer, the Agency may give written notice of such breach to Developer by registered or certified mail. If such violation is not corrected to the satisfaction of Agency within sixty (60) days after the

date such notice is mailed or within such further time as the Agency may reasonably determine is necessary to correct the breach, and without further notice to Developer, the Agency may declare a default under the Agreement, effective on the date of such declaration of default, and upon such default the Agency may:

9.1. Declare the portion of the indebtedness associated with the Property which is evidenced by the Note immediately due and payable, together with interest thereon at the legal rate from the date of making the Note and then proceed with the foreclosure of the Deed of Trust;

9.2. Collect all rents, monthly occupancy charges, and other charges in connection with the operation of the Property and use such collections to pay the trustor's obligations under this Agreement and under the Note and Deed of Trust and the necessary expenses of preserving the Property and operating the Property;

9.3. Take possession of the Property, bring any action necessary to enforce any rights of the Developer arising from the Property operation, and operate the Property in accordance with the terms of this Agreement until such time as the Agency in its discretion determines that the Developer is again in a position to operate the Property in accordance with the terms of this Agreement and in compliance with the requirements of the Notes and the Deeds of Trust; or

9.4. Apply to any court for specific performance of this Agreement, for an injunction against any violation of the Agreement, for the appointment of a receiver to take over and operate the Property in accordance with the terms of this Agreement, or for such other relief as may be appropriate, since the injury to the Agency arising from a default under any of the terms in this Agreement would be irreparable, and the amount of damage would be difficult to ascertain.

10. Successors in Interest. This Agreement shall bind and the benefits shall inure to the Developer, its successors in interest and assigns, and to the Agency and its successors for the term of this Agreement.

11. Contradictory Agreements. Developer warrants that it has not, and will not, execute any other agreement with provisions contradictory of or in opposition to, the provisions of this Agreement, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations set forth and supersede any other requirements in conflict with this Agreement.

12. Attorneys' Fees. If the services of any attorney are required by any party to secure the performance of this Agreement or otherwise upon the breach of default of another party, or if any judicial remedy or arbitration is necessary to enforce or interpret any provisions of this Agreement or the rights and duties of any person in relation to this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and other expenses, in

addition to any other relief to which such party may be entitled. Any award of damages following judicial remedy or arbitration as a result of the breach of this Agreement or any of its provisions shall include an award of prejudgment interest from the date of the breach at the maximum amount of interest allowed by law.

13. Severability. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions.

14. Election of Remedies; Events of Default. The remedies of the Agency under this Agreement, the Note, the Deed of Trust, DDA or any other instrument providing for or evidencing or securing the loan are cumulative, and the exercise of one or more of such remedies shall not be deemed an election of remedies and shall not preclude the exercise by the Agency of any one or more of its other remedies.

15. Waiver by Default. No waiver by the Agency of any breach of or default under this Regulatory Agreement shall be deemed to be a waiver of any other or subsequent breach or default.

16. Notices. Written notices and other written communications by and between the parties shall be addressed as follows unless and until a party has, in writing, notified the other party of a different address for notice.

Developer:

RURAL CALIFORNIA HOUSING CORPORATION
2125 19th St., Suite 101
Sacramento, California 95818

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Agency:

REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO
630 I Street
Sacramento, CA 95814
Attn: Legal Department

EXECUTED in the City of Sacramento, in the State of California, on the date first written above.

AGENCY:

REDEVELOPMENT AGENCY OF
THE CITY OF SACRAMENTO

By: _____

JOHN E. MOLLOY
Executive Director

DEVELOPER:

RURAL CALIFORNIA HOUSING
CORPORATION

BY: _____

STANLEY KEASLING
Executive Director

APPROVED AS TO FORM:

Agency Counsel

ATTEST:

Secretary

F:\MHG\OAKPARK.CON\RCHC\D1051094.REG

State of California

County of Sacramento

ss.

On _____, 1994 before me, _____, Notary, personally appeared JOHN MOLLOY, personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public in and for said County and State
Commission expires: _____

State of California

County of Sacramento

ss.

On _____, 1994 before me, _____, Notary, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public in and for said County and State
Commission expires: _____

REGULATORY AGREEMENT
WITH RESALE RESTRICTIONS

OAK PARK BOARDED HOMES PROGRAM

FOR AGENCY USE ONLY-NOT TO BE CONSIDERED
PART OF THE BASIC CONTRACT

APPROVED:

APPROVED:

Finance Department

Organization

Account Code: _____

Organization: _____

Cost Center: _____

EXHIBIT 9
SCHEDULE OF PERFORMANCES

ACTION

TIME FOR PERFORMANCE

- | | |
|---|---|
| 1. Escrow shall open. | Within 30 days from execution of DDA. |
| 2. The parties shall deposit all items necessary for close of escrow in escrow. | Within 10 days from opening escrow. |
| 3. Escrow shall close, provided all conditions for close of escrow have been met. | No later than 60 days from date escrow opened. |
| 4. Construction of the Improvements shall commence. | No later than 90 days from close of escrow. |
| 5. Construction of the Improvements shall be completed. | No later than 6 months from commencement of construction. |

EXHIBIT 10
SCOPE OF DEVELOPMENT

EXHIBIT 11

REHABILITATION ESTIMATE

REHABILITATION COST ESTIMATES

4709 14th Avenue: \$55,000

3928 7th Avenue: \$65,000

3449 10th Avenue: \$38,000

DATE 5/16 TO City Clerk FROM Lisa Bates
RE: SHRA sale of Agency-owned homes to RCHC



Please retain this report on file for an
City Council item May 31st - afternoon
session. Redevelopment Law requires that
this report remain on file for public review
two weeks prior to the City Council meeting.
Please call me at 440-1322, if you have
questions.