

RESOLUTION 2024-0006

Adopted by the Housing Authority of the City Sacramento

May 7, 2024

San Juan Apartments – A Mutual Housing Community (Project): A Resolution of the Housing Authority Approving the Execution of a Seller Carry Back Loan Agreement in the Amount of \$545,000 and Related Documents with San Juan Mutual Housing Associated L.P. or Related Entity; Related Budget Amendment; Related Findings; and Environmental Findings

BACKGROUND

- A. The San Juan site is comprised of four parcels located on Stockton Boulevard and Young Street, just south of Fruitridge Road. The parcels, located in both the City and County, were purchased to eliminate the blighting influence caused by the former San Juan Motel and Mobile Home Park on Stockton Boulevard and to assemble a larger site for a high-quality development project.
- B. In November 2016, the Housing Authority approved the City's Vacant Lot Disposition Strategy and was given authorization to release the Housing Authority-owned San Juan parcels (Site) as a Housing Opportunity Site.
- C. In November 2016, the Site was identified as exempt surplus land and directed to be used as an affordable housing site with restrictions consistent with California Government Code 25539.4.
- D. In August 2020, the Sacramento Housing and Redevelopment Agency released a Request for Proposals for and Affordable Development for the Site.
- E. In December 2020, Mutual Housing California was selected to become the developer of the Site based on an application submitted that included the following properties:
 - 1. 5258 Young Street (APN 026-0073-003), located in the County and owned by the Housing Authority of the County of Sacramento
 - 2. 5300 Young Street (APN 026-0073-0018), located in the City and owned by the Housing Authority of the City of Sacramento
 - 3. 5700 Stockton Blvd. (APN 026-0073-014), located in the County and owned by the Housing Authority of the City of Sacramento

4. 5716 Stockton Blvd. (APN 026-0073-017), located in the County and owned by the Housing Authority of the County
- F. The Site has been split into two phases or projects for feasibility purposes and Phase 1 will include properties 1-7 (as referenced above) and will be the Project, and Phase 2 will include 5716 Stockton Boulevard, and will be part of a subsequent action.
- G. Mutual Housing California has worked on behalf of the Housing Authority to obtain entitlements for the Site and will develop the Site as affordable multifamily housing.
- H. The Project will be a total of 113 units comprised of one-, two- and three-bedroom units. Amenities on-site include landscaped courtyards, picnic tables, a laundry facility, and dedicated parking spaces. The development includes a community room with a kitchen, management and resident services offices, restrooms, and a playground for school-aged youth, as well as a swimming pool.
- I. In a separate resolution to be approved by the City Council of the City of Sacramento, SHRA Staff is recommending Council approval to enter into a loan agreement for the Project in the amount of \$2.5 million in State Prohousing Incentive Pilot Program (PIP) funds with the Developers for the construction and permanent financing of the projects.
- J. The Housing Authority and San Juan Mutual Housing Associates L.P., or related entity received authority to enter into a Disposition and Development Agreement (DDA) for the Housing Authority owned properties on February 7, 2023.
- K. The DDA authorized the Housing Authority to dispose of 5700 Stockton Boulevard, and 5300 Young Street at fair market value and provide seller carryback financing.
- L. The noticed public hearing required for the disposition of Housing Authority property under Health and Safety Code Section 34312.3(b) was held on February 7, 2023.
- M. The project is statutorily exempt pursuant to California Environmental Quality Act Guidelines Section 21155 (Transit Priority project requirements).
- N. An Environmental Assessment was prepared in order to analyze the project in accordance with the National Environmental Policy Act and it was determined that, with mitigation measures incorporated, the project would not result in a significant impact on the quality of the human environment.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE HOUSING AUTHORITY OF THE CITY RESOLVES AS FOLLOWS:

SECTION 1.

All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated above, are found to be true and accurate and are hereby approved adopted.

SECTION 2.

The Executive Director, or her designee, is authorized to negotiate, enter into and execute the \$545,000 seller carryback loan agreement and related documents for the acquisition financing of the Project with San Juan Mutual Housing Associates L.P., or related entity, and execute other documents, as approved to form by its Office of the General Counsel, and perform other actions required for the Seller Carry Back loan, including without limitation negotiation, subordination, regulatory agreements, financial restructuring, and extensions, consistent with its adopted policy and with this resolution.

SECTION 3.

The Executive Director is authorized to amend the SHRA budget to allocate \$545,000 in Seller Carry Back Loan Agreement for the Project.

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Exhibit A – Seller Carry Back Loan Documents

Adopted by the Housing Authority of the City of Sacramento on May 7, 2024, by the following vote:

Ayes: Members Guerra, Jennings, Kaplan, Maple, Talamantes, Thao, Valenzuela, and Vang

Noes: None

Abstain: None

Absent: Mayor Steinberg

Attest:  05/08/2024
Mindy Cuppy, City Clerk

The presence of an electronic signature certifies that the foregoing is a true and correct copy as approved by the Sacramento City Council.

(HACS) SELLER CARRYBACK LOAN AGREEMENT SAN JUAN APARTMENTS - A MUTUAL HOUSING COMMUNITY

IN CONSIDERATION of their mutual promises, the parties agree as follows:

1. **LOAN.** Lender is making the Loan pursuant to the terms and conditions of this Seller Carryback Loan Agreement (the "Loan Agreement"). Lender and Borrower have entered this Loan Agreement as of the Effective Date.
2. **DEFINITIONS TABLES.** The capitalized terms in this Loan Agreement shall have the meanings assigned in the following Definitions Tables and in Section 3 Definitions. Terms being defined are indicated by quotation marks. If an item in the Definitions Table is marked "None", "Not Applicable", "N/A" or equivalent or is left blank, that defined term is not applicable to this Loan or the referenced item is not required or is not included in this Loan as the context may indicate.

A. "LOAN INFORMATION" The general loan provisions of the Loan:		
"EFFECTIVE DATE"	May 1, 2024	The date as of which this Loan Agreement shall be effective.
"LENDER"	The following public agency that is making the Loan, and whose legal status and address are:	
Name	Housing Authority of the City of Sacramento	
Legal Status	A public body, corporate and politic	
Principal Address	801 12th Street, Sacramento CA 95814	
"BORROWER"	The borrower of the Loan funds whose name, legal status and address are:	
Name	San Juan Mutual Housing Associates L.P.	
Legal Status	a California limited partnership	
Principal Address	3321 Power Inn Road, Suite 320, Sacramento, CA 95826	
"LOAN"	The Loan made by this Loan Agreement.	
"LOAN COMMITMENT"	Lender's loan commitment, made by letter dated as of	February 7, 2023
"LOAN PROGRAM"	Lender's Loan Program, commonly known as	Seller Carry Back Loan Program
"LOAN AMOUNT"	Five Hundred Forty-Five Thousand Dollars and No Cents (\$545,000.00)	
"INTEREST RATE"	The interest rate is 3% per year, simple interest.	
"MATURITY DATE"	The first day of the 660 th calendar month following the Effective Date. June 1, 2079	
"PAYMENT SCHEDULE"	Payments of the Principal Amount and any outstanding interest accrued thereon ("Annual Loan Payments") will be made on a Residual Receipts basis (as defined below) beginning on the first (1st) day of May following conversion of the Loan Agreement for the Project to permanent financing and the initial annual audited Financial Statement, as defined in the Loan Agreement, and shall continue annually each May 1 until the Maturity Date, when all outstanding principal and interest shall become due and payable to Lender.. Annual Loan Payments shall be applied first to outstanding interest accrued and unpaid and then to the Principal Amount. Residual Receipts" is defined as follows: Once annually, based on the annual audited financial statement from the preceding year, payments will be made upon a "Residual Cash Flow" basis meaning Net Operating Income (NOI) less the items described in the below Subsections (1) through (5), no such proceeds or amounts to be applied in payments of any amounts specified in any of the Subsections below until all amounts specified in any earlier Subsection have been paid in full: Net Cash Flow Distributions. Distributions of Net Cash Flow (where "Net Cash Flow" is defined as Net Operating Income less payment of debt service, and the funding of reserves, on the Senior Loan, and developer fee will be made as follows, subject to the consent of the Senior Lender and subordinate lenders: (1) Mandatory debt service payments to repay the senior permanent loan;	

- (2) Sacramento Housing and Redevelopment Agency (SHRA) and/or Housing Authority of the County of Sacramento (HACOS) monitoring fee of \$25,000 annually
- (3) Limited Partner Asset management fee of \$5,000 annually indexed at 3% annually;
- (4) to payment of any developer fee that is not paid from capital sources as anticipated and becomes deferred, and accrued interest thereon
- (5) to the General Partners, Limited Partner or their respective affiliates to repay any loans or advances made by the General Partners, the Limited Partner or their respective affiliates in support of the development or operation of the Project;
- (6) After categories one (1) through four (4) of payment priority waterfall are paid, 100% of the available cash flow from NOI distributed in the following manner:
 - A) Sacramento Housing and Redevelopment Agency ("SHRA") to repay
 - 1) HOME Investment Partnerships Program ("HOME") loan until it has been fully repaid (with interest); and then to
 - 2) Permanent Local Housing Allocation (PLHA) loan until it has been fully repaid (with interest); and then to
 - 3) Affordable Housing Trust Funds (AHF) loan until it has been fully repaid (with interest); and then to
 - 4) Housing Trust Funds (HTF) loan until it has been fully repaid (with interest); and then to
 - 5) Local Housing Trust Funds (LHTF) loan until it has been fully repaid (with interest); and then to
 - 6) Pro Housing Funds loan until it has been fully repaid (with interest); and then to
 - 7) Green Means Go Funds (GMG) loan until it has been fully repaid; and then to
 - B) Housing Authority of the City of Sacramento (HACS) to repay
 - 8) HACS Seller Carryback Loan until it has been fully repaid (with interest); and then to
 - C) Housing Authority of the County of Sacramento (HACOS) to repay
 - 9) HACOS Seller Carryback Loan until it has been fully repaid (with interest).

To the extent that insufficient Net Cash Flow is available to pay any of the amounts set forth in Sections (1) through (5) when due, such amount shall accrue and be payable in the future when there is available Net Cash Flow, after prior payment of all higher priority payments from Net Cash Flow, as set forth above.

The Net Operating Income is defined as "Revenue" less "Operating Expenses." "Revenue" means all revenue from the leasing of the Project, including but not limited to all rents, fees, and charges paid by tenants as well as rental subsidy payments regardless of the source of these subsidies, forfeited tenant deposits, rent increases, proceeds from vending machines and laundry room machines. Revenue shall not include tenants' security deposits (unless forfeited), interest on those deposits, loan proceeds, capital contributions or similar advances, or amounts released from reserves or interest on reserves.

"Operating Expenses" shall mean actual costs, fees and expenses as evidenced by invoices attributable to the operation, recordkeeping, maintenance, taxes and management of the Project, including property management fees; taxes and assessments; payroll, benefits and payroll taxes for Project employees; insurance; security; painting, cleaning, repairs, and alterations; landscaping; sewer charges; utility charges; advertising, promotion and publicity; cable television, satellite, cable; elevator and other similar services; office, janitorial, cleaning and building supplies; recreational amenities and supplies; purchase, repair, servicing and installation of appliances; costs and expenses associated with the provision of social and/or community services to the residents of the Project; equipment, fixtures and furnishing; fire alarm and elevator monitoring; fees and expenses of accountants, attorneys, consultants and other professionals; and

	monitoring fees to SHRA with respect to the HOME, PLHA, AHF, HTF, LHTF, Prohousing Funds, and GMG loans. The definition will include deposits into operating and/or replacement reserves maintained by the Borrower.	
“BORROWER EQUITY”	\$2,927,932 in Borrower cash equity, and \$29,967,555 of Borrower tax credit equity	Which is the minimum amount of cash or cash equivalent (excluding land equity or other non-cash investment in the Project) that Borrower is investing in the Project.
	\$3,250,000 in deferred Developer fees	Which is Borrower’s non-cash contribution to the Project (such as deferred Developer fees).
“SPECIAL TERMS”	N/A	
“PROJECT”	Which is the Project to be developed on the Property with the Loan funds, described as:	The San Juan Apartments - A Mutual Housing Community project is a new 113-unit family affordable housing project will be located on 3 Agency owned land located at 5300 Young Street, which is owned by the Housing Authority of the City of Sacramento and one parcel also owned by the Housing Authority of the City of Sacramento at 5700 Stockton Boulevard but which is located in the County of Sacramento. One additional parcel located at 5258 Young Street which is owned by the Housing Authority of the County of Sacramento is also part of the Project but is the subject of a separate loan agreement. The Development is composed of three story residential walk-up buildings with tuck under parking. The development will include a total of twelve (12) buildings, 125 on-grade parking spaces, and 113 units comprised of 1-bedroom, 2-bedroom, 3-bedroom units. The Project will also contain amenities including a community center with kitchen, management offices, pool, landscaped courtyards, and a school aged and toddler play areas.

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B. “COLLATERAL” The Collateral securing repayment of the Loan, which Collateral consists of the following:		
“PROPERTY”	The following described real property, which is security for the Loan and the site of the Project:	
Address and Assessor’s Parcel Number (APN)	5300 Young Street Sacramento, CA 95824; and 5700 Stockton Boulevard, Sacramento, CA 95824 APN 026-0073-018 and 026-0073-014	
“Legal Description”	The Property is situated in the State of California, County of Sacramento, and is more particularly described in Exhibit 1: Legal Description attached and incorporated by reference.	
Borrower’s Title Interest	Borrower has fee interest in the Property or, if the Additional Escrow Instructions so indicate, Borrower will acquire fee interest in the Property at Close of Escrow.	
“ADDITIONAL COLLATERAL”	The Additional Collateral securing repayment of the Loan is any additional security required by Lender under this Loan Agreement, including without limitation the following items, if any	
“PERSONAL PROPERTY”	Borrower’s interest in the following personal property, tangible and intangible, and all other such property listed as security in this Loan Agreement:	Lease and rental agreements for the Property, and materials and supplies for the Project.
OTHER ADDITIONAL COLLATERAL	Borrower’s interest in the following property:	None

C. “ESCROW INFORMATION”:		
“Title Company” and “Escrow Agent”	Placer Title Company	Which is the title company that will issue the Title Policy and that will act as Escrow Agent for the Escrow.
“Escrow”	The escrow with Escrow Agent	
“Closing Date”	May 00, 2024	Which is the date for close of the Escrow.

D. "LIST OF EXHIBITS" (The following are attached and incorporated in this Loan Agreement):	
EXHIBIT	DEFINED TERM
<u>Exhibit 1: Legal Description</u>	"Legal Description"
<u>Exhibit 2: Scope of Development</u>	"Scope of Development"
<u>Exhibit 3: Note Form</u>	"Note"
<u>Exhibit 4: Trust Deed Form</u>	"Trust Deed"
<u>Exhibit 5: Escrow Instructions</u>	"Escrow Instructions"

E. "APPROVAL DOCUMENTS" Borrower shall submit the following documents for Lender approval:
Construction Agreements for the Project
Architectural Agreement for the Project
Borrower's organizational documents, such as partnership agreements or corporate articles and by-laws
Budget for the Project
Budget for the operation of the Property, including capital improvements and operating reserve account
Evidence of financing as described in this Loan Agreement
Plans and Specifications as defined in this Loan Agreement

F. "ASSIGNED DOCUMENTS" Borrower shall assign the following documents to Lender:
Construction Contract
Architectural Contract
Any lease and rental agreements for the Property, or any part of it.

G. "CONSTRUCTION INFORMATION":		
"Completion Date"	December 1, 2026	Which is the date on or before which the Completion of the Project must occur.
"General Contractor"	Sunseri Construction, Inc.	Which is the general contractor for construction of the Project.
"Project Architect"	Mogavero Architects	Which is the architect for design of the Project.

H. "SPECIAL PROVISIONS" The following special provisions shall be in addition to the provisions of this Loan Agreement:
1. This Loan is a seller carry back loan for the acquisition of the Property. Loan funds shall be used solely for actual costs of Property acquisition. No Loan funds shall be used for predevelopment costs, except as provided in an approved Lender budget.

3. **DEFINITIONS.** Terms not defined in this Loan Agreement shall have the definitions assigned in the Trust Deed. As used in this Loan Agreement, the following terms shall have the following meanings:

3.1. "Budget" is the budget approved by Lender for the development of the Project.

3.2. "California Environmental Quality Act" or "CEQA" is established in the California Public Resources Codes § 21000 et seq. and is applicable to private activities requiring discretionary governmental approvals (Pub. Res. Code §210001.1, 21001, 21080 and 14 California Code of Regulations § 15002(c).

3.3. "Change" means any extra work or installation of materials not included in the Plans and Specifications or any change in or deviation from the Plans and Specifications.

3.4. "Close of Escrow" means the fulfillment of the Escrow terms and conclusion of the Escrow, including, without limitation, the execution of unexecuted documents, the recordation of documents specified for recording, the issuance of title insurance policies, the payment of fees and the delivery of funds and documents as directed in the escrow instructions for the Escrow. The Close of Escrow shall occur on the Closing Date.

3.5. "Completion of the Project" or "Completion" means that, in Lender's sole judgment the Project has been constructed, rehabilitated, completed, equipped, and furnished in a good and proper manner in accordance with the Plans and

Specifications, the Scope of Development and the Budget as approved by Lender; all notices of completion with respect to the Project have been filed and all statutory lien periods have expired; all costs of constructing the Project have been paid, including, without limitation, interest on the Note which may be due prior to the Completion Date; all necessary certificates of occupancy have been issued; and all of the conditions to final disbursement of the Loan have been satisfied.

3.6. "Environmental Review" means the investigation and analysis of the Project's impacts on the environment as may be required by CEQA and/or National Environmental Policy Act (NEPA), or of the Project's impacts on any species of plant or animal listed as a species of concern, or a threatened or endangered species under California or federal laws or regulations.

3.7. "Escrow" is the escrow with Title Company for the closing of the Loan.

3.8. "Escrow Instructions" means the Escrow Instructions for the Escrow signed by each of the parties to this Loan Agreement.

3.9. "Event of Default" is breach of or default in a party's obligations under this Loan Agreement, the Trust Deed, the Note, and any other instrument which is incorporated in this Loan Agreement or which otherwise secures the repayment of the Loan.

3.10. "Financial Statements" means the certified financial statements of Borrower (and any other persons on whose financial capacity Lender has relied in making this Loan) as may be required by Lender from time to time, including operating statements, balance sheets, and any other financial reports and information that Lender may require.

3.11. "Fixtures" means all fixtures located on or within the Project or now or later installed in or used in connection with any of the Project, including, as applicable and without limitation, all partitions, screens, awnings, motors, engines, boilers, furnaces, pipes, plumbing, elevators, cleaning and sprinkler systems, fire extinguishing apparatus and equipment, water tanks, heating, ventilating, air conditioning and air cooling equipment, built-in refrigerators, and gas and electric machinery, appurtenances, and equipment, whether or not permanently affixed to the Project.

3.12. "General Contractor" means the general contractor named by Borrower in its application or supporting documents as the general contractor to do the Project, or any other general contractor so designated by Borrower and approved in writing in advance by Lender.

3.13. "Governmental Authority" means the United States of America, the State of California, the County of Sacramento, the City of Sacramento or any other political subdivision, agency, department, commission, board, bureau, or instrumentality of any of them.

"Governmental Requirement" means any law, ordinance, order, rule, regulation, plan, ruling, determination or requirement of a Governmental Authority.

3.14. "Loan" is the loan from Lender to Borrower made pursuant to this Loan Agreement.

3.15. "Loan Agreement" means this Seller Carryback Loan Agreement, all exhibits attached to this Loan Agreement (which are incorporated in this Loan Agreement by this reference) and the Loan Documents which are not otherwise included in this definition.

3.16. "Loan Documents" means the Note, this Loan Agreement, the Security Documents, and all other documents (including guaranties, if any) evidencing, securing, or relating to the Loan.

3.17. "Maturity Date" means the date on which the entire unpaid balance of the Loan, including principal and interest, is due and payable.

3.18. "Loan Proceeds" means funds disbursed by Lender on account of the Loan and pursuant to this Loan Agreement.

3.19. "Mitigation Measure(s)" means those feasible measures, actions, or features that are to be incorporated into the Project in order to avoid or substantially reduce the Project's significant impact on the environment.

3.20. “National Environmental Policy Act” or “NEPA” contains the federally required procedures to review and analyze the effect and impact of the Project on the environment as applied to the Project under 24 Code of Federal Regulations Parts 50 and 58 et seq.

3.21. “Note” means that certain promissory note evidencing the Loan and attached hereto as Exhibit 3.

3.22. “Other Lender Draw” means a draw request or other request for disbursement submitted to another lender for the Project.

3.23. “Person” means any natural person, corporation, firm, partnership, association, trust, government, governmental agency, or any other entity, whether acting in an individual, fiduciary, or other capacity.

3.24.

3.25. “Personalty” means, whether or not listed as Additional Collateral, all of Borrower's interest in all accounts, contract rights, and general intangibles (specifically including any insurance proceeds and condemnation awards) arising out of the ownership, development, or operation of the Property, and all furniture, furnishings, equipment, machinery, construction materials and supplies, leasehold interests in personal property, and all other personal property (other than Fixtures) of Borrower now or later located about the Property, together with all present and future attachments, accessions, replacements, substitutions, and additions, and the cash and noncash proceeds.

3.26. “Plans and Specifications” means the final set of architectural, structural, mechanical, electrical, grading, sewer, water, street, and utility plans and specifications for the Project, including all supplements, amendments, and modifications.

3.27. “Potential Default” means an event that would constitute an Event of Default but for any requirement of notice to be given or period of grace or time to elapse.

3.28. “Project” means the development of the Property in accordance with the Plans and Specifications including, without limitation, all existing buildings, improvements, and appurtenances on the Property, all work of demolition and rehabilitation to be conducted on the Property, and all improvements, additions, and replacements constructed or placed at any time on the Property.

3.29. “Security Documents” means the Trust Deed, together with all other documents entered into between Borrower and Lender or by Borrower in favor of, or for the benefit of, Lender that recite that they are to secure the Loan.

3.30. “Title Policy” means the title insurance policies to be issued in connection with this Loan, as further defined in the Escrow Instructions.

3.31. “Trust Deed” means that certain Deed of Trust and Assignment of Rents between Borrower, as trustor, Lender, as beneficiary, and trustee which secures the Note and is attached hereto as Exhibit 4.

3.32. “Unavoidable Delay” is a delay in the performance by a party of any obligation which delay is unforeseeable and beyond the control of such party and without its fault or negligence. Unavoidable Delay shall not be reasonably foreseeable events consisting solely of 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. In the event of the occurrence of any such enforced delay, the time or times for performance of such obligations of the parties shall be extended for the period of the enforced delay, as determined by Lender, provided that the party seeking the benefit of the provisions of this Section shall, within thirty (30) days after it has or should have knowledge of any such enforced delay, have first notified the other party, in writing, of the delay and its cause, and requested an extension for the period of the enforced delay.

4. **BORROWER'S REPRESENTATIONS AND WARRANTIES.** As a material inducement to Lender to enter into this Loan Agreement and to make the Loan to Borrower, Borrower unconditionally, and each signatory who signs on its behalf, to the extent of their actual knowledge, represents and warrants to Lender, as of the Close of Escrow, as follows:

4.1. **LEGAL ORGANIZATION.** Borrower is duly formed and validly exists in the form stated in Section 2 hereof, is qualified to do business in California, and has full power to consummate the transactions contemplated.

4.2. **BORROWER'S POWERS.** Borrower has full authority to execute this Loan Agreement, the Note, the Trust Deed, and all of the other Loan Documents, to undertake and consummate the contemplated transactions, and to pay, perform, and observe all of the conditions, covenants, agreements, and obligations.

4.3. **BINDING OBLIGATION.** This Loan Agreement, the Note, the Trust Deed, and each of the other Loan Documents constitute a legal and binding obligation of, and are valid and enforceable against, each party other than Lender, in accordance with the terms of each.

4.4. **LITIGATION.** There are no actions, suits, or proceedings pending or, to the best knowledge of Borrower, threatened against or affecting Borrower, the Property, or any part of it, or involving the validity or enforceability of the Trust Deed, the priority of the lien, or the validity or enforceability of any of the other Loan Documents, at law or in equity, or before or by any Governmental Authority. Borrower is not in default with respect to any order, writ, injunction, decree, or demand of any court or other Governmental Authority.

4.5. **NO VIOLATION.** The consummation of the transactions covered by this Loan Agreement and the payment and performance of all of the obligations in the Loan Documents will not result in any breach of, or constitute a default under, any mortgage, deed of trust, lease, contract, loan or credit agreement, corporate charter, bylaws, partnership agreement, trust agreement, or other instrument to which Borrower or any of its general partners is a party or by which it or they or the Property may be bound or affected.

4.6. **NO DEFAULT.** There is no Event of Default or Potential Default on the part of Borrower.

4.7. **TITLE TO PROPERTY** Upon close of Escrow, will be the sole legal and beneficial owner of the Property, which is free of all claims, liens, and encumbrances other than those shown in the Title Policy.

4.8. **NO UNAPPROVED LOANS.** Borrower has not received financing for either the acquisition of the Property, the construction of the Project or the permanent financing of the Project except as has been specifically disclosed to and approved by Lender in writing.

4.9. **TITLE OF PERSONALTY.** All Personalty is vested solely in Borrower, free of all claims, liens, and encumbrances, and the security interest of Lender in the Personalty is a first lien.

4.10. **TAXES PAID.** Borrower has filed all required Federal, State, County, and City tax returns and has paid all taxes due and owing. Borrower knows of no basis for additional assessments with respect to any taxes, other than the lien of taxes not yet due.

4.11. **PLANS AND SPECIFICATIONS.** The Plans and Specifications are satisfactory to Borrower and the General Contractor and have been approved by Lender and all other construction lenders. There are no structural defects in the Project as shown in the Plans and Specifications that are known to or reasonably should have been known to Borrower or its agents and employees, and to the best of Borrower's knowledge, no violation of any Governmental Requirement, including but not limited to an environmental requirement, exists.

4.12. **ACCURACY.** All applications, Financial Statements, reports, documents, instruments, information, and forms of evidence delivered to Lender concerning the Loan or required by this Loan Agreement or any of the other Loan Documents are accurate, correct, and sufficiently complete to give Lender true and accurate knowledge of their subject matter, and do not contain any untrue statement of a material fact or omit any material fact necessary to make them not misleading.

5. **BORROWER'S COVENANTS AND CONDITIONS.** From the Effective Date until payment and performance in full of all obligations of Borrower under this Loan Agreement, the Note, the Security Documents, and the other Loan Documents or the earlier release of the liens of the Loan Documents (and all related obligations) in accordance with the terms of this Loan Agreement, the Note, the Security Documents, and the other Loan Documents, Borrower hereby covenants and agrees with Lender that:

5.1. **USE OF PROCEEDS.** All Loan Proceeds will be disbursed as provided in this Loan Agreement and used only for payment of the costs of acquisition of the Property and for other purposes specified in the Loan.

5.2. **PROPERTY MANAGEMENT.** Subject to Lender's written approval, Borrower shall obtain and maintain for the life of the Loan a top quality property management agreement with a duly accredited real estate property management company for the management of the Property, and shall assure compliance of the property manager with the property management agreement. Lender shall not disburse any funds under this Loan Agreement unless and until it has reviewed and approved the agreement as adequate and the property management company as top quality and duly accredited. Lender shall have the right to review and approve or reject any proposed changes to scope of said agreement and to changes in the real estate property management company prior to making such changes. Any such changes made without Lender approval shall be an Event of Default under this Agreement. Lender has approved Mutual Housing Management Company as the qualified property management company for the Project.

5.3. **BORROWER'S RESPONSIBILITIES.** To prevent and avoid construction defects, Borrower shall inspect, review, supervise, and assure the high quality, adequacy, and suitability of: (i) the Plans and Specifications and all changes and amendments; and (ii) architects, contractors, subcontractors, and material suppliers employed or used in the Project, and the workmanship of and the materials used by all of them; and (iii) the progress and course of construction and its conformance with the Plans and Specifications and any amendments, alterations, and changes that may be approved by Lender. Borrower will, at Borrower's expense, defend, indemnify, save, and hold Lender harmless against all claims, demands, losses, expenses, damages (general, punitive, or otherwise), and causes of action (whether legal or equitable) asserted by any Person arising out of the use of the proceeds of the Loan. Borrower will pay Lender on demand all claims, judgments, damages, losses, or expenses (including attorney fees and expenses) incurred by Lender as a result of any legal action arising out of the use of the proceeds of the Loan. The provisions of this Section will survive the termination of this Loan Agreement and the repayment of the Loan.

6. **INSURANCE.**

6.1. **PROPERTY INSURANCE.** Borrower shall procure and maintain property insurance in a form and substance approved by Lender. Coverage shall be for protection against loss of, or damage to the Property and its improvements to their full insurable value. Borrower shall also procure and maintain insurance against specific hazards affecting Lender's security for the Loan as may be required by Lender, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause in favor of Lender. The insurance required shall be written with a deductible of not more than Twenty-Five Thousand Dollars (\$25,000.00).

6.2. **COMMERCIAL GENERAL LIABILITY AND OTHER INSURANCE.** Borrower shall carry insurance as set forth below, effective prior to the disbursement of the Loan, and such insurance shall be maintained in full force and effect at all times. Such insurance coverage must list Lender as an additional insured, and must be approved in writing by Lender prior to the disbursement of the Loan.

6.2.1. Commercial general liability insurance, in Insurance Services Office (ISO) policy form CG 00 01 or equivalent, with limits of liability not less than: \$1,000,000 per occurrence, and \$5,000,000 general aggregate, all per location of the project, such coverage to include contractual liability to include bodily injury, property damage and personal injury;

6.2.2. Personal injury insurance with the employment exclusion deleted, unless Lender gives prior written approval for the employment exclusion to remain in the policy;

6.2.3. Workers' compensation and all other insurance required under applicable law, in the amount required by applicable law or by Lender, whichever amount is greater.

6.3 **INSURANCE PROVISIONS.** Each policy of insurance required under this Loan Agreement shall be obtained from a provider licensed to do business in California and having a current Best's Insurance Guide rating of A VII or better, which rating has been substantially the same or increasing for the last five (5) years, or such other equivalent rating, as may reasonably be approved by Lender's legal counsel. Each policy shall contain the following provisions as applicable, unless otherwise approved by Lender's legal counsel in writing in advance:

6.3.1 **ADDITIONAL INSURED.** Borrower shall obtain a policy in ISO form CG 20 33, or equivalent, naming Lender as additional insured under the Commercial General Liability Policy at the same limits as required above.

6.3.2 **SINGLE PROPERTY INSURANCE.** It is the intent of the parties that the Project have available all the specified insurance coverages. Borrower shall not provide insurance coverages that are considered in aggregate with other properties which Borrower owns or operates.

6.3.3 **CERTIFIED POLICY COPY.** Borrower shall provide Lender with a certified copy of each required policy of insurance, upon request by Lender. Borrower shall provide Lender with a Certificate of Insurance of Insurance for each policy on the applicable ACORD form. And, specific sections of the policy may be requested by Lender for review. The ACORD form shall not substitute for the policy, if the policy is requested. The most current ACORD 25-S "Certificate of Liability Insurance shall be used for liability insurance.

6.3.4 **CANCELLATION.** Each policy shall bear an endorsement precluding cancellation or termination of the policy or reduction in coverage unless Lender has been given written notice of such intended action at least thirty (30) days prior to its effective date. In the alternative to such endorsement, Borrower will provide Lender with the cancellation clause and/or any amendatory endorsements that modify or change the policy cancellation clause of the insurance policies in force. It is Borrower's responsibility to notify Lender of any notice of cancellation, non-renewal or non-payment of premium in accordance with your policy provisions. In the event insurance is cancelled or not renewed, Borrower shall notify Lender within forty-eight (48) hours of such cancellation or non-renewal.

____ Borrower's Initials

6.4. **FAILURE TO MAINTAIN.** If Borrower fails to obtain or maintain, or cause to be obtained and maintained, any insurance required by this Loan Agreement, Lender shall have the right to purchase the insurance on Borrower's behalf, and Borrower shall promptly reimburse the full cost of such insurance to Lender. If Borrower fails to reimburse Lender for insurance, the amount of unpaid reimbursement shall bear interest, at the maximum rate permissible under the law, until paid.

7. **NONLIABILITY FOR NEGLIGENCE, LOSS, OR DAMAGE.** Borrower acknowledges, understands, and agrees as follows:

7.1.1. The relationship between Borrower and Lender is, and will at all times remain, solely that of borrower and lender, and Lender neither undertakes nor assumes any responsibility for or duty to Borrower to select, review, inspect, supervise, pass judgment on, or inform Borrower of the quality, adequacy, or suitability of the Project work, except as to matters which are within the intent and purpose for which Lender has made the Loan.

7.1.2. Lender owes no duty of care to protect Borrower against negligent, faulty, inadequate, or defective building or construction.

7.1.3. Lender will not be responsible or liable to Borrower for any loss or damage of any kind to person or property whether suffered by Borrower or any other Person or group of Persons or for negligent, faulty, inadequate, or defective building or construction, and Borrower will hold Lender harmless from any liability, loss, or damage for these things.

7.2. **BORROWER RESERVES.** Borrower shall maintain reserves for replacement and repairs required to be made to the Property, fixtures on the Property or personal property used on the Property, or otherwise as approved by Lender, in an amount, at all times, of not less than Five Hundred and No/100 Dollars (\$500.00) per unit per year, prorated for a partial year.

7.3. **FINANCIAL REPORTING.** During the term of the Loan, Borrower shall deliver to Lender within 120 days of the end of each calendar year audited Financial Statements prepared in accordance with generally accepted accounting principles and signed by authorized officers of Borrower. Prior to the Close of Escrow and during the term of the Loan, Borrower shall deliver to Lender any such additional Financial Statement as may be requested by Lender. Lender reserves

the right to review and approve Financial Statements and other credit information and references prior to the Close of Escrow. During the term of the Loan, Borrower must deliver to Lender a monthly rent-roll including household composition information and operating statements with respect to the Property and improvements, as Lender may request.

7.4. **INTENTIONALLY DELETED**

7.5. **BOND PROCEEDS.** Borrower shall secure financing in an aggregate principal amount not to exceed ** (\$**) in bond proceeds from the **. Lender acknowledges that Borrower has satisfied this covenant.

8. **LOAN.** Lender agrees to lend to Borrower, and Borrower agrees to borrow from Lender, an amount not to exceed the Loan Amount, to finance the development of the Project and for other purposes as specified in the Scope of Development, subject to the terms, conditions, representations, warranties, and covenants in this Loan Agreement.

8.1. **PRINCIPAL AMOUNT.** The principal amount of the Loan shall be the actual disbursements of Lender on account of the Project, not to exceed the amounts stated in the Budget (as the Budget may be adjusted by written approval of Lender). In any event, the principal amount of the Loan shall not exceed the Loan Amount.

8.2. **USE OF LOAN FUNDS.** Loan funds shall be used solely for actual costs of the acquisition of the Property.

8.3. **LOAN TERMS.** The Loan is made pursuant to the Loan Program and is subject to the laws, rules and regulations of the Loan Program. Lender agrees to disburse the Loan Proceeds in the manner and subject to the limitations stated in this Loan Agreement. Interest, at the Interest Rate, shall accrue on each disbursement of Loan Proceeds commencing on the date on which each such disbursement is made. Repayment of the loan shall be made, in payments of principal and interest, in lawful tender of the United States, in accordance with the Payment Schedule.

8.4. **CLOSING IN ADVANCE OF SENIOR LOAN.** Lender will subordinate this Loan to the senior loan, provided that the senior loan does not require modification of this Loan Agreement or Lender's entry into any agreements containing new or modified Loan terms.

8.5. **NOTE AND SECURITY DOCUMENTS.** The Loan is evidenced by the Note executed by Borrower in favor of Lender and delivered to Lender upon Close of Escrow. Repayment of the Note is secured by the Trust Deed covering the Property and the Project. Borrower shall execute the Trust Deed in favor of the Title Company as Trustor in trust for the benefit of Lender and deliver it to Escrow for recordation. The Loan is also secured by the Additional Collateral, if any, as evidenced by the applicable Security Documents.

8.6. **INTENTIONALLY DELETED**

8.7. **ESCROW.** The parties shall open the Escrow promptly after the Effective Date. Escrow shall close as provided in the Escrow Instructions on or before the Closing Date.

8.8. **COMMISSIONS.** Lender is not responsible, by this Loan Agreement or otherwise, to pay commissions in relation to this transaction.

8.9. **ACCELERATION ON TRANSFER OR REFINANCING OF THE PROPERTY; ASSUMPTION.** Except as otherwise provided in the Loan Agreement, if all or any part of the Property or an interest in the Property is sold, transferred or conveyed to any person, or refinanced by Borrower such that additional debt is added to the Property or the cash flows change without Lender's prior written consent, Lender may, at Lender's option, declare all the sums secured by the Trust Deed to be immediately due and payable. Lender shall have waived such option to accelerate if, prior to the sale or transfer, Lender and the Person to whom the Property is to be sold or transferred reach agreement in writing that the Loan may be assumed. If Lender has waived the option to accelerate provided in this Section and if Borrower's successor in interest has executed a written assumption agreement accepted in writing by Lender, Lender shall release Borrower from all obligations under the Trust Deed and the Note.

9. **TITLE INSURANCE.** Borrower must procure and deliver to Lender an ALTA Lender's Policy of Title Insurance, together with such endorsements as Lender may require, including but not limited to ALTA endorsement nos. 9.6 and 9.7 (CLTA endorsement nos. 100 and 116) and ALTA endorsement no. 25 (CLTA endorsement no. 116) insuring Lender in an amount equal to the principal amount of the Loan, that Lender's Trust Deed constitutes a third lien or charge upon the

Property and improvements subject only to such items as shall have been approved by Lender. There must be no exceptions permitted for mechanics liens. Title insurance for the Loan must be issued by a title insurer approved by Lender.

10. **PERFORMANCE CONDITIONS.** The following are conditions precedent to performance under this Loan Agreement:

10.1. **CONDITION OF TITLE.** Lender shall cause Escrow Agent to issue to Borrower (with a copy to Lender) the Preliminary Report, together with copies of all documents relating to title exceptions referred to in the Preliminary Report. At Close of Escrow, Lender's Trust Deed shall be a valid lien against the Property securing the Loan and subject to no exceptions to title (of record or off record) other than the exceptions listed in the "Conditions of Title" in the Escrow Instructions.

10.2. **CONDITIONS TO LENDER'S PERFORMANCE.** Lender's obligation to perform under this Loan Agreement is subject to all of the following conditions: (a) Borrower has performed all of its obligations then to be performed pursuant to this Loan Agreement; (b) Borrower has met the Additional Conditions to Close of Escrow and applicable Special Provisions, if any; (c) the closing conditions as defined in the Escrow Instructions have been fulfilled as of Close of Escrow; (d) Borrower's representations and warranties in this Loan Agreement are true and correct as of the date of this Loan Agreement and as of Close of Escrow; (e) this Loan Agreement continues to be in full force and effect, no default on the part of Borrower has occurred under this Loan Agreement, and no event has occurred that, with the giving of notice or the passage of time, will constitute a default by Borrower under this Loan Agreement; and (f) Lender has approved the Approval Documents.

10.3. **CONDITIONS TO BORROWER'S PERFORMANCE.** Borrower's obligation to perform under this Loan Agreement is subject to satisfaction of all of the following conditions: (a) the closing conditions as defined in the Escrow Instructions have been fulfilled as of Close of Escrow; (b) Lender has met the Additional Conditions to Close of Escrow and applicable Special Provisions, if any; (c) Lender's representations and warranties in this Loan Agreement are true and correct as of the date of this Loan Agreement and as of the Close of Escrow; and (d) this Loan Agreement continues to be in full force and effect, and no default on the part of Lender has occurred under this Loan Agreement.

11. **CONSTRUCTION.** As a condition of the Loan, Borrower will diligently proceed with construction in accordance with the Scope of Development as approved by Lender. Borrower shall complete such work on or before the Completion Date, subject to Unavoidable Delay.

11.1. **CHANGES.** In order to assure sufficient funding for the Project, Borrower shall not authorize any Change without the prior written consent of Lender. If in the judgment of Lender, a Change, together with all other Changes contemplated or previously approved by Lender, will cause an increase in the cost of the Project in excess of the contingency reserve identified in the Budget, then Borrower will, as a condition precedent to Lender's consent, provide Lender with proof that the contingency reserve has been increased as necessary to pay for all such Changes. Borrower will submit any such Change to Lender for approval on a form acceptable to Lender, together with approvals by the Project Architect, if any, and the General Contractor. Borrower shall maintain funds available in the contingency reserve that are in substantially the same percentage of the original contingency reserve as the percentage of the Project then remaining to be completed.

11.2. **CONTRACTORS AND CONTRACTS.** All contracts, subcontracts, contractors, and subcontractors shall be subject to Lender's approval prior to the Closing Date. Lender also reserves the right to require performance and material payment bonds on any or all contractors, or in lieu of bond a letter of credit acceptable in form and substance to Lender, as it determines to its sole satisfaction. Upon Lender's request, Borrower will furnish to Lender correct lists of all contractors, subcontractors and material suppliers employed in connection with the Project, specifying their addresses, their respective portion of the Project and their respective Project cost. Lender may contact directly each contractor, subcontractor, and material supplier to verify the facts disclosed by the list or for any other purpose related to the Loan. All contracts by Borrower or its contractors relating to the Project will require terms sufficient to permit disclosure to Lender of any information Lender deems, in its sole determination, necessary to make such verifications.

11.3. **NO DISCRIMINATION DURING CONSTRUCTION.** Borrower for itself, the general contractor and their respective 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 Project:

11.3.1. **EMPLOYMENT.** Borrower shall not discriminate against any employee or applicant for employment because of sex, race, color, religion, ancestry, national origin, disability, medical condition, marital status, or sexual orientation. Borrower will take affirmative action to ensure that applicants are employed, and that employees are treated

during employment, without regard to their sex, race, color, religion, ancestry, national origin, disability, medical condition, marital status, or sexual orientation. Such action shall include, but not limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Borrower agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by Lender setting forth the provisions of this nondiscrimination clause.

11.3.2. **ECONOMIC OPPORTUNITY EMPLOYMENT REQUIREMENTS.** This Loan requires that to the greatest extent feasible, opportunities for training and employment be given to lower income residents in and around the area of the project. Borrower will instruct its General Contractor and its subcontractors to utilize lower income project area residents as employees to the greatest extent feasible by:

(1) Identifying the number of positions in the various occupational categories including skilled, semi-skilled, and unskilled labor, needed to perform each phase of the Project;

(2) Identifying, within the positions identified in Paragraph (1) of this subsection, the number of positions in the various occupational categories which are currently occupied by regular, permanent employees;

(3) Identifying, within the positions described in Paragraph (1) of this subsection, the number of positions in the various occupational categories which are not currently occupied by regular, permanent employees;

(4) Establishing the positions identified in Paragraph (3) of this subsection, a goal which is consistent with the purpose of this subsection within each occupational category of the number of positions to be filled by lower income Project area residents; and

(5) Making a good faith effort to fill all of the positions established in Paragraph (4) of this subsection with lower income Project area residents through Greater Sacramento Urban League, Sacramento Works, Sacramento Employment Training Agency, or similar local workforce agencies.

11.3.3. **ADVERTISING.** Borrower will, in all solicitations or advertisements for employees placed by or on behalf of Borrower, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, creed, sex, marital status, national origin, ancestry, familial status, or disability.

11.3.4. **MONITORING PROVISIONS.** Borrower, the General Contractor and subcontractors shall comply with the requirements of Lender for monitoring the anti-discrimination and all applicable labor requirements.

11.4. **INSPECTION.** Lender may, at any time and without notice to Borrower, enter on the Property and inspect the Project; and, during regular business hours, examine the books, records, accounting data, plans, shop drawings, specifications, and other documents of Borrower pertaining to the Project and to make extracts or copies. Borrower shall make all such documents available to Lender promptly on demand. Borrower agrees to cooperate fully (and to cause the General Contractor to cooperate fully) with Lender and its Lender's designated agent and to permit all appropriate access to the Property and to all relevant books and records. Borrower shall bear the cost of reasonable inspections, except that Lender shall bear its costs of inspection. If however, Lender's inspection discovers issues of a nature that require further third-party review or investigation, Borrower shall bear the costs of such third party review.

11.5. **PROTECTION AGAINST LIEN CLAIMS.** Borrower shall promptly and fully discharge all claims for labor, materials and services in connection with the Project. Borrower shall promptly file a valid Notice of Completion on completion of the Project. Borrower shall promptly file a Notice of Cessation in the event of a cessation of labor on the Project for a continuous Period of (30) days or more. Borrower shall take all other reasonable steps to protect against the assertion of lien claims against the Property. Within ten (10) days after the filing of any claim of lien against the Property, Borrower shall record a surety bond in the office of the Recorder of the County where the Property is located in an amount sufficient to release the claim of lien or deliver to Lender any other assurance as may be acceptable to Lender as evidenced by Lender's written acceptance of such assurance.

11.5.1. Lender, at any time, may require Borrower to obtain a lien waiver with respect to each payment to the General Contractor and each payment by the General Contractor or Borrower to each of the various subcontractors and

material suppliers. Lender, at any time, may require Borrower to make any payments for the Project by joint check made payable to the General Contractor and subcontractor for whose account the payment is to be made, as joint payees.

11.5.2. In any event, Borrower is not required to pay, prior to adjudication, any claims for labor, materials, or services that Borrower, in good faith, reasonably disputes, and that Borrower, at its own expense, is currently and diligently contesting in the proper forum, provided that Borrower has filed the surety bond or given Lender such other assurance as Lender accepts in writing.

11.6. **PAYMENT AND PERFORMANCE BONDS.** As a condition precedent to beginning construction of the Project, Borrower shall provide Lender a performance bond and a labor and material payment bond obtained by Borrower or its general contractor in favor of Borrower and Lender as named dual obligees, in form and amount as approved by Lender and securing, respectively, completion of the work and payment of all labor and material suppliers and subcontractors for the work as stated in the construction contract for the Project. The bonds shall be written with a surety listed as acceptable to the federal government on its most recent list of sureties. Borrower shall assure compliance with all requirements of the surety. Borrower shall permit no changes in the work to be performed by the general contractor and shall make no advance payments to the general contractor without prior written notice to the surety and Lender, if such change or payment could release the surety of its obligations under the bonds.

11.7. **SECURITY INSTRUMENTS.** Upon request by Lender and subject to the security interests of lender whose loan is secured by the Property and senior to Lender's security interest in the Property, Borrower shall execute and deliver to Lender a security instrument in favor of Lender naming as secured property all contracts related to the Project and all other property of any kind owned by Borrower and used primarily in connection with the Property. Lender may require such instrument at any time, and from time to time may require additions of new contracts and other property. Borrower irrevocably assigns to Lender, effective upon Lender's written demand, as security for the due performance of this Loan Agreement all of its right, title, and interest in the Assigned Documents.

11.8. **OTHER LENDER DRAW.** Borrower shall concurrently submit to Lender any Other Lender Draw. Delivery of such Other Lender Draw shall be made in the same manner as any other notice, except that it shall also be marked "OTHER LENDER DRAW REQUEST" and delivered to the person named in writing by Lender as the recipient of such requests or, in the absence thereof, to Lender's Portfolio Management office. Borrower shall provide Lender with true, accurate and correct copies of each Other Lender Draw, if any, including without limitation all supporting information, documents, and other required submittals. Lender shall have the right to reject an Other Lender Draw, for failing to comply with the Loan, for changing the Project in any material way, or for impairing the ability of Lender to enjoy the practical realization of its rights under the Loan and its related instruments. If Lender rejects an Other Lender Draw, Borrower shall withdraw the notice for such Other Lender Draw and shall not accept and shall return to Lender any disbursement on account of such Other Lender Draw.

11.8.1. **ACKNOWLEDGMENT OF RELIANCE.** Borrower acknowledges that Lender is making Loan disbursements in advance of disbursements of other lenders in reliance upon Borrowers compliance with this provision.

11.8.2. **LIQUIDATED DAMAGES.** IF BORROWER FAILS TO PROVIDE TO LENDER ANY OTHER LENDER DRAW, AS AND WHEN REQUIRED UNDER THIS LOAN AGREEMENT, LENDER SHALL BE IRREPARABLY HARMED IN THAT BORROWER'S ABILITY TO REPAY THE LOAN AND LENDER'S SECURITY FOR THE LOAN SHALL BE IMPAIRED TO AN UNKNOWN EXTENT. BORROWER AND LENDER AGREE THAT IT WOULD BE IMPRACTICAL OR EXTREMELY DIFFICULT TO FIX ACTUAL RESULTING DAMAGES IN SUCH EVENT. BORROWER AND LENDER, THEREFORE, AGREE THAT AN AMOUNT EQUAL TO TWO PERCENT (2%) OF THE LOAN AMOUNT SHALL CONSTITUTE LIQUIDATED DAMAGES PAYABLE TO LENDER ON ACCOUNT OF SUCH EVENT, RECEIPT OF WHICH SHALL CONSTITUTE THE EXCLUSIVE REMEDY OF LENDER FOR SUCH EVENT, AND ONLY FOR SUCH EVENT. PAYMENT OF SAID AMOUNT TO LENDER AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT INSTEAD, IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO LENDER PURSUANT TO SECTIONS 1671, 1676 AND 1677 OF THE CALIFORNIA CIVIL CODE. SAID AMOUNT SHALL BE IMMEDIATELY DUE AND PAYABLE AS OF THE DATE ON WHICH BORROWER DELIVERED SUCH OTHER LENDER DRAW TO THE OTHER LENDER. LENDER SHALL HAVE THIRTY (30) DAYS AFTER RECEIVING ACTUAL NOTICE OF SUCH EVENT TO NOTIFY BORROWER IN WRITING THAT LIQUIDATED DAMAGES UNDER THIS SECTION ARE DUE. BORROWER SHALL HAVE FIFTEEN (15) DAYS AFTER SUCH WRITTEN NOTIFICATION TO CURE THE DEFAULT BY WITHDRAWING THE OTHER LENDER DRAW AND RETURNING ANY DISBURSEMENT ON ACCOUNT OF SUCH OTHER LENDER DRAW. IF BORROWER FAILS TO PAY LIQUIDATED DAMAGES WHEN DUE UNDER THIS SECTION, THE LOAN SHALL BE ALL DUE AND PAYABLE AT THE ELECTION OF LENDER.

____ Lender's Initials

____ Borrower's Initials

11.9. **SIGNS.** Borrower agrees that on the request of Lender, Borrower will erect and place on or in the immediate vicinity of the Property a sign indicating that Lender has provided construction financing for the Project, which sign shall remain for the duration of construction. If Borrower places a sign on the Property during construction stating the names of the Project participants, it shall also name Lender as a participant in the Project. Lender's name on the sign shall be in letters not less than size of letters used to name any of the other participants.

11.10. **NO PRIOR LIENS.** Borrower shall not allow the Project construction to begin or materials to be delivered to the Project until after Close of Escrow.

11.11. **PREVAILING WAGES.** Unless stated otherwise above, Lender advises Borrower that the Project is subject to the payment of prevailing wages under California law. Borrower shall inform the General Contractor and shall require the General Contractor to inform all subcontractors and materialmen furnishing goods or services to the Project of Lender's determination of the applicability of California prevailing wage requirements. Borrower and General Contractor have had the opportunity to meet with their respective legal counsel and to request a determination of the matter before the California Department of Industrial Relations and any other appropriate governmental bodies. Borrower and General Contractor have made their own independent determinations of the applicability of prevailing wage laws and have independently implemented such determinations. Borrower indemnifies, holds harmless and defends Lender from all additional wages, benefits, fees, penalties, fines, legal fees, court costs, arbitration costs, and other costs arising from the improper application of California prevailing wage laws to the Project by Borrower or General Contractor or both of them.

12. **LOAN DISBURSEMENT PROCEDURES.**

12.1. **CONDITIONS PRECEDENT TO LOAN DISBURSEMENT.** The obligation of Lender to make any disbursements of Loan Proceeds shall be subject to the following conditions precedent:

12.1.1. No Event of Default or Potential Default of Borrower has occurred and is continuing;

12.1.2. If requested by Lender, Borrower has furnished to Lender, as a Project cost, an endorsement to the Title Policy showing no intervening liens or encumbrances on the Property and insuring the full disbursement, together with a satisfactory report under the California Uniform Commercial Code showing no liens or interests other than those of Lender;

12.1.3. The representations and warranties in the Loan Documents are correct as of the date of the requested disbursement;

12.1.4. Borrower has paid Lender all commitment, loan, and other fees then due, and Borrower has submitted to, and Lender has approved in writing, all documents, records, statements, certificates, reports, and other materials and information then required to be submitted to Lender for approval under this Loan Agreement;

12.1.5. Borrower shall provide assurances, satisfactory to Lender in its sole discretion, that hazardous materials are not present on the Property or that any hazardous materials on the Property will be remediated and that no further remediation is then required by the environmental agency having responsibility for monitoring such remediation;

12.1.6. Borrower has delivered to Lender all funds, documents, instruments, policies, evidence of satisfaction of conditions, and other materials then due or otherwise requested by Lender under the Loan Documents;

12.1.7. All conditions to Close of Escrow have been satisfied in accordance with the Loan Agreement;

12.1.8. Borrower has provided proof of all insurance required by this Loan Agreement;

12.1.9. All conditions to Close of Escrow have been satisfied in accordance with the Loan Agreement; and

12.1.10. Borrower has filed all tax returns required to be filed and paid all taxes due, which, if unfiled or unpaid, might adversely affect Lender's security under the Security Documents.

13. **MAKING DISBURSEMENT.** Lender shall deposit the Loan Proceeds, net of all costs which are payable directly by Lender to itself or a third-party pursuant to this Loan Agreement, in Escrow not later than twenty-four (24) hours prior to Close of Escrow, subject to fulfillment of the conditions precedent as stated above.

14. **NO WAIVER BY DISBURSEMENT.** Regardless of the failure of any condition precedent to Lender's obligation to make disbursements to Borrower, Lender may make a disbursement if Lender, in its sole discretion, determines it to be advisable. The making of any disbursement shall not be deemed to constitute an approval or acceptance by Lender of the work completed or a waiver of the condition with respect to a subsequent disbursement.

14.1. **COMPLIANCE.** To the best of Borrower's knowledge, the construction, use, and occupancy of the Property and Project comply in full with, or if built according to the Plans and Specifications, will comply in full with, all Governmental Requirements. No right to construct or use the Project is to any extent dependent on any real property other than the Property. All approvals, licenses, permits, certifications, filings, and other actions normally accepted as proof of compliance with all Governmental Requirements by prudent lending institutions that make investments secured by real property in the general area of the Property, to the extent available as of the date of this Loan Agreement, have been given or taken, or Borrower is entitled to have them given or taken as the ministerial act of the applicable Governmental Authority.

15. **RESIDENTIAL OPERATIONS.**

15.1. **VERIFICATION OF NET INCOME.** When requested by Lender, Borrower shall provide Financial Statements and such other evidence as Lender may deem necessary to verify the Project net income, including without limitation copies of certified rent rolls, bank statements, billing statements and invoices.

15.2. **SECURITY AND LIGHTING.** Project shall include a security camera system approved by Lender and lighting adequate to properly illuminate the parking area and all common spaces. In addition, Project will include security patrol, if necessary.

15.3. **RESIDENT SERVICES PLAN:** At or before Close of Escrow, Borrower shall provide Lender with a detailed resident services plan including but not limited to the following information: (1) identification of all entities responsible for providing resident services to Project tenants and each entity's role in the provision of those services; (2) the services will be provided for a minimum of 15 hours per week, including education activities and service coordination; (3) a description of the services to be provided; (4) a pro forma resident services budget. Borrower's resident services plan shall include the following services each week:

- a. Coordinator: Six (6) hours per week
- b. After School Programming: Eight (8) hours per week (two hours per day and four days per week, minimum)
- c. Additional Programming: Balance of minimum six (6) hours per week shall include, but are not limited to:
 - i. Workforce development support and activities.
 - ii. Education classes such as nutrition, exercise, health resources, health insurance application assistance, Annual onsite health fair and ESL classes.
 - iii. Socialization activities such as bingo, gardening and community building events.
 - iv. Other services such as transportation assistance, counseling assistance and employee readiness and job search assistance.

15.4. **SMOKE FREE ENVIRONMENT.** All residential units and indoor common areas must be smoke free.

16. **DEFAULT.**

16.1. **EVENTS OF DEFAULT.** At the option of Lender, each of the following events will constitute an Event of Default, subject to applicable cure rights, if any:

16.1.1. Borrower's non-performance of any obligation or breach of this Agreement;

16.1.2. The occurrence of a breach or default under any of the Loan Documents;

16.1.3. Subject to Borrower's legal rights to contest a Governmental Requirement, Borrower's failure to comply with any Governmental Requirement, unless within ten (10) days after notice of such failure by Lender or the respective governmental entity or after any action has been commenced to enforce such requirement, Borrower has cured such failure;

16.1.4. Borrower's failure to keep in full force any permit, license, consent, or approval with respect to the construction, occupancy, or use of the Project, unless within ten (10) days after notice by the issuing entity or Lender of such failure, Borrower has promptly cured such failure;

16.1.5. Any material deviation from the Plans and Specifications in the construction of the Project, or the appearance or use of defective workmanship or materials in the construction of the Project, if Borrower fails to remedy them or to diligently proceed to remedy them to Lender's satisfaction within ten (10) days after Lender's written demand to do so;

16.1.6. Borrower's failure to complete the construction of the Project by the Completion Date;

16.1.7. The filing of any lien against the Property or Project or the service on Lender of any bonded stop notice related to the Loan, if the claim of lien or bonded stop notice continues for thirty (30) days without discharge, satisfaction, or the making of provision for payment (including bonding) to the satisfaction of Lender;

16.1.8. The attachment, levy, execution, or other judicial seizure of any portion of the Property or Project, or any substantial portion of the other assets of Borrower, that is not released, expunged, bonded, discharged, or dismissed within thirty (30) days after the attachment, levy, execution, or seizure; and

16.1.9. Making of any unauthorized payment from Loan Proceeds or other funds of Lender.

17. REMEDIES.

17.1. **OPTION TO ACT.** On the occurrence of any Event of Default, in addition to its other rights in this Loan Agreement or in any of the other Loan Documents, at law, or in equity, Lender may, without prior demand, exercise any one or more of the following rights and remedies:

17.1.1. Terminate its obligation to make disbursements;

17.1.2. Declare the Note and all other sums owing to Lender with respect to the other Loan Documents immediately due;

17.1.3. Make any disbursements after the happening of any one or more of the Events of Default, without waiving its right to demand payment of the Note and all other sums owing to Lender with respect to the other Loan Documents or any other rights or remedies and without liability to make any other or further disbursements, regardless of Lender's previous exercise of any rights and remedies;

17.1.4. Make any unauthorized payment from Loan Proceeds or other funds of Lender that may be reasonably necessary to protect Lender's rights under this Loan Agreement.

17.1.5. Proceed as authorized at law or in equity with respect to the Event of Default, and in connection with that, remain entitled to exercise all other rights and remedies described in this Loan Agreement or the Trust Deed; and

17.1.6. Recover its funds expended in exercising or enforcing any of its rights or remedies under any of the Loan Documents, together with interest at the maximum amount allowed by law from the date the funds were spent until repaid which amounts will be deemed secured by the Trust Deed.

17.2. **RIGHTS CUMULATIVE, NO WAIVER.** All of Lender's rights and remedies provided in this Loan Agreement or in any of the other Loan Documents are cumulative and may be exercised by Lender at any time. Lender's exercise of any right or remedy will not constitute a cure of any Event of Default unless all sums then due to Lender under the Loan Documents are repaid and Borrower has cured all other Events of Default. No waiver will be implied from Lender's failure

to take, or delay in taking, any action concerning any Event of Default or from any previous waiver of any similar or unrelated Event of Default. Any waiver under any of the Loan Documents must be in writing and will be limited to its specific terms.

17.3. **DISCLAIMER.** Whether Lender elects to employ any of the remedies available to it in connection with an Event of Default, Lender will not be liable to construct, complete, or protect the Project; to pay any expense in connection with the exercise of any remedy; or to perform any other obligation of Borrower.

17.4. **GRANT OF POWER.** Subject to the prior rights of lenders whose loans are secured by the Property and senior to the rights of Lender, Borrower irrevocably appoints Lender as its attorney-in-fact, with full power and authority, including the power of substitution, exercisable on the occurrence of an Event of Default, to act for Borrower in its name, place, and stead as provided in this Loan Agreement, to take possession of the Property and Project, remove all employees, contractors, and agents of Borrower, to complete or attempt to complete the work of construction, and to market, sell, or lease the Property and Project; to make any additions, changes, and corrections in the Plans as may be necessary or desirable, in Lender's sole discretion, or as it deems proper to complete the Project; to employ any contractors, subcontractors, suppliers, architects, inspectors, consultants, property managers, and other agents that Lender, in its sole discretion, deems proper for the completion of the Project, for the protection or clearance of title to the Property or Personalty, or for the protection of Lender's interests, to employ security guards to protect the Property and Project from injury or damage; to pay, settle, or compromise all bills and claims then existing or later arising against Borrower that Lender, in its sole discretion, deems proper for the completion of the Project, for the protection or clearance of title to the Property, or for the protection of Lender's interests; to prosecute and defend all actions and proceedings in connection with the Property or Project; and to execute, acknowledge, and deliver all other instruments and documents in the name of Borrower that are necessary or desirable, to exercise Borrower's rights under all contracts concerning the Property or Project, and to do all other acts with respect to the Property or Project that Borrower might do on its own behalf, in each case as Lender in its reasonable discretion deems proper.

18. **BLANKET COVERAGE.** Borrower's obligation to carry insurance as required under this Loan Agreement may be satisfied by coverage under a "blanket" policy or policies of insurance (as the term is customarily used in the insurance industry); provided, however, that Lender shall nevertheless be named as an additional insured under such blanket policy or policies to the extent required by this Section, the coverage afforded Lender will not be reduced or diminished thereby, and all of the other requirements of this Section 0 with respect to such insurance shall otherwise be satisfied by such blanket policy.

19. **MISCELLANEOUS.**

19.1. **NONRECOURSE.** Notwithstanding any provision of this Loan Agreement or any document evidencing or securing this Loan, Borrower, and Borrower's principals, partners, members, agents, officers, and successors in interest shall not be personally liable for the payment of the Loan or any obligation of the Loan.

19.2. **CURE BY PARTY OTHER THAN BORROWER.** Any lender whose loan is secured by the property, any principal of Borrower, and the Limited Partner may cure a default of the Loan, provided that such cure rights shall be the same as Borrower's cure rights. Such other curing party must cure by the date on which Borrower was obligated to cure, except if Lender is obligated by this Loan Agreement to give separate notice to such other curing party, in which instance, the cure period shall begin when Lender makes such notice to such other curing party.

19.3. **CONDEMNATION.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of all or any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender. In the event of a taking of all of the Property, the proceeds shall be applied to the sums provided by this Loan, subject to any claims of prior lienholder, with the excess, if any, paid to junior lienholders and Borrower, as they may determine. In the event of the partial taking of the Property, unless Borrower and Lender otherwise agree in writing, and subject to any claims of prior lienholders, there shall be applied to the sums secured by the Trust Deed such proportion of the proceeds as is equal to that proportion which the amount of the sums secured by the Trust Deed immediately prior to the date of taking bears to the fair market value of the Property immediately prior to the date of taking, with the balance of the proceeds paid to junior lienholders and Borrower, as they may determine.

If the condemnor offers to make an award or settle a claim for damages to the Property and: (1) the Property is abandoned by Borrower; or (2) after notice by Lender to Borrower of the condemnor's offer, Borrower fails to respond to Lender within 30 days after the date such notice is mailed; Lender is authorized to collect and apply the proceeds, at Lender's option, either to restoration or repair of the Property or to the sums secured by the Trust Deed.

Unless Lender and Borrower otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of any payment or change the amount of such payment.

19.4. **SUBORDINATION.** Lender may subordinate this Loan to a senior loan, provided that any senior loan for the Project indicated in the Budget meets all requirements of this Loan Agreement, and that such senior loan does not require modification of this Loan Agreement.

19.5. **FUNDING REQUIREMENTS.** If any Loan Program is federally funded, Borrower shall comply with all laws, rules, regulations and funding requirements that govern the use of such funds. Lender, to the extent required by law, shall cooperate with and assist Borrower in fulfillment of such obligations. If Lender, as a result of actions of Borrower, shall be obligated to repay the Loan Program any amount of the Loan Proceeds, Borrower shall make such repayment on account of Lender and failure to do so shall be an Event of Default.

19.6. **NATURE OF REPRESENTATIONS AND WARRANTIES.** Borrower certifies to Lender that all representations and warranties made in this Loan Agreement and all other Loan Documents are true and correct in all material respects and do not contain any untrue statement of a material fact or omit any material fact necessary to make the representations and warranties not misleading. All representations and warranties will remain true and correct in all material respects and will survive so long as any of Borrower's obligations have not been satisfied or the Loan or any part of it remains outstanding, and for any applicable statute of limitations period. Each request by Borrower for a disbursement will constitute an affirmation that all representations and warranties remain true and correct as of the date of that request. Each representation and warranty made in this Loan Agreement, in any other Loan Documents, and in any other document delivered to Lender by Borrower will be deemed to have been relied on by Lender, regardless of any investigation, inspection, or inquiry made by Lender or any related disbursement made by Lender. The representations and warranties that are made to the best knowledge of Borrower have been made after diligent inquiry calculated to ascertain the truth and accuracy of the subject matter of each representation and warranty.

19.7. **NO WAIVER.** No failure or delay on the part of Lender in exercising any right or remedy under the Loan Documents will operate as a waiver nor will Lender be estopped to exercise any right or remedy at any future time because of any such failure or delay. No express waiver will affect any matter other than the matter expressly waived and that waiver will be operative only for the time and to the extent stated. Waivers of any covenant, term, or condition in this Loan Agreement will not be construed to waive any subsequent breach of the same covenant, term, or condition.

19.8. **NO THIRD PARTIES BENEFITED.** This Loan Agreement is made and entered into for the sole protection and benefit of the parties and their permitted successors and assigns, and no other Person will have any right of action or any rights to funds at any time on deposit in any construction account or impound account, if established.

19.9. **NO JOINT VENTURE, PARTNERSHIP, OR OTHER RELATIONSHIP.** Nothing contained in this Loan Agreement or in any other document executed in connection with this Loan Agreement shall be construed as creating a joint venture or partnership between Lender and Borrower. Each Party is acting as an independent entity and not as an agent of the other in any respect. No relationship exists as between Lender and Borrower other than that of a lender and a borrower.

19.10. **NOTICES.** Borrower irrevocably appoints Lender as its agent (the agency being coupled with an interest) to file for record any notices of completion, cessation of labor, or any other notice that Lender deems necessary or desirable to protect its interests under this Loan Agreement or under the Loan Documents. All notices to be given under this Loan Agreement shall be in writing and sent to the addresses stated above for the respective recipient by one or more of the following methods.

19.10.1. Certified mail, return receipt requested, in which case notice shall be deemed delivered three (3) business days after deposit, postage prepaid in the United States Mail;

19.10.2. A nationally recognized overnight courier, by priority overnight service, in which case notice shall be deemed delivered one (1) business day after deposit with that courier;

19.10.3. Hand delivery with signed receipt for delivery from a person at the place of business of the receiving party and authorized to accept delivery for the receiving party, in which case notice shall be deemed delivered upon receipt, or

19.10.4. Telecopy, if a copy of the notice is also sent the same day by United States Certified Mail, in which case

notice shall be deemed delivered one (1) business day after transmittal by telecopier, provided that a transmission report is automatically generated by the telecopier reflecting the accurate transmission of the notices to receiving party at the "Fax Number" given in the Escrow Attachment or to such other address as Borrower or Lender may respectively designate by written notice to the other.

19.10.5. Copies of notices to Borrower under the Loan Documents shall be provided to the Limited Partner at the following address: Wincopin Circle LLLP, c/o Enterprise Community Asset Management, Inc., 70 Corporate Center, 11000 Broken Land Parkway, Suite 700, Columbia, Maryland 21044, Attention: General Counsel, with a copy to: Holland & Knight LLP, 10 St. James Avenue, 12th Floor, Boston, Massachusetts 02116, Attention: Kristen M. Cassetta, Esq

19.11. **SHORT TERM NOTICES.** Notices, including requests for approval, requiring action in less than thirty (30) days may only be given by the foregoing overnight courier or hand delivery method, and shall include the following language on its face: "URGENT – TIME SENSITIVE – IMMEDIATE ACTION REQUIRED" and marked for delivery to Portfolio Management. Such notice shall include the time allowed under this Loan Agreement for action.

19.12. **ACTIONS.** Lender will have the right to commence, appear in, or defend any action or proceeding purporting to affect the rights, duties, or liabilities of the parties, or the disbursement of any funds under this Loan Agreement. In connection with that, Lender may incur and pay costs and expenses, including, without limitation, reasonable attorney fees. Borrower agrees to pay to Lender on demand all these expenses, and if applicable, Lender is authorized to disburse funds from the construction account for that purpose. This Section does not apply to actions or proceedings between the parties.

19.13. **SIGNS.** Borrower agrees that on the request of Lender, Borrower will erect and place on or in the immediate vicinity of the Property a sign indicating that Lender has provided construction financing for the Project, which sign shall remain for the duration of construction. If Borrower places a sign on the Property during construction stating the names of the Project participants, it shall also name "Sacramento Housing and Redevelopment Agency" as a participant in the Project. Lender's name on the sign shall be in letters not less than size of letters used to name any of the other participants.

19.14. **ASSIGNMENT.** The terms of this Loan Agreement will be binding on and inure to the benefit of successors and assigns of the parties. However, Borrower shall not assign this Loan Agreement or any interest it may have in the monies due or, except as otherwise provided, convey or encumber the Property without the prior written consent of Lender to a party other than a general partner or managing member of Borrower or a single asset entity wholly owned and controlled by Borrower or a general partner or managing member of Borrower. However, if there is an assignment, conveyance, or encumbrance, Lender may nevertheless at its option continue to make disbursements under this Loan Agreement to Borrower or to those who succeed to Borrower's title, and all sums so disbursed will be deemed to be disbursements under this Loan Agreement and not modifications, and will be secured by the Security Documents. Lender may at any time assign the Loan Documents to any affiliate of Lender or to a national bank or other lender having experience with construction lending, and the assignee will assume the obligations of Lender, and Lender will have no further obligation of any nature. In that case, the provisions of this Loan Agreement will continue to apply to the Loan, and the assignee will be substituted in the place and stead of Lender, with all rights, obligations, and remedies of Lender, including, without limitation, the right to further assign the Loan Documents. In addition, Lender may at any time assign a participation in the Loan to any other party, provided that Lender continues to be primarily obligated under this Loan Agreement.

19.15. **PREPAYMENT.** Borrower may prepay the Loan only on and subject to the terms and conditions in the Note. Borrower shall have no rights to receive, and under no circumstances will Borrower receive repayment of any fees previously paid to Lender.

19.16. **CONTROLLING LAW; VENUE.** The Loan Documents will be governed by and construed in accordance with California law. The venue for any legal action or proceeding will be in the County of Sacramento, California.

19.17. **CONSENTS AND APPROVALS.** All consents and approvals by Lender required or permitted by any provision of this Loan Agreement will be in writing. Lender's consent to or approval of any act by Borrower requiring further consent or approval will not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar act.

19.18. **SURVIVAL OF WARRANTIES AND COVENANTS.** The warranties, representations, conditions, covenants, and agreements in this Loan Agreement and in the other Loan Documents will survive the making of the Loan and the execution and delivery of the Note and will continue in full force until the Loan has been paid in full. Nothing in this Section is intended

to limit any other provision of the Loan Documents that by their stated terms survive the repayment of the Loan or the termination of any Loan Document.

19.19. **RECORDING AND FILING.** Borrower, at its expense, will cause the Security Documents and all supplements to be recorded and filed and re-recorded and re-filed in any manner and in any places as Lender will reasonably request, and will pay all recording, filing, re-recording, and re-filing taxes, fees, and other charges.

19.20. **LOAN EXPENSES.** In making the first disbursement, Lender may, at its option, deduct from the proceeds of that disbursement a sum equal to the aggregate of the following, to the extent Lender has knowledge of it and demand has been made on Lender at the time of the deposit: all expenses specifically incurred in connection with the Loan or the preparation, execution, and delivery of the Loan Documents, including, but not limited to, recording costs and expenses, transfer and other taxes (if any), surveys, appraisal fees, title and hazard insurance premiums, recording, notary, and escrow charges, and all other similar, usual, or customary loan closing charges and expenses; and any other budgeted expenses that have been approved by Lender in writing; and Lender will, for the benefit of Borrower, pay those amounts over to the respective parties on whose behalf the demands will have been received by Lender. Borrower will pay directly any expenses in connection with the Loan not so paid by Lender, including, without limitation, any of the expenses specified above, and will hold Lender free from any cost, liability, or obligation of any nature in connection with it, including reasonable attorney fees incurred by Lender. Borrower further agrees to pay on demand all out-of-pocket costs and expenses reasonably incurred by Lender including, without limitation, the fees and disbursements of Lender's outside counsel, in connection with: (i) the administration of the Loan, including, without limitation, all approvals or consents given or contemplated to be given under the Loan Documents, all amendments to the Loan Documents entered into by Lender or requested by any party to the Loan Documents, and all title insurance policies and endorsements required by Lender, and (ii) the enforcement of any rights or remedies under the Loan Documents, whether any action or proceeding is commenced, or the protection of the security, or interests of Lender under the Loan Documents. All costs and expenses, together with interest at Interest Rate, will form a part of the indebtedness and will be secured by the Security Documents.

19.21. **NO REPRESENTATIONS BY LENDER.** By accepting or approving anything required to be observed, performed, or fulfilled, or to be given to Lender pursuant to this Loan Agreement or pursuant to the Loan Documents, including, but not limited to, any officer's certificate, balance sheet, statement of income and expense, or other Financial Statement, survey, appraisal, or insurance policy, Lender will not be deemed to have warranted or represented the sufficiency, legality, effectiveness, or legal effect of it or of any particular term, provision, or condition of it, and any acceptance or approval will not be or constitute any warranty or representation by Lender.

19.22. **AMENDMENT.** The Loan Documents and the terms of each of them may not be modified, waived, discharged, or terminated except by a written instrument signed by the party against whom enforcement of the modification, waiver, discharge, or termination is asserted.

19.23. **TERMINATION.** Except as otherwise provided in the Loan Documents, all rights and obligations under this Loan Agreement will terminate except as to any accrued obligations effective on the payment of all Loan owing by Borrower to Lender.

19.24. **COUNTERPARTS.** The Loan Documents may be executed in any number of counterparts and by different parties in separate counterparts, each of which when executed and delivered will be deemed an original and all of which counterparts taken together will constitute one and the same instrument.

19.25. **SEVERABILITY.** If any term, provision, covenant, or condition or any application is held by a court of competent jurisdiction to be invalid, void, or unenforceable, all terms, provisions, covenants, and conditions and all applications not held invalid, void, or unenforceable will continue in full force and will in no way be affected, impaired, or invalidated.

19.26. **CAPTIONS.** All Article and Section headings in the Loan Documents are inserted for convenience of reference only and do not constitute a part of the Loan Documents for any other purpose.

19.27. **INDEMNITY.** Borrower agrees to defend, indemnify, and hold Lender harmless from all losses, damages, liabilities, claims, actions, judgments, costs, and reasonable attorney fees that Lender may reasonably incur as a direct or indirect consequence of the making of the Loan, Borrower's failure to perform any obligations as and when required by this Loan Agreement or any of the other Loan Documents, the failure at any time of any of Borrower's representations or

warranties to be true and correct, or any act or omission by Borrower, any contractor, subcontractor, engineer, architect, or other Person with respect to the Property, the Project, or any portion of them except to the extent caused by the gross negligence or willful misconduct of Lender. Borrower will pay immediately on Lender's demand any amounts owing under this indemnity, together with interest at the maximum rate permitted by law from the date Lender makes a payment or incurs a loss. Borrower's duty to indemnify Lender will survive the release and cancellation of the Note and the reconveyance or partial reconveyance of the Trust Deed.

19.28. **FURTHER ASSURANCES.** At Lender's request and at Borrower's expense, Borrower will execute, acknowledge, and deliver all other instruments and perform all other acts necessary, desirable, or proper to carry out the purposes of the Loan Documents or to perfect and preserve any liens created by the Loan Documents.

19.29. **DISCLOSURE OF INFORMATION.** If Lender elects to sell the Loan, Lender may forward to the buyer of the Loan all documents and information related to the Loan in Lender's possession, including without limitation all Financial Statements, whether furnished by Borrower or otherwise.

19.30. **LENDER'S AGENTS.** Lender may designate agents or independent contractors to exercise any of Lender's rights under the Loan Documents. Any reference to Lender in any of the Loan Documents will include Lender's employees, agents, and independent contractors.

19.31. **INTEGRATION AND INTERPRETATION.** The Loan Documents contain or expressly incorporate by reference the entire agreement between Lender and Borrower with respect to the covered matters and supersede all prior negotiations. Any reference to the Property or Project in any of the Loan Documents will include all or any portion of them. Any reference to the Loan Documents themselves in any of the Loan Documents will include all amendments, renewals, or extensions approved by Lender.

19.32. **NUMBER, IDENTITY AND GENDER.** When the context and construction so require, all words used in the singular will be deemed to have been used in the plural and vice versa. When the context and construction so require, all words which indicate a gender will be deemed to have been used to indicate the gender as indicated by the context.

THE PARTIES HAVE EXECUTED THIS LOAN AGREEMENT in Sacramento, California as of the Effective Date.

BORROWER:

**San Juan Mutual Housing Associates, L.P.,
a California limited partnership**

By: San Juan Mutual Housing Association LLC,
a California limited liability company,
its co-general partner

By: Mutual Housing California,
a California nonprofit public
benefit corporation,
its sole member/manager

By: _____
Roberto Jimenez
Chief Executive Officer

THE PARTIES HAVE EXECUTED THIS LOAN AGREEMENT in Sacramento, California as of the Effective Date.

LENDER:
HOUSING AUTHORITY OF THE CITY OF SACRAMENTO,
a public body, corporate and politic

By: _____
La Shelle Dozier, Executive Director

Approved as to form:

Lender Counsel

PARCEL A

ALL THAT REAL PROPERTY SITUATED IN THE CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA BEING ALL OF LOTS 24 THROUGH 28 AS SHOWN ON THE "PLAT OF YOUNG'S SUBDIVISION" FILED IN BOOK 23 OF MAPS, MAP NO. 26, SACRAMENTO COUNTY RECORDS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 28, THENCE THE FOLLOWING FOUR (4) COURSES;

1. ALONG THE EASTERLY LINE OF SAID LOT 28, SOUTH 00°16'49" EAST, 94.43 FEET TO THE SOUTHEAST CORNER OF SAID LOT 28;
2. THENCE ALONG THE SOUTHERLY LINES OF SAID LOTS 24 THROUGH 28, SOUTH 89°23'49" WEST, 293.84 FEET TO THE SOUTHWEST CORNER OF SAID LOT 24;
3. THENCE ALONG THE WESTERLY LINE OF SAID LOT 24, NORTH 00°16'49" WEST, 94.43 FEET TO THE SOUTHERLY RIGHT-OF-WAY OF YOUNG STREET;
4. THENCE ALONG SAID RIGHT-OF-WAY, NORTH 89°23'49" EAST, 293.84 FEET TO THE **POINT OF BEGINNING**.

SAID PROPERTY CONTAINS 0.637 AC (27,747 SQ FT) MORE OR LESS.

NOTE: THE ABOVE-DESCRIBED PARCELS ARE HEREBY MERGED AND THE COMMON LINES ARE HEREBY REMOVED.

END OF DESCRIPTION.

**San Juan Apartments, A Mutual Housing Community
Scope of Development
Final**

I. Project Description

San Juan Apartments, A Mutual Housing Community is located at 5700 Stockton Boulevard in Sacramento, and consists of three parcels, one of which is located within the City of Sacramento, and two of which are located within the unincorporated Sacramento County. The new construction project, to be undertaken by Mutual Housing California, will bring 113 units of affordable housing to South Sacramento. The Project will comply with the American with Disabilities Act (ADA).

Construction materials will be new, excepting recycled items with written pre-approval from SHRA. All building and site improvements will adhere to SHRA's minimum construction standards which are attached.

II. Environmental Mitigation Measures

Mitigation measures - Project development will install and appropriately designed soil vapor barrier to impede the migration of soil vapor into indoor air inside the proposed buildings. Mutual Housing will adhere to the vapor recovery measures in compliance with regulations set forth by the Central Valley Regional Water Quality Control Board.

III. Mitigation Monitoring Plan

Contractors will follow the approved Mitigation Monitoring Plan attached.

IV. Site Improvements

1. **Landscaping:** Project will be designed in accordance with County requirements and will be reviewed by SHRA as part of their plan review process.
2. **Irrigation System:** The automated irrigation system incorporates a "SMART controller" that senses rain to reduce water use. Irrigation piping and fixtures shall be installed with new system that includes appropriate water efficient fixtures.
3. **Playground Equipment:** A playground with equipment suitable for children up to age 12, and equipment suitable for toddlers, will be installed onsite.
4. **Pedestrian and Fire-access Gates:** Gates will meet code requirements.
5. **Site Accessories:** Bike racks, tables, benches, barbeques, etc., will be included in the development.
6. **Perimeter Fence:** The site will include full perimeter fencing.
7. **Asphalt Parking Lot and Drive Aisles:** Parking lot and drive aisles will be designed in accordance with geotechnical recommendations. The parking lot will meet current code and ADA requirements, with respect to including required ADA van accessible parking.
8. **Pool** - A pool adjacent to the community area will be constructed. Pool areas will have self-closing gates. Pool, pool equipment, fences, and gates at pool areas will meet all applicable current local and state codes and standards. Joints between coping and concrete deck will be appropriately caulked. The pool will be approximately 25x45.

V. Building Exterior Improvements

9. **Roof:** The roofing of all buildings have a minimum 20-year warranty using TPO roofing material.

10. **Gutters, Downspouts and Downspout Extensions:** All gutters, downspouts and downspout extensions will be new and connected to a storm drain system and/or routed to surface drain to site bio-retention planters.
11. **Balcony and Patio Enclosures:** 21 ground floor apartments will have private patios on grade; while 20 upper level apartments will have balconies with traffic bearing deck system
12. **Paint:** Building will have interior and exterior painting. Non-habitable structures on the property will match the habitable buildings.
13. **Windows and Sliders:** All windows will be energy-efficient windows. Windows will be designed to open and will have screens. Operable windows will have functional locks, and will be operable without excessive effort.
14. **Trash Enclosures:** The site will contain two trash enclosures with concrete aprons.
15. **Lighting:** The exterior wall light fixtures will feature energy efficient wallpacks to increase visibility. Site pole lights will have LED fixtures.
16. **Sidewalks and Ramps:** The sidewalks and ramps will meet current code and ADA requirements throughout the Project.
17. **Mailbox Units:** N/A
18. **Stairways, Railings and Landings:** Common area stairs will meet current accessible codes for treads and risers, guardrails and handrails. Bottom of stairs will either be closed off for storage or provided with cane rails. Stairways in common areas will include closed risers and non-slip concrete finish or other slip-resistant material on the treads.
19. **Signage:** Monument signage, buildings, apartments, garages, parking, ADA, and property signage throughout as required by current code.
20. **Security:** New CCTV system with web-based cameras at primary automobile entrances, parking, common areas, mailboxes and community room(s).
21. **Exterior Building Systems:** Exterior mounted electrical, mechanical, and plumbing systems will be protected from vandalism

VI. Building Interior

1. **ADA units:** The project will contain fully accessible units and hearing/visual equipped units at or above the minimum number required by building code, SHRA, or other state agency.
2. **Kitchens:** All kitchens will have new solid-surface counters, cabinets, drawers, refrigerator/freezer combination appliances, free-standing electric range/oven combination appliances, microwave ovens, ventilation hood appliances, dishwashers, sinks, garbage disposals, angle stops, low-flow faucets and finishes. All appliances will be EnergyStar or better. All kitchens will have code compliant counter space and cabinet space. Shelving for microwaves will be provided in non-ADA units.
3. **Bathrooms:** All bathrooms will have solid-surface counters, sinks, tubs and surrounds, accessories (i.e., toilet paper holders, towel racks, shower rods and curtains), low-flow showerheads, low-flow toilets and low-flow faucets. Vanities will have cabinets and drawers. Code compliant ventilation will be installed in all bathrooms. Tub surrounds will be one single solid surface per wall. Vinyl sheet flooring will be installed in all residential bathrooms.
4. **Ceilings and Walls:** All interior walls and ceilings will have a drywall finish. In select areas of common areas (lobbies, community room, office areas, etc.) higher grade finishes (wood, tile, etc.) and acoustic panels / clouds may be used.

5. **Doors:** All doors will be new and will meet current egress standards. All door hardware will have matching finishes. Exterior doors will have deadbolt locks, keyed latch assemblies, viewers, and screws in strike plates long enough to penetrate the door jamb framing by at least one inch. The dwelling entry door hardware will have single action hardware to release deadbolt and latch assembly. All sliding exterior doors will have screen doors and shall have functional locks and must operate freely without excessive effort.
6. **Flooring:** New luxury vinyl plank (LVP) flooring will be installed in all rooms of each residential unit including kitchens, living room, bedrooms, closets, etc.
7. **Windows:** New window blinds will be installed on all windows and sliders.
8. **Paint:** Paint will be applied to all walls, ceilings, and trim, in all rooms, closets and storage rooms.
9. **Electrical:** GFI outlets will be installed to code. New hardwired smoke and CO detectors will be installed in the hallways of all units. New hardwired smoke detectors will be installed in the bedrooms of all units. Broadband infrastructure will be provided.
10. **Lighting:** All kitchens, dining rooms, bedrooms, bathrooms and hallways will have new energy efficient light fixtures installed.

VII. Community Areas

1. Community Room, Office, Kitchen and Restroom:

- a) The community building will contain a multipurpose room with shared kitchen, offices, and other community space.
 - b) The kitchen will have solid-surface counters, refrigerator/freezer combination appliance, free-standing electric range/oven combination appliances, below counter microwave and shelf, dishwasher, sink, garbage disposal, and low-flow faucets. All appliances will be EnergyStar or better. Furniture, fixtures, and cabinets will be installed.
 - c) The restrooms will meet current code and ADA requirements.
 - d) Flooring in common areas will be LVP (minimum 20 mil wear layer) or carpet.
2. **Laundry Facilities:** All laundry facilities will meet code and ADA requirements. New vinyl sheet flooring, windows, doors, washer and dryer appliances, counter for folding laundry, lighting fixtures, code compliant ventilation, and paint on walls and ceilings will be installed.

Attachments

1. Lenders minimum construction standards
2. Mitigation Monitoring Plan

Attachment 1: Lender's Minimum Construction Standards exhibit is on the following page.

Attachment 1: Lender's Minimum Construction Standards

This attachment is from Exhibit 5 from the Lender's Multifamily Lending Policies.

RENTAL PROPERTY MINIMUM CONSTRUCTION STANDARDS

The following is a list of the required minimum construction standards that must be incorporated into projects participating in SHRA's Multifamily Financing and/or Mortgage Revenue Bond programs. All rental units and sites associated with these projects must meet or exceed these standards. Exceptions to these standards may be made for properties subject to U.S. Department of Housing and Urban Development replacement reserve requirements that allow for renovation over time rather than at recapitalization (e.g., Rental Assistance Demonstration conversions for conventional public housing).

Note: For rehabilitation projects, all of the following standards shall apply. The non-rehabilitation sections below shall apply to new construction projects.

Useful Life Expectancy – Rehabilitation only

SHRA shall reference the current edition of FannieMae's "Instructions for Performing a Multifamily Property Condition Assessment, Appendix F. Estimated Useful Life Tables" in determining the useful life for all building components and systems located within the project. A remaining useful life of 15 years or more is required for all building components and systems located within the approved complex. All items on the FannieMae tables with useful lives indicated to be less than 15 years shall be replaced.

General Requirements

- A. All materials funded under this loan must be new unless previously approved. Recycled items must be approved in writing by SHRA prior to their use.
- B. All work shall comply with Federal and State ADA accessibility requirements, as well as any other requirements stipulated by the funding source(s). When there are differences the stricter of the two shall apply. The developer is responsible for notifying their architect and/or engineer of all funding sources used on the project. The architect and/or engineer must indicate these funding requirements in the project's plans/scope.
- C. All units shall be approved for occupancy by the local Building Department or any other Agency Having Jurisdiction (AHJ) at the conclusion of the work and prior to occupancy.
- D. Web-based security cameras and the equipment to record events are required for primary ingress/egress points to and from the site and for the principal parking and indoor and outdoor common areas where people will be congregating.
- E. Site lighting is required for all parking and outside public spaces, and shall be of LED or similarly energy efficient type. The lenses on the exterior lights shall be cleaned with all oxidation removed or replaced. Light poles shall be new or painted, and shall be structurally sound and stable.
- F. The developer's architect is responsible for providing an Operating Procedure Outline Sheet (OPOS) for window washing systems where applicable, per Cal-OSHA requirements.
- G. SHRA encourages the use of energy and water-efficient systems wherever they may be incorporated into the project.

General Requirements – Rehabilitation only

- A. Any component of the project which does or may present a health or safety hazard to the public or tenants shall be corrected to the satisfaction of the local Building Department or AHJ.
- B. A clear pest inspection report will be required at the conclusion of the construction work for rehabilitation projects.
- C. For all structures where disturbance of any hazardous materials (e.g. lead, asbestos, mold, etc.) will occur, a clearance report from an environmental consultant is required.
- D. Projects deemed historically significant landmark by either the City of Sacramento or the National Register of Historic Places shall consult with the State Historic Preservation Officer (SHPO), and shall conform to the Secretary of the Interior Standards for the Treatment of Historic Properties.

Site Work

- A. Trees and large shrubs must be trimmed, grass areas must be mowed, and all planter areas must be weed-free. The landscape design shall incorporate a sustainable design appropriate for the Sacramento Valley. Vegetation that assists in minimizing crime and enhances public safety is preferred. Trees compromising building envelope materials (roofing, siding, windows, etc.) and/or structural integrity (including foundations) must be removed. An arborist shall be consulted for an opinion on trees prior to major branch trimming, root cutting or tree removal. All trees, bushes and other plants that are to be removed shall have the root ball removed by grinding or by mechanical means. A landscape plan describing the above must be provided to SHRA for approval.
- B. All landscaped areas must be served by a programmable automated irrigation system. The irrigation controller shall be a "Smart Controller" that senses rain to reduce water use. Irrigation shall be designed to use bubblers and other water saving measures. Irrigation must not spray on building. Sprinklers should minimize overspray that runs to storm drain drop inlets. Areas that show evidence of erosion of soil shall be landscaped to eliminate problems. The landscape plan must be approved by SHRA and applied.
- C. For gated communities containing swinging vehicle gates, driveways shall be striped to show the area under the gate swings for safety purposes.
- D. All projects shall contain trash enclosures with concrete aprons. Trash enclosures shall be made of cinder block or stucco. Trash enclosures shall be accessible to all tenants. Provisions for tenants with disabilities must be addressed in the project Scope of Development or the project plans.
- E. All projects shall meet the parking requirements of the local Agency Having Jurisdiction (AHJ) over the project. "Grandfathered Projects" will need to show that they are in fact "Grandfathered" or otherwise exempted by the local AHJ. Otherwise, all projects shall meet the governing ADA requirements for parking.
- F. A two percent (2%) slope shall be maintained for a distance of five feet from all structures and no standing water shall remain on the site. Provide an on- site drainage system if necessary.
- G. Stairways in common areas must include closed risers and non-slip concrete finish or other slip-resistant material on the treads.

- H. Exterior mounted electrical, mechanical, and plumbing systems must be protected from vandalism.
- I. For family projects of 50 or more units, a minimum of one school age-appropriate play structure is required. For family projects of 100 or more units, a minimum of one school age and one toddler-appropriate play structure is required.

Site Work – Rehabilitation only

- A. All landscaping and irrigation systems must be in a well-maintained condition.
- B. All fencing must be in good and serviceable condition. Existing fencing that is to remain shall be free of flaking paint, rust, or any other signs of failure. If existing fencing shows any signs of failure, it shall be repaired, painted and restored to look new. All chain link fencing must be removed and replaced with fencing of another approved material. All pedestrian gates hardware must be functional and in new or near-new condition. Access Control systems are required at exterior pedestrian gates.
- C. All driveways and sidewalks must be in good condition. All cracked or uplifted areas (more than ¼") shall be repaired or replaced.
- D. The asphalt shall be in good condition, with no alligator cracking, longitudinal cracking, potholes, or standing water. Repairs to portions of parking lots not suitable for new coatings shall be performed by removing and replacing damaged paving. A new seal-coat or slurry-coat shall then be applied to the entire parking lot surface. Parking spaces shall be restriped, including ADA aisles and other applicable striping/painting.
- E. All site accessories (bollards, benches, tables, play equipment, bike racks, mailboxes, shade structures, BBQs, sheds, etc.) shall be replaced or in good repair (cleaned, painted and/or re-coated).

Building Envelope and Moisture Protection – Rehabilitation only

- A. All areas exposed to moisture must be sealed and watertight. Buildings showing evidence of water intrusion shall have the areas inspected by a licensed architect/engineer or by a certified water intrusion expert. A water intrusion report shall be submitted to SHRA, and shall include the cause of the issue and a resolution to eradicate the water intrusion. If the inspection cannot be completed until the demolition phase of the project, the report shall describe a procedure to inspect the issue during demolition.
- B. Roofing must have 15 years or more of remaining life with no visible signs of leakage. For roofs containing composition shingles, a maximum of two layers of shingles are allowed (including any proposed new layers). Provide evidence that the roof system has a 15-year life remaining on the manufacturer's warranty.
- C. All siding must have 15 years or more of remaining life. Hairline cracks in stucco must be sealed and painted with elastomeric paint. If requested by SHRA, a statement by a licensed architect and/or engineer that the existing siding contains at least 15 years of useful life remaining shall be provided.
- D. Fireplaces must be clean and meet applicable air quality standards. Chimneys shall be clean and must be inspected by a certified chimney inspector for structural integrity. All recommended structural repairs shall be performed.

Doors and Windows

- A. All dwelling/tenant units must have screens on all windows that are designed to open. Windows designed to open must have functional locks and must operate freely without excessive effort. All windows must be dual-paned (minimum), and shall meet or exceed the State of California's currently applicable efficiency standards, and any other efficiency standards that may be dictated by the funding source or other governing bodies for the project.
- B. All doors must have matching hardware finishes.
- C. All exterior doors must have deadbolt locks, keyed latch assemblies, viewers, and screws in strike plates long enough to penetrate the door jamb framing by at least one inch. The dwelling entry door hardware shall have single action hardware to release deadbolt and latch assembly.
- D. All sliding exterior doors shall have screen doors and shall have functional locks and must operate freely without excessive effort.
- E. All doors and windows must meet current egress standards.

Doors and Windows – Rehabilitation only

- A. Any windows showing signs of condensation or leakage of any kind shall be replaced. SHRA allows window replacement using retrofit windows when those windows are installed by trained professionals following manufacturer's specifications. Retrofit windows must have a similar useful life as "new, construction" (i.e., nail fin) windows.
- B. All doors and doorjamb must be in good condition. No damaged or worn doorjamb or doors are allowed. Doors and/or jamb beyond their useful life shall be replaced.

Casework

- A. New cabinet boxes shall be made of plywood or solid wood. No particle board boxes will be allowed.
- B. All counter tops shall be of solid surface or granite, and in very good condition with no significant scratches, burns or other imperfections.
- C. Face frames, doors and drawer faces shall be solid hardwood. No plastic laminate finishes will be allowed.

Casework – Rehabilitation only

- A. All cabinets shall be replaced or in very good condition, within their 15-year useful life, both structurally and in appearance.

Finishes

- A. All dwelling unit kitchens shall contain luxury vinyl plank (LVP) flooring. Bathrooms must be floored with LVP, sheet vinyl or ceramic tile to provide a cleanable, impervious surface. Bedrooms, hallways, and living and dining rooms may be floored with carpeting, LVP or

hardwood. Wear layer of LVP shall be at least 12 mils inside dwelling units. Tenant unit entries shall be floored with LVP or ceramic tile.

In common areas, corridors may be floored with LVP, glue-down carpeting, or carpet tiles. Community rooms and kitchens shall be floored with LVP. Wear layer of LVP in common/commercial areas shall be a minimum of 20 mils thick.

Carpet shall meet or exceed the minimum standards as set by HUD's UM-44D bulletin.

Finishes – Rehabilitation only

- A. Floor coverings must be in good, useable condition - no holes, tears, rips, or stains.
- B. All exterior and interior surfaces must be painted. No peeling, cracking, chipping, or otherwise failing paint will be allowed. All painted surfaces must be new, or in near new condition and appearance.
- C. Acoustic (popcorn) ceiling texture must be removed and refinished with new texture to match wall texture.

Equipment

- A. Dishwashers, refrigerator/freezer, oven, stoves and garbage disposals are required in all dwelling unit kitchens. All appliances must be new or in very good operating condition. All appliances must be Energy Star rated, as applicable. Appliances slated for ADA units shall be per code requirements.
- B. SRO projects are encouraged to provide the appliances listed above and will be reviewed and approved on a case-by-case basis.
- C. All kitchens must have adequate cabinet and counter space. Installation of shelving for microwaves is required if over-the-range microwaves are not used, with the exception of ADA units.

Furnishings

- A. Dwelling units must have window coverings on all windows.

Special Construction

- A. Non-habitable structures on property must be painted to match primary buildings and must be structurally sound.
- B. Laundry facilities must, at a minimum, be consistent with CTCAC requirements of one washer and dryer for every ten dwelling units for family housing and one for every 15 units for senior and special needs projects. Ten percent of the total number of washer/dryers must be ADA-accessible machines (unless the ADA units contain their own laundry facilities). Solid surface countertops will be required within laundry rooms and countertops shall meet all ADA requirements.
- C. Public pool areas shall have self-closing gate(s). Fences and gates at pool areas shall meet

applicable current codes and standards. Joints between coping and concrete deck shall be appropriately caulked. Existing pools shall have no cracks in plaster or tile grout joints. The Developer is responsible for ensuring pool and surroundings meet all applicable current codes and standards. If a project contains two or more pools, at least one must remain following rehabilitation.

Mechanical/Plumbing

- A. Water heaters must be installed per current applicable codes.
- B. All common areas and tenant units must have heating and air conditioning. Wall mount (i.e. PTAC units) or central systems are acceptable. Evaporative coolers are not acceptable. HVAC units should be protected from vandalism, pursuant to discretion of SHRA.
- C. Toilets, showerheads, faucets, and mixing valves shall be new and meet current water conservation codes.
- D. Tub surrounds must be one unbroken piece per wall and must be of solid surfaces (such as "Swanstone" or other solid acrylic materials, quartz composites), or other similar materials. Fiberglass/acrylic surrounds are acceptable.

Mechanical/Plumbing – Rehabilitation only

- A. All toilets, sinks, and tubs shall be chip and stain free.

Electrical

- A. All units must have smoke/carbon monoxide detectors installed per current code.
- B. Wiring from telephone/data/cable suppliers shall be installed within walls, attic spaces, and/or crawl spaces. No conduits are allowed to be mounted on the exterior of the buildings in new construction.
- C. Broadband infrastructure meeting the requirements of 24 CFR 5.100* is required in all new construction projects of 4 or more units.

**Broadband infrastructure means cables, fiber optics, wiring, or other permanent (integral to the structure) infrastructure, including wireless infrastructure, that is capable of providing access to Internet connections in individual housing units, and that meets the definition of "advanced telecommunications capability" determined by the Federal Communications Commission under section 706 of the Telecommunications Act of 1996 (47 U.S.C. 1302).*

Electrical – Rehabilitation only

- A. All electrical panels shall meet current code.
- B. Any rehabilitation projects with un-grounded electrical systems shall be re-wired with grounded systems to meet current code.
- C. For rehabilitation projects, switches, outlets and light fixtures shall be replaced with devices that meet current applicable codes.
- D. Wiring mounted on the exterior of the surface may be allowed if it is concealed in conduit and conduit is painted to match exterior siding. For projects where exterior siding will be removed,

this wiring shall be installed within walls, attic spaces, and/or crawl spaces.

Resident Services Community Space

All properties, regardless of project type (i.e. senior, family, or large family), must devote a minimum of 1,200 s.f. to actual resident services/community space. Resident services space includes common kitchens, computer rooms, meeting rooms and general gathering space. It does not include public restrooms, leasing offices, laundry facilities and lobbies. Common kitchens are required, including refrigerator, stove, garbage disposal, and dishwasher.

For existing buildings, these requirements shall apply unless SHRA deems there to be significant physical constraints.

Attachment 2: Mitigation Monitoring Plan

Authority	Mitigation Measure	Action	Timing	Monitoring Party
Biological Resources				
<u>Endangered Species</u> <u>Endangered Species Act of 1973,</u> <u>particularly section 7;</u> <u>50 CFR Part 402</u> <u>Migratory Bird Treaty Act of 1918</u> (MBTA), codified at 16 u.s.c. §§ 703-712	If any construction activities (e.g., clearing, grubbing, or grading) are scheduled during the bird nesting season (typically defined by CDFW as February 1 to September 1), the City or approved construction contractor shall retain a qualified biologist to conduct a pre- construction survey of the project area, including a 100-foot buffer, as access is available, to locate active bird nests, identify measures to protect the nests, and locate any other special status species. The pre-construction survey shall be conducted no more than 14 days prior to the implementation of construction activities (including staging and equipment storage). Any active nest should not be disturbed until the young have fledged or under the direction provided by a qualified biologist. Any special status species shall not be disturbed without the direction of a qualified biologist. If an active nest is found during construction, disturbance shall not occur without direction from a qualified biologist.	Contact a qualified biologist to schedule a survey.	Within 14 days prior to construction	SHRA
Vegetation/Wildlife	The guidelines presented below should be followed to preserve trees to ensure the least impact if they are being integrated into the site plan. - Conduct a meeting to discuss these tree preservation guidelines with all contractors and subcontractors and project managers. - Prior to any demolition activity on site, identify (tagged) trees to be preserved and install tree protection fencing in a circle centered at the tree trunk with a radius equal to the maximum drip line radius (see table). This fenced area is defined as the tree protection zone.	Apply guidelines to protect trees during construction	Prior to and during construction	SHRA

	- Tree protection fences should be made of chain link with posts sunk into the ground. These fences should not be removed or moved until construction is complete. No soil or above ground disturbance shall occur within the fenced area. No soil, material storage, spoil, waste, or washout water shall be deposited within the fenced areas. - Any work that is to occur within the protection zones of the trees should be monitored by a consulting arborist. - If injury should occur to any tree during construction, a consulting arborist should be consulted as soon as possible so that appropriate treatments can be applied. - Any pruning required for construction or recommended in this report should be performed by an ISA certified arborist or tree worker. - For trees to be preserved, the goal of project design should be to avoid grading, compaction, trenching or any other disturbance in the protection zones of the trees. This may require the use of retaining walls, boring trenches under tree root zones or other construction techniques. Where development is necessary within the protection zones of trees, consult with a consulting arborist to develop designs/techniques which minimize injury to subject trees.			
Noise Abatement and Control				
Noise Abatement and Control Noise Control Act of 1972, as amended by the Quiet Communities Act of 1978; 24 CFR Part 51 Subpart B	The following specific design elements only apply to the commercial/residential building facades facing Stockton Boulevard. The following noise control measures shall be incorporated into designs to the satisfaction of SHRA before construction begins on the commercial/residential building located adjacent to Stockton Boulevard.	Incorporate specific design elements into plans and specifications.	Prior to building permit	SHRA

	• Building facades shall include use of a 1-coa stucco system. 5/8" interior board on resilient channels shall be used; • STC 36 rated windows shall be used; • Mechanical ventilation penetrations for exhaust fans do not face toward Stockton Boulevard. Where feasible, these vents should be routed towards the opposite side of the building to minimize sound intrusion to sensitive areas of the buildings. • Where vents must face toward Stockton Boulevard, it is recommended that the duct work be increased in length and make as many "S" turns as feasible prior to exiting the dwelling. This separates the openings between the noise source and the living space with a long circuitous route. Each time the sound turns a corner, it is reduced slightly. Flexible duct work is preferred ducting for this noise mitigation. • Where the vent exits the building, a spring-loaded flap with a gasket should be installed to reduce sound entering the duct work when the vent is not in use; • Mechanical ventilation shall be provided to allow occupants to keep doors and windows closed for acoustic isolation; • No PTAC's shall be used; In lieu of these measures, an interior noise			
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	control report may be prepared by a qualified acoustic engineer demonstrating that the proposed building construction would achieve the HUD interior noise reduction requirement of 30 dBA.			
Historic Preservation Section 106 Mitigation Measures				
TCR-1: Avoidance Measure	Avoidance and preservation in place is the preferred manner of mitigating impacts to tribal cultural resources and will be accomplished by several means, including: Planning construction to avoid tribal cultural resources, archaeological site and/ or other resources; incorporating sites within parks, green-space or other open space; covering archaeological sites; deeding a site to a permanent conservation easement; or other preservation and protection methods agreeable to consulting parties and regulatory authorities with jurisdiction over the activity. Recommendations for avoidance of cultural resources will be reviewed by the NEPA Responsibly Entity (RE), interested Native American Tribes and the appropriate agencies, in light of factors such as costs, logistics, feasibility, design, technology and social, cultural and environmental considerations, and the extent to which avoidance is consistent with project objectives. Avoidance and design alternatives may include realignment within the project area to avoid cultural resources, modification of the design to eliminate or reduce impacts to cultural resources or modification or realignment to avoid highly significant features within a cultural resource. Native American Representatives from interested Native American Tribes will be allowed to review and comment on these analyses and shall have the opportunity to meet with the RE representative and its	Develop a construction schedule and if a resource is found work with Native American monitor to protect resource during construction.	Prior and during construction.	SHRA

	representatives who have technical expertise to identify and recommend feasible avoidance and design alternatives, so that appropriate and feasible avoidance and design alternatives can be identified. • If the resource can be avoided, the construction contractor(s), with paid Native American monitors from culturally affiliated Native American Tribes present, will install protective fencing outside the site boundary, including a buffer area, before construction restarts. The construction contractor(s) will maintain the protective fencing throughout construction to avoid the site during all remaining phases of construction. The area will be demarcated as an "Environmentally Sensitive Area". Native American representatives from interested Native American Tribes and the RE representative will also consult to develop measures for long term management of the resource and routine operation and maintenance within culturally sensitive areas that retain resource integrity, including tribal cultural integrity, and including archaeological material, Traditional Cultural Properties and cultural landscapes, in accordance with state and federal guidance including National Register Bulletin 30 (<i>Guidelines for Evaluating and Documenting Rural Historic Landscapes</i>), Bulletin 36 (<i>Guidelines for Evaluating and Registering Archaeological Properties</i>), and Bulletin 38 (<i>Guidelines</i>			
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	<i>for Evaluating and Documenting Traditional Cultural Properties</i>); National Park Service Preservation Brief 36 (<i>Protecting Cultural Landscapes: Planning, Treatment and Management of Historic Landscapes</i>) and using the Advisory Council on Historic Preservation (ACHP) <i>Native American Traditional Cultural Landscapes Action Plan</i> for further guidance. Use of temporary and permanent forms of protective fencing will be determined in consultation with Native American representatives from interested Native American Tribes.			
TCR-2: Native American Monitoring Measure	To minimize the potential for destruction of or damage to existing or previously undiscovered burials, archaeological and tribal cultural resources and to identify any such resources at the earliest possible time during project-related earthmoving activities, THE PROJECT PROPONENT and its construction contractor(s) will implement the following measures: • Paid Native American monitors from culturally affiliated Native American Tribes will be invited to monitor the vegetation grubbing, stripping, grading or other ground-disturbing activities in the project area to determine the presence or absence of any cultural resources. Native American representatives from cultural affiliated Native American Tribes act as a representative of their Tribal government and shall be consulted before any cultural studies or ground- disturbing activities begin. • Native American representatives and Native American monitors have the authority to identify sites or objects of significance to Native Americans and to request that work be stopped, diverted or slowed if such sites or objects are identified	Hire a qualified Native American monitor for construction. If inadvertent discoveries are found stop construction until discovery is assessed by tribes. If warranted, consult with SHPO and MLD	Prior to construction	SHRA

	within the direct impact area. Only a Native American representative can recommend appropriate treatment of such sites or objects. • If buried cultural resources, such as chipped or ground stone, historic debris, building foundations, or bone, are discovered during ground-disturbing activities, work will stop in that area and within 100 feet of the find until an archaeologist who meets the Secretary of the Interior's qualification standards can assess the significance of the find and, if necessary, develop appropriate treatment measures in consultation with the Caltrans, the SHPO, and other appropriate agencies. Appropriate treatment measures may include development of avoidance or protection methods, archaeological excavations to recover important information about the resource, research, or other actions determined during consultation. In accordance with the California Health and Safety Code, if human remains are uncovered during ground disturbing activities, the construction contractor or the County, or both, shall immediately halt potentially damaging excavation in the area of the burial and notify the County coroner and a qualified professional archaeologist to determine the nature of the remains. The coroner shall examine all discoveries of human remains within 48 hours of receiving notice of a discovery on private or state lands, in accordance with Section 7050(b) of the Health and Safety Code. If the coroner determines that the remains are those of a Native American, he or she shall contact the NAHC by phone within 24 hours of making that determination (Health and Safety Code Section 7050[c]). After the coroner's findings are presented, the County, the archaeologist, and the NAHC-designated Most Likely Descendant (MLD) shall determine			
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		the ultimate treatment and disposition of the remains and take appropriate steps to ensure that additional human interments are not disturbed.			
TCR-3: Discoveries	Inadvertent	Develop a standard operating procedure, points of contact, timeline and schedule for the project so all possible damages can be avoided or alternatives and cumulative impacts properly accessed. If potential tribal cultural resources, archaeological resources, other cultural resources, articulated, or disarticulated human remains are discovered by Native American Representatives or Monitors from interested Native American Tribes, qualified cultural resources specialists or other Project personnel during construction activities, work will cease in the immediate vicinity of the find (based on the apparent distribution of cultural resources), whether or not a Native American Monitor from an interested Native American Tribe is present. A qualified cultural resources specialist and Native American Representatives and Monitors from culturally affiliated Native American Tribes will assess the significance of the find and make recommendations for further evaluation and treatment as necessary. These recommendations will be documented in the project record. For any recommendations made by interested Native American Tribes which are not implemented, a justification for why the recommendation was not followed will be provided in the project record. If adverse impacts to tribal cultural resources, unique archeology, or other cultural resources occurs, then consultation with Wilton Rancheria regarding mitigation contained in 36 CFR 800.2(c) should occur, in order to coordinate for compensation for the impact by	Develop a standard operating procedure, points of contact, timeline and schedule for the project. If inadvertent discoveries are found stop construction until discovery is assessed by tribes. If warranted, consult with Wilton Rancheria	Prior and during construction	SHRA

	replacing or providing substitute resources or environments.			
TCR 4: Awareness Training	A consultant and construction worker tribal cultural resources awareness brochure and training program for all personnel involved in project implementation will be developed in coordination with interested Native American Tribes. The brochure will be distributed and the training will be conducted in coordination with qualified cultural resources specialists and Native American Representatives and Monitors from culturally affiliated Native American Tribes before any stages of project implementation and construction activities begin on the project site. The program will include relevant information regarding sensitive tribal cultural resources, including applicable regulations, protocols for avoidance, and consequences of violating State laws and regulations. The worker cultural resources awareness program will also describe appropriate avoidance and minimization measures for resources that have the potential to be located on the project site and will outline what to do and whom to contact if any potential archaeological resources or artifacts are encountered. The program will also underscore the requirement for confidentiality and culturally-appropriate treatment of any find of significance to Native Americans and behaviors, consistent with Native American Tribal values.	Contractor must distribute cultural resources awareness brochure to all employees working on site.	Prior and during construction.	SHRA
Contamination and Toxic Substances				
Contamination and Toxic Substances 24 CFR Part 50.3(i) & 58.S(i)(2)	All measures identified by SCEMD for soil and vapor mitigation shall be implemented prior to issuance of an occupancy permit.	Implement measures identified in mitigation plan	Prior to construction	SCEMD

PROMISSORY NOTE
FOR SAN JUAN APARTMENTS A MUTUAL HOUSING COMMUNITY
CONSTRUCTION AND PERMANENT LOAN AGREEMENT
CITY SELLER CARRY BACK LOAN

BORROWER HAS MADE THIS PROMISSORY NOTE (“NOTE”) AS OF THE EFFECTIVE DATE. The Lender is making the Loan pursuant to the terms and conditions of the Loan Agreement and this Note. This Note includes all attachments and Exhibits listed below, which are attached to and incorporated in this Note by this reference. The capitalized terms in this Note shall have the meanings assigned in the following table of definitions and as defined in the body of the Note. (Terms being defined are indicated by quotation marks. If an item in the table is marked “None, Not Applicable, N/A or equivalent or is left blank, that defined term is not applicable to this Note or the referenced item is not required or is not included in this Note as the context may indicate.) The Lender is making the Loan to Borrower in consideration of Borrower making this Note and delivering it to Lender.

For purposes of this Note, the following terms shall have the following meanings:

DEFINED TERM:	DEFINITION:
“Effective Date”	May 1, 2024
“Lender”	Housing Authority of the City of Sacramento , a public body, a corporate and public
“Borrower”	San Juan Mutual Housing Associates, L.P.
“Borrower Legal Status”	A California limited partnership
“Loan Agreement”	The Loan Agreement between the Borrower and Lender as of the Effective Date for making of the loan (“Loan”) evidenced by this Note.
“Principal Amount”	\$545,000
“Interest Rate”	The interest rate is 3% per year, simple interest.
“Accrual Date”	Interest shall accrue starting on the following “Accrual Date”: The Effective Date
“Special Terms”	At completion of construction, Borrower shall submit to Lender a cost certification prepared by a qualified, independent auditor acceptable to Lender, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown. If there is an aggregate savings in the total of all such cost breakdown items from the cost breakdown items in the original Budget approved by the Lender, the Lender shall withhold for itself as Loan repayment, one-half of such savings from the amount of retention then held by the Lender, and the Loan balance shall be reduced by the amount so withheld. The Lender, in its sole discretion, shall determine any reduction and/or repayment of the Loan based upon this cost certification and the original approved Budget for the Project.
PAYMENT SCHEDULE. Repayment of this Note shall be made as follows:	
“Maturity Date”	The first day of the 660th calendar month following the Effective Date. June 1, 2079
“Payment Amount(s)”	Payments of the Principal Amount and any outstanding interest accrued thereon (“Annual Loan Payments”) will be made on a Residual Receipts basis (as defined below) beginning on the first (1st) day of May following conversion of the Loan Agreement for the Project to permanent financing and the initial annual audited Financial Statement, as defined in the Loan Agreement, and shall continue annually each May 1 until the Maturity Date, when all outstanding principal and interest shall become due and payable to Lender.. Annual Loan Payments shall be applied first to outstanding interest accrued and unpaid and then to the Principal Amount. Residual Receipts” is defined as follows: Once annually, based on the annual audited financial statement from the preceding year, payments will be made upon a “Residual Cash Flow” basis meaning Net Operating Income (NOI) less the items described in the below Subsections (1) through (5), no such proceeds or amounts to be applied in payments of any amounts specified in any of the Subsections below until all amounts specified in any earlier Subsection have been paid in full:

Net Cash Flow Distributions. Distributions of Net Cash Flow (where “Net Cash Flow” is defined as Net Operating Income less payment of debt service, and the funding of reserves, on the Senior Loan, and developer fee will be made as follows, subject to the consent of the Senior Lender and subordinate lenders:

- (7) Mandatory debt service payments to repay the senior permanent loan;
- (8) Sacramento Housing and Redevelopment Agency (SHRA) and/or Housing Authority of the County of Sacramento (HACOS) monitoring fee of \$25,000 annually
- (9) Limited Partner Asset management fee of \$5,000 annually indexed at 3% annually;
- (10) to payment of any developer fee that is not paid from capital sources as anticipated and becomes deferred, and accrued interest thereon
- (11) to the General Partners, Limited Partner or their respective affiliates to repay any loans or advances made by the General Partners, the Limited Partner or their respective affiliates in support of the development or operation of the Project;
- (12) After categories one (1) through four (4) of payment priority waterfall are paid, 100% of the available cash flow from NOI distributed in the following manner:
 - A) Sacramento Housing and Redevelopment Agency (“SHRA”) to repay
 - 1) HOME Investment Partnerships Program (“HOME”) loan until it has been fully repaid (with interest); and then to
 - 2) Permanent Local Housing Allocation (PLHA) loan until it has been fully repaid (with interest); and then to
 - 3) Affordable Housing Trust Funds (AHF) loan until it has been fully repaid (with interest); and then to
 - 4) Housing Trust Funds (HTF) loan until it has been fully repaid (with interest); and then to
 - 5) Local Housing Trust Funds (LHTF) loan until it has been fully repaid (with interest); and then to
 - 6) Pro Housing Funds loan until it has been fully repaid (with interest); and then to
 - 7) Green Means Go Funds (GMG) loan until it has been fully repaid; and then to
 - B) Housing Authority of the City of Sacramento (HACS) to repay
 - 8) HACS Seller Carryback Loan until it has been fully repaid (with interest); and then to
 - C) Housing Authority of the County of Sacramento (HACOS) to repay
 - 9) HACOS Seller Carryback Loan until it has been fully repaid (with interest).

To the extent that insufficient Net Cash Flow is available to pay any of the amounts set forth in Sections (1) through (5) when due, such amount shall accrue and be payable in the future when there is available Net Cash Flow, after prior payment of all higher priority payments from Net Cash Flow, as set forth above.

The Net Operating Income is defined as “Revenue” less “Operating Expenses.” “Revenue” means all revenue from the leasing of the Project, including but not limited to all rents, fees, and charges paid by tenants as well as rental subsidy payments regardless of the source of these subsidies, forfeited tenant deposits, rent increases, proceeds from vending machines and laundry room machines. Revenue shall not include tenants’ security deposits (unless forfeited), interest on those deposits, loan proceeds, capital contributions or similar advances, or amounts released from reserves or interest on reserves.

	“Operating Expenses” shall mean actual costs, fees and expenses as evidenced by invoices attributable to the operation, recordkeeping, maintenance, taxes and management of the Project, including property management fees; taxes and assessments; payroll, benefits and payroll taxes for Project employees; insurance; security; painting, cleaning, repairs, and alterations; landscaping; sewer charges; utility charges; advertising, promotion and publicity; cable television, satellite, cable; elevator and other similar services; office, janitorial, cleaning and building supplies; recreational amenities and supplies; purchase, repair, servicing and installation of appliances; costs and expenses associated with the provision of social and/or community services to the residents of the Project; equipment, fixtures and furnishing; fire alarm and elevator monitoring; fees and expenses of accountants, attorneys, consultants and other professionals; and monitoring fees to SHRA with respect to the HOME, PLHA, AHF, HTF, LHTE, Prohousing Funds, and GMG loans. The definition will include deposits into operating and/or replacement reserves maintained by the Borrower.
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FOR VALUE RECEIVED, THE UNDERSIGNED, JOINTLY AND SEVERALLY, PROMISES TO PAY to Lender, or its successors or assigns, the Principal Amount or such lesser amount as may be endorsed on this Note on behalf of Lender. The Loan shall bear interest on the outstanding principal balance, computed from the Accrual Date at the Interest Rate.

1. This Note evidences the obligation of Borrower to Lender for repayment of the Loan. The terms and covenants of the Loan Agreement are incorporated in this Note by reference. The Loan Agreement provides for and incorporates the Regulatory Agreement (as defined in the Loan Agreement), the making of which is further consideration for this Note.
2. All payments on this Note shall be applied first to fees and charges due under the Loan Agreement, if any, then to interest and then to the principal due on this Note. Borrower shall make the payments to the Lender at 801 12th Street, Sacramento, CA 95814, or to such other person or organization as may be designated by Lender to Borrower and noticed as provided in the Loan Agreement.
3. If any installment under this Note is not received by Lender within fifteen (15) calendar days after the installment is due, Borrower shall pay to Lender a late charge of five percent (5%) of such installment. Such late charge shall be immediately due and payable without demand by Lender.
4. This Note is secured by a Deed of Trust and Assignment of Rents against the real property described in the Loan Agreement (“Property”), recorded in the office of the County Recorder of Sacramento County (“Trust Deed”). The Trust Deed securing this Note provides that Lender may at its option, declare all funds secured by the Trust Deed immediately due and payable, if any interest in the Property is refinanced, sold, hypothecated, transferred or conveyed to any person, whether voluntarily or involuntarily. The Trust Deed further provides that if Borrower does not comply with the requirements of the Regulatory Agreement and fails to come into compliance with the Regulatory Agreement within thirty (30) days after Lender’s written notice to Borrower of such failure, Lender may at its option, declare all funds secured by the Trust Deed immediately due and payable.
5. Lender and Borrower shall comply with and fulfill the Special Terms.
6. Upon occurrence of any one or more of the following, Lender may, at its sole discretion, declare all unpaid principal immediately due and payable, together with all unpaid interest at the stated rate from the date of the advancement of the Loan's proceeds, subject to applicable cure periods, if:
 - a. Borrower defaults in the payment of any principal or interest when due.
 - b. Lender discovers that Borrower, in any application to Lender in connection with the Loan, either (i) failed to disclose, or (ii) misrepresented any fact that would have prevented Borrower from being eligible for the Loan.
 - c. Lender discovers that Borrower has made any misrepresentations or has intentionally withheld any fact in the making or continuation of this Loan, the knowledge of which could have affected the decision of Lender to make the Loan.
 - d. Borrower defaults or breaches any of the terms of Loan Agreement, the Trust Deed, the Regulatory Agreement or this Note.

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

f. The sale, transfer of title, conveyance or further encumbrance of the Property, whether by sale, exchange, gift, inheritance or other means, without prior written consent of Lender.

g. Any of the following occur:

1) Borrower becoming insolvent or bankrupt or being unable or admitting, in writing, Borrower's inability to pay debts as they mature or making a general assignment of or entering into any restructure payment arrangement with creditors.

2) Proceedings for the appointment of a receiver, trustee or liquidator of the assets of Borrower or a substantial part of such assets, being authorized or instituted by or against the Borrower.

3) Proceedings under any bankruptcy, reorganization, readjustment of debt, insolvency, dissolution, liquidation or other similar law of any jurisdiction being authorized or instituted against Borrower.

7. No waiver of any default or breach by Borrower under this Note shall be implied from any omission by 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.

8. Borrower may prepay this Note in full or in part at any time, without any prepayment penalty being charged by Lender.

9. During the existence of default or delinquency under the terms of this Note or the Trust Deed, the Lender is expressly authorized to apply all payments made on this Note to the payment of all or part of the delinquency, as it may elect.

10. Subject to the provisions of this Section 10, and notwithstanding any provision of the Loan Documents other than this Section 10, the personal liability of Borrower, and Borrower's principals, partners, members, agents, officers, and successors in interest, to pay the principal of and interest on the debt evidenced by this Note and any other agreement evidencing Borrower's obligations under this Note shall be limited to (a) the Collateral (as defined in the Loan Agreement), (b) the personal property described in and pledged under any Loan Document, and (c) the rents, profits, issues, products and income of the Property, including any received or collected by or on behalf of Borrower after an Event of Default under the Loan Documents. This Loan is a nonrecourse loan, and notwithstanding any provision of this Note or any document evidencing or securing this Loan, Borrower, and Borrower's principals, members, partners, agents, officers, and successors in interest shall not be personally liable for the payment of the Loan or any obligation of the Loan.

11. Borrower shall pay to Lender all costs of enforcement of all or any portion of this Note, the Trust Deed, and the Regulatory Agreement, including attorney's fees, witness fees, investigator fees and court costs, incurred by Lender, whether or not litigation is commenced.

IN WITNESS WHEREOF, Borrower has executed this Note as of the Effective Date.

Borrower:

**San Juan Mutual Housing Associates, L.P.,
a California limited partnership**

By: San Juan Mutual Housing Association LLC,
a California limited liability company,
its co-general partner

By: Mutual Housing California,
a California nonprofit public
benefit corporation,
its sole member/manager

By: _____
Roberto Jimenez
Chief Executive Officer

Exhibit 4: Trust Deed Form

NO FEE DOCUMENT:

Entitled to free recording

per Government Code §§6103 and 27383.

When recorded, return to:

SACRAMENTO HOUSING AND

REDEVELOPMENT AGENCY

801 12th Street

Sacramento, CA 95814

Attention: Portfolio Management

**DEED OF TRUST AND ASSIGNMENT OF RENTS
CITY HOUSING AUTHORITY SELLER CARRYBACK LOAN
SAN JUAN APARTMENTS, A MUTUAL HOUSING
("DEED OF TRUST")**

For purposes of this Deed of Trust the following capitalized terms shall have the meanings ascribed in the space adjacent to them:

TERM	DEFINITION	
"Effective Date"	May 1, 2024	
"Trustor" and "Borrower"	San Juan Mutual Housing Associates, L.P., a California limited partnership	
"Borrower Address"	3321 Power Inn Road, Suite 320 Sacramento, CA 95826	
"Trustee"	Placer Title Company	
"Beneficiary" and "Lender"	Housing Authority of the City of Sacramento, a public body, corporate and public	
"Lender Address"	801 12 th Street, Sacramento, CA 95814	
"Property"	Which is real property located in the County of Sacramento and the State of California as more particularly described in the Legal Description.	
	Address	5300 Young Street Sacramento, CA 95824 and 5700 Stockton Boulevard, Sacramento, CA 95824
	Assessor's Parcel Number	APN 026-0073-018
"Legal Description"	The Legal Description of the Property which is more particularly described in the attached <u>Exhibit 1 Legal Description</u> , which is incorporated in and an integral part of this Deed of Trust	
"Loan"	Which is Lender's Loan in the amount of \$ 545,000.00, to Borrower which is secured by this Deed of Trust.	
"Note"	Which is that certain promissory note evidencing the Loan	
"Loan Agreement"	Which is the agreement between Lender and Borrower stating the term and conditions of the Loan titled, Seller Carryback Loan Agreement	
	Which is dated:	May 1, 2024
"Additional Notices"	Lender shall give copies of notices required to be delivered to Borrower to the following parties at the following addresses; provided, however that Borrower acknowledges that such notice is an accommodation and the failure of Lender to properly deliver any such notice shall not give rise to any claims or defenses of Borrower or any third party:	
	Limited Partner: Wincopin Circle LLLP c/o Enterprise Community	

	Asset Management, Inc. 70 Corporate Center 11000 Broken Land Parkway, Suite 700 Columbia, Maryland 21044 Attention: General Counsel With a copy to: Holland & Knight LLP 10 St. James Avenue, 12th Floor Boston, Massachusetts 02116 Attention: Kristen M. Cassetta, Esq Silicon Valley Bank, 222 2nd Street, 17th Floor, San Francisco, CA 94105, Attention: Community Development Finance

THIS DEED OF TRUST is made as of the Effective Date between the Trustor also referenced as Borrower, the Trustee, and the Beneficiary also referenced as Lender.

Borrower, in consideration of the indebtedness described below and the trust created by this Deed of Trust, irrevocably grants and conveys the Property to Trustee, in trust with power of sale.

Together with all the improvements now or subsequently erected on the property, and all easements, rights, appurtenances, rents (subject, however, to the rights and authorities given to Lender to collect and apply such rents), royalties, mineral, oil and gas rights and profits, water, water rights, and water stock, and all fixtures, including but not limited to all gas and electric fixtures, engines and machinery, radiators, heaters, furnaces, heating equipment, steam and hot water boilers, stoves, ranges, elevators and motors, bathtubs, sinks, water closets, basins, pipes, faucets and other plumbing and heating equipment, cabinets, mantels, refrigerating plant and refrigerators, whether mechanical or otherwise, cooking apparatus and appurtenances, furniture, shades, awnings, screens, venetian blinds and other furnishings, now or hereafter attached to the property, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the property covered by this Deed of Trust; and all of the foregoing, together with said property (or the leasehold estate if this Deed of Trust is on a leasehold) are referred to as the "Property";

To secure to Lender: (a) the repayment of the Loan; and (b) the performance of the covenants and agreements of Borrower contained in this Deed of Trust, the Loan Agreement, the Note, and the Regulatory Agreement.

Borrower covenants that Borrower is lawfully seized of the estate conveyed by this Deed of Trust and has the right to grant and convey the Property, and that Borrower will warrant and defend generally the title of the Property against all claims and demands, subject to any declarations, easements or restrictions listed in a schedule of exceptions to coverage in any title insurance policy insuring Lender's interest in the Property.

Borrower and Lender covenant and agree as follows:

1. Payment of Principal and Interest. Borrower shall promptly pay when due the principal and interest, if any, on the indebtedness evidenced by the Loan Agreement. All payments received by Lender under the Loan Agreement shall be applied by Lender first to interest payable on the Loan Agreement and thereafter to the unpaid principal of the Loan Agreement.
2. Charges; Liens. Borrower shall pay all taxes, assessments and other charges, fines and impositions attributable to the Property and leasehold payments or ground rents, if any by Borrower making payment, when due, directly to the appropriate payee. Borrower shall promptly furnish to Lender all notices of amounts due under this paragraph, and in the event that Borrower makes payment directly, Borrower shall promptly furnish to Lender receipts evidencing such payments. Borrower

shall pay when due any encumbrance, charge and lien, with interest in accordance with its terms, on the Property or any portion which is inferior or superior to this Deed of Trust.

3. Hazard Insurance. Borrower shall keep the improvements now existing or later erected on the Property insured against loss of fire or hazards under a policy approved by Lender consistent with the insurance requirements of the Loan Agreement. In addition, Borrower shall insure against loss of all furniture, equipment and other personal property owned by Borrower related to Borrower's operation of the Property. Lender shall have the right to hold the policies and policy renewals, and Borrower shall promptly furnish to Lender all renewal notices and all receipts of paid premiums. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, as and to the extent provided in the Loan Agreement.

Unless Lender and Borrower otherwise agree in writing, any such application of insurance proceeds to principal shall not extend or postpone the due date of any Loan payment or change the amount of such payment. If the Property is acquired by Lender pursuant to this Deed of Trust, all right, title and interest of Borrower in and to any insurance policies and proceeds of such policies resulting from damage to the Property prior to the sale of acquisition shall pass to Lender to the extent of the sums secured by this Deed of Trust immediately prior to such sale or acquisition.

4. Liability Insurance. In addition to the casualty insurance required under the Loan Agreement during the course of construction, Borrower shall keep comprehensive general liability insurance for the Property in a form and coverage consistent with the provisions of the Loan Agreement and reasonably approved by Lender.

5. Preservation and Maintenance of Property. Borrower shall keep the Property in good repair and shall not commit waste or permit impairment, demolition, or deterioration of the Property.

6. Protection of Lender's Security. Borrower shall appear and defend any action or proceeding purporting to affect the security under this Deed of Trust or the rights of Lender. If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, including, but not limited to, foreclosure, involuntary sale, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then Lender may, upon notice to Borrower, make such appearances, disburse such sums and take such actions as are necessary to protect Lender's interest, including, but not limited to, disbursement of judgments, costs or reasonable attorney's fees and entry upon the Property to make repairs.

Any amounts disbursed by Lender pursuant to this Section 6, with interest, shall become additional indebtedness of Borrower secured by this Deed of Trust. Unless Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment, and shall bear interest from the date of disbursement at the highest rate permissible under applicable law. In any event, this Section shall be construed as a right and an option of Lender and shall not be construed to require Lender to incur any expense or take any action.

7. Inspection. Lender, by its designated representative, may make reasonable entries upon and inspections of the Property, provided that Lender shall give Borrower and any occupant of the Property reasonable prior notice of any such inspection.

8. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of all or any part of the Property, or for conveyance in lieu of condemnation, shall be applied as provided in the Loan Agreement.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date such notice is mailed, Lender is authorized to collect and apply the proceeds, at Lender's option, either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

Unless Lender and Borrower otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of any payment or change the amount of such payment.

9. Borrower Not Released. Extension of the time for payment of the sums secured by this Deed of Trust granted by Lender to Borrower or any successor in interest of Borrower shall not operate to release, in any manner, the liability of the original Borrower and Borrower's successors in interest. Lender shall not be required to commence proceedings against such successor or refuse to extend time payment by reason of any demand made by the original Borrower or Borrower's successors in interest.

10. Forbearance by Lender Not a Waiver. Any forbearance by Lender in exercising any right or remedy under this Deed of Trust, or otherwise afforded by applicable law, shall not be a waiver or preclude the exercise of any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by Lender shall not be a waiver of Lender's right to accelerate the maturity of the indebtedness secured by this Deed of Trust.

11. Remedies Cumulative. All remedies provided in this Deed of Trust are distinct and cumulative to any other right or remedy under this Deed of Trust, the Loan Agreement, the Regulatory Agreement, or afforded by law or equity, and may be exercised concurrently, independently or successively.

12. Successors and Assigns Bound; Joint and Several Liability Captions. The covenants and agreements contained in this Deed of Trust shall bind, and the rights under this Deed of Trust shall inure to, the respective successors and assigns of Lender and Borrower, subject to the provisions of Section 15. All covenants and agreements of Borrower shall be joint and several. The captions and headings of the paragraphs of this Deed of Trust are for convenience only and are not to be used to interpret or to define its provisions.

13. Notice. Except for any notice required under applicable law to be given in another manner, any notice to be given under this Deed of Trust shall be given as provided for in the Loan Agreement. Any notice provided for in this Deed of Trust shall be deemed to have been given to Borrower or Lender when given in the manner designated.

14. Governing Law; Severability. This Deed of Trust shall be governed by the law of the State of California. If any term or provision of this Deed of Trust shall, to any extent, be held invalid or unenforceable, the remainder of this Deed of Trust shall remain in full force and effect and the invalid or unenforceable provision shall be valid and enforceable as to any other person or circumstance.

15. Acceleration on Transfer or Refinancing of the Property; Assumption. Except as otherwise provided in the Loan Agreement, if all or any part of the Property or an interest in the Property is sold or Transferred or refinanced by Borrower without Lender's prior written consent, Lender may, at Lender's option, declare all the sums secured by this Deed of Trust to be immediately due and payable. A "Transfer" occurs whenever any of the following occur: 1) the transfer of any partnership interest to or from any partner; 2) the removal, addition, or substitution of one or more of the general or limited partners of Borrower; or any change in title to the Property or the Project. Lender shall have waived such option to accelerate if, prior to the refinancing, sale or transfer, Lender and the person to whom the Property is to be sold or transferred reach agreement in writing that the loan may be assumed. If Lender has waived the option to accelerate provided in this Section and if Borrower's successor in interest has executed a written assumption agreement accepted in writing by Lender, Lender shall release Borrower from all obligations under this Deed of Trust and the Loan Agreement.

If Lender exercises such option to accelerate, Lender shall mail Borrower notice of acceleration. Such notice shall provide a period of not less than 30 days from the date the notice is mailed within which Borrower, or any of its principals or anyone with a substantial legal interest in Borrower, may pay the sums declared due. If Borrower fails to pay such sums prior to the expiration of such period, Lender may, without further notice or demand on Borrower, invoke any remedies permitted by this Deed of Trust.

16. Acceleration on Breach; Remedies. Except as provided in Section 15, upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust, the Regulatory Agreement, or Loan Agreement, Lender shall mail notice to Borrower specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, no less than 30 days from the date the notice is mailed to Borrower, by which breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. If the breach is not cured on or before the date specified in the notice, Lender at Lender's option may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect from Borrower, or sale proceeds, if any, all reasonable costs and expenses incurred in pursuing the remedies provided in this Section, including, but not limited to reasonable attorney's fees.

If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Lender's election to cause the Property to be sold and shall cause such notice to be recorded in each county in which any portion of the Property is located. Lender or Trustee shall mail copies of such notice in the manner prescribed by applicable law to Borrower and to the other persons prescribed by applicable law. Trustee shall give public notice of sale to the persons and in the manner prescribed by applicable law. After the lapse of such time as may be required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale, in one or more parcels and in such order as Trustee may determine. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or Lender's designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser a Trustee's deed conveying the Property so sold without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements it contains. Trustee shall apply the proceeds of the sale in the following order: (a) to all reasonable costs and expenses of the sale, including, but not limited to, reasonable Trustee's and attorney's fees and costs of title evidence; (b) to all sums secured by this Deed of Trust; and (c) the excess, if any, to the person or persons legally entitled thereto as determined by Lender. In the event of a dispute regarding the excess funds, either Lender or Trustee may file an action in interpleader to determine who shall receive the funds and may then deposit the excess funds with the court.

17. Assignment of Rents; Appointment of Receiver; Lender in Possession. As additional security, Borrower assigns to Lender the rents of the Property (the "Rent"), provided that Borrower shall, prior to an acceleration for breach as provided above or abandonment of the Property, have the right to collect the Rent as they become due.

Upon acceleration for breach or abandonment of the Property, Lender, in person, by agent or by judicially appointed receiver shall be entitled to enter upon, take possession of and manage the Property and to collect the Rent including those past due. All Rent collected by Lender, its agent, or the receiver shall be applied first to payment of the costs of management of the Property and collection of Rent, including, but not limited to receiver's fees, premiums on receiver's bonds and reasonable attorney's fees, and then to the sums secured by this Deed of Trust. Lender, its agent and the receiver shall be liable to account only for the Rent actually received.

18. Financing Statement. This Deed of Trust is both a real property deed of trust and a "security agreement" within the meaning of the Uniform Commercial Code. The Property includes both real and personal property and all other rights and interests, whether tangible or intangible in nature, of Borrower in the Property. Borrower by executing and delivering this Deed of Trust has granted and hereby grants to Lender, as security for the Loan, a security interest in the Property to the full extent that the Property may be subject to the Uniform Commercial Code (the Property so subject to the Uniform Commercial Code, including without limitation, the Rent, being called in this paragraph the "Collateral"). Borrower irrevocably appoints Lender as its true and lawful limited attorney-in-fact solely to execute and deliver any and all financing statements pursuant to the appropriate statutes, and any other documents or instruments as are required to convey to Lender a valid perfected security interest in the Collateral. Borrower agrees to perform all acts which Lender may reasonably request so as to enable Lender to maintain such valid perfected security interest in the Collateral in order to secure the payment of the Note in accordance with their terms. Lender is authorized to file a copy of any such financing statement in any jurisdiction(s) as it shall deem appropriate from time to time in order to protect the security interest established pursuant to this Deed of Trust.

19. Prior Lienholder. The provisions of this Deed of Trust shall operate subject to the claims of prior lienholders to the extent of such claims.

20. Nonrecourse. Notwithstanding any provisions of this Deed of Trust or any document evidencing or securing this Loan, Borrower and Borrower's principals, partners, agents, officers, and successors in interest shall not be personally liable for the payment of the Loan or any obligation of the Loan.

21. Reconveyance. Upon payment of all sums secured by this Deed of Trust, Lender shall request Trustee to reconvey the Property and shall surrender this Deed of Trust and all notes evidencing indebtedness secured by this Deed of Trust to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled to such reconveyance. Such person or persons shall pay all costs of recordation, if any. The recitals in the reconveyance of any matters or facts shall be conclusive proof of their truthfulness.

22. Substitute Trustee. Lender, at Lender's option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed under this Deed of Trust. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee by this Deed of Trust and applicable law.
23. Request for Notice. Borrower and each party listed to receive Additional Notices request that copies of the notice of default and notice of sale be sent to their respective addresses.
24. Statement of Obligation. Lender may collect a reasonable fee for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California, as it may be amended from time to time.
25. Use of Property. Borrower shall not permit or suffer the use of any of the Property for any purpose other than the use for which the same was intended at the time this Deed of Trust was executed.
26. Extended Use Agreement. In order to receive an allocation of federal low income housing tax credits, Borrower will be required to record in the real property records of the County in which the property is located, an "extended low-income housing commitment" (as defined in Section 42(h)(6)(B) of the Internal Revenue Code of 1986, as amended ("Code")) ("Extended Use Agreement"). Lender acknowledges and agrees that, in the event of a foreclosure of its interest under this Deed of Trust or delivery by the Borrower of a deed in lieu thereof (collectively, a "Foreclosure"), Lender expressly agrees to undertake, with respect to low-income housing tenants, the requirements of Section 42(h)(6)(E)(ii) of the Code, as amended from time to time.

IN WITNESS WHEREOF, Borrower has executed this Deed of Trust as of the Effective Date.

BORROWER (Trustor):

**San Juan Mutual Housing Associates, L.P.,
a California limited partnership**

By: San Juan Mutual Housing Association LLC,
a California limited liability company,
its co-general partner

By: Mutual Housing California,
a California nonprofit public
benefit corporation,
its sole member/manager

By: _____
Roberto Jimenez
Chief Executive Officer

JOINT ESCROW INSTRUCTIONS FOR AGENCY LOAN

“Effective Date”	May 1, 2024
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Agency and Borrower execute these Escrow Instructions as of the Effective Date. This document, including attachments and any amendments and additions, shall constitute the joint escrow instructions of Agency and Borrower for the Agency loan secured by the Property.

ARTICLE I. GENERAL TERMS.

- 1. GENERAL.** These Escrow Instructions, in addition to items listed below, include Article II Instructions, which is attached to and incorporated in these Escrow Instructions by this reference.
- 2. DEFINITIONS.** The capitalized terms in these Escrow Instructions shall have the meanings assigned in Article I General Terms and as defined in Article II Instructions. (Terms being defined are indicated by quotation marks.)

“Title Company”	Placer Title			
	Address:	301 University Avenue, Suite 120, Sacramento, CA 95825		
“Escrow” with Title Company	Escrow Number:	P-579488	Attention:	Jenny Vega
“Agency”	Housing Authority of the City of Sacramento, Housing Authority of the County of Sacramento, Sacramento Housing and Redevelopment Agency			
	Address:	801 12 th Street, Sacramento, CA 95814		
	Attention:	Vickie Smith		
“Borrower”	San Juan Mutual Housing Associates, L.P.			
	Address:	3321 Power Inn Road, Suite 320 Sacramento, CA 95826		
	Attention:	Juliana Zatz-Watkins		
“Closing Date”	«Closing Date»			
“Property”	Address:	5258 and 5300 Young Street Sacramento, CA 95824; and 5700 Stockton Boulevard, Sacramento, CA 95824	APN:	APN 026-0073-003; 014, 018
Description of the transaction	1. A \$545,000.00 Housing Authority of the City of Sacramento Seller Carry Back loan (HACs Seller Carry Back Loan) executed by the Housing Authority of the City of Sacramento for the value of the HACs owned properties at 5300 Young Street and 5700 Stockton Boulevard (APN 026-0073-014; 018;) in exchange for the transfer of the property to the Borrower subject to the terms and conditions of a Disposition and Development Agreement recorded on February 9, 2023 via a Grant Deed for a 113-unit affordable housing development. evidenced by a promissory note (the “HACs SCB Note”); and secured by a deed of trust (the “HACs SCB Trust Deed”) all made effective May 1, 2024. 2. A \$123,000.00 Housing Authority of the County of Sacramento Seller Carry Back Loan (HACOS Seller Carry Back Loan) executed by the Housing Authority of the County of Sacramento for the value of the HACOS owned properties at 5258 Young Street (APN 026-0073-003) in exchange for the transfer of the property subject to the terms and conditions of a Disposition and Development Agreement via a Grant Deed to the Borrower for a 113-unit affordable housing development. evidenced by a promissory note (the “HACOS SCB Note”); and secured by a deed of trust (the “HACOS SCB Trust Deed”) add made effective May 1, 2024. 3. A \$15,200,000.00 Construction and Permanent loan comprised of: Local Housing Trust Fund (LHTF), \$5,200,000 in Affordable Housing Funds (AHF); \$5,250,000 in County Housing Trust Fund (HTF) funds is made from Sacramento Housing and Redevelopment Agency to the Borrower: pursuant to a loan agreement (the “LHTF AHF, and HTF Loan Agreement”).			

	evidenced by a promissory notes (the “LHTF, AHF, HTF Note”); secured by a deed of trust (the “LHTF, AHF, HTF Trust Deed”); and SHRA will record a regulatory agreements and declaration of restrictive covenants against the Property (the “LHTF, AHF, HTF Regulatory Agreement”); all made effective May 1, 2024. 4. A \$4,300,000 Construction and Permanent loan comprised of: \$1,700,000 in Permanent Local Housing Allocation (PLHA) Funds and \$2,600,000 in County Home Investment Partnerships Program (HOME) funds, is made from Sacramento Housing and Redevelopment Agency to the Borrower: pursuant to a loan agreement (the “HOME, and PLHA Loan Agreement”), evidenced by promissory notes (the “PLHA Note”, and the “HOME Note”); secured by deeds of trust (the “PLHA Trust Deed”, and the “HOME Trust Deed”); and SHRA will record regulatory agreements and declaration of restrictive covenants against the Property (the “HOME Regulatory Agreement”, the “PLHA and GMG, Regulatory Agreement”); all made effective [May 1, 2024]. 5. A \$2,000,000.00 Construction and Permanent loan comprised of: Green Means Go funds is made from Sacramento Housing and Redevelopment Agency to the Borrower: pursuant to a loan agreement (the “Green Means Go Loan Agreement”), evidenced by a promissory notes (the “Green Means Go Note”); secured by a deed of trust (the “City Green Means Go Trust Deed”); and SHRA will record a regulatory agreement and declaration of restrictive covenants against the Property (the “Green Means Go Regulatory Agreement”); all made effective May 1, 2024 6. A \$2,500,000.00 Construction and Permanent loan comprised of: City Prohousing funds is made from Sacramento Housing and Redevelopment Agency to the Borrower: pursuant to a loan agreement (the “City Prohousing Loan Agreement”), evidenced by a promissory notes (the “City Prohousing Note”); secured by a deed of trust (the “City Prohousing Trust Deed”); and SHRA will record a regulatory agreement and declaration of restrictive covenants against the Property (the “City Prohousing Regulatory Agreement”); all made effective May 1, 2024.
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“Recorded Documents”- The following documents are to be recorded in the order listed (top being first in priority). Copies of the Recorded documents are attached.	Documents:	Marked for return to:
	Grant Deed-HACs Grant Deed - HACOS Regulatory Agreement for LHTF, AHF, HTF Regulatory Agreement for GMG and PLHA Regulatory Agreement for City Prohousing Regulatory Agreement for HOME Deed of Trust for LHTF, AHF, HTF Deed of Trust for HOME Loan Deed of Trust for PLHA Loan Deed of Trust for GMG Loan Deed of Trust for City Prohousing Deed of Trust HACs Seller Carry Back Loan Deed of Trust HACOS Seller Carry Back Loan	Sacramento Housing and Redevelopment Agency 801 12th Street – 4 th Floor Sacramento, CA 95814 Attention: Development Finance
“Agency Items”	HACS Seller Carry Back Loan Agreement HACOS Seller Carry Back Loan Agreement HOME and PLHA, Construction and Permanent Loan LHTF, AHF, HFT Construction and Permanent Loan Green Means Go Construction and Permanent Prohousing Construction and Permanent Loan HACs Seller Carry Back Promissory Note HACOS Seller Carry Back Promissory Note HOME Promissory Note LHTF, AHF, HTF Promissory Note PLHA Promissory Note Green Means Go Promissory Note Prohousing Promissory Note	

“Borrower Items”	
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“Special Provisions”:	Title Policy shall, in addition to customary endorsements, bear the following endorsements: • ALTA 9.6 Private Rights and ALTA 9.7 CCRs • ALTA 25 Survey (or CLTA 116) Location • ALTA 101.2 Mechanic’s Lien Endorsement • CLTA 124.1 for the Regulatory Agreement • ALTA 102.5 Foundation Endorsement • ALTA Rewrite upon project completion
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“Agency Title Policy” in the form of an ALTA Agency’s Policy insuring that the following are valid liens against the property:	Documents:	Coverage amount:	
	Regulatory Agreements and Deeds of Trust	In the amount of the loan secured (\$24,668,000.00)	
The title policies shall be subject only to the following “Conditions of Title”:	Items « Conditions of Title » of Title Company’s Preliminary Report for the Escrow	Dated:	11-27-2023
		Number:	P-579488

ARTICLE II. INSTRUCTIONS

1. **CLOSING DATE.** Escrow shall close on or before the Closing Date as it may be changed from time to time by written agreement of Borrower and Agency.

2. **CONDITIONS TO CLOSE OF ESCROW.** “Close of Escrow” means the fulfillment of the Escrow terms and conclusion of the Escrow, including, without limitation, the execution of unexecuted documents, the recordation of documents specified for recording, the issuance of title insurance policies, the payment of fees and the delivery of funds and documents as directed in the escrow instructions for the Escrow. The Close of Escrow shall occur on the Closing Date.

2.1. **CONDITIONS.** The following are conditions to the Close of Escrow:

2.1.1. The conditions precedent to performance stated in the Recorded Documents are satisfied as of the Closing Date.

2.1.2. Simultaneously with the Close of Escrow, Title Company shall issue the Agency Title Insurance to Agency (at Borrower’s cost) in the amount stated. The Agency Title Insurance shall include all usual and customary endorsements and any endorsements and other commitments as Agency may reasonably require. The Agency Title Insurance shall show the Recorded Documents marked for return to Agency as valid liens against the Property in favor of the Agency, subject only to the Conditions of Title, and securing, as applicable, Borrower’s performance of its obligations and repayment of Agency Funding.

2.1.3. Prior to the Closing Date, the parties shall duly execute (in Escrow or prior to deposit in Escrow) each such document and shall execute those to be recorded in a manner suitable for recording.

2.1.4. On or before the Closing Date, Agency shall also deposit with Title Company the Borrower Items and any Loan Amount then to be disbursed under this Agreement, but not less than closing costs, fees and charges required for Close of Escrow.

2.1.5. On or before the Close of Escrow, Borrower shall also deposit with Title Company the Agency Items and Borrower’s share of closing costs and fees.

2.1.6. Title Company is satisfied that all required funds have been deposited in Title Company's account for the Escrow, have cleared the originating bank and are available for transfer by Title Company's check or wire transfer to the appropriate party.

2.2. **DEED OF TRUST FORM.** If no exhibit setting out the form of the Deed of Trust form is attached, the Title Company shall draw the Deed of Trust on the Title Company's Long Form Deed of Trust. Title Company shall assure that the Deed of Trust includes a standard clause giving Agency the option to accelerate the Loan upon the sale, conveyance, transfer or further encumbrance of the Property, whether voluntary or involuntary. Title Company shall also affix the following provision to the Deed of Trust and incorporate it in the Deed of Trust by reference:

"The Loan Agreement requires the filing of the "Regulatory Agreement" that is defined in the Loan Agreement. The Regulatory Agreement contains covenants running with the land and is recorded against the Property. If Borrower does not comply with the requirements of the Regulatory Agreement and fails to come into compliance with the Regulatory Agreement within thirty (30) days after Agency's written notice to Borrower of such failure, the principal balance of the Loan shall, at Agency's option, be immediately due and payable, together with all unpaid interest at the stated rate from the date of the advancement of the Loan's proceeds."

2.3. **UPON CLOSE OF ESCROW.** The Close of Escrow shall take place on the Closing Date. On the Closing Date, Title Company shall complete the Close of Escrow as follows and in the following order (unless otherwise stated, all recorded documents are recorded with the Sacramento County Recorder):

2.3.1. Assure fulfillment of the Special Provisions;

2.3.2. Assure all documents are complete and affix legal descriptions of the Property as necessary to complete them;

2.3.3. Obtain full execution of all unexecuted documents;

2.3.4. Date all undated documents as of the Closing Date;

2.3.5. Record the Recorded Documents in the priority listed;

2.3.6. Determine all closing costs and fees; including without limitation, all charges, fees, taxes and title insurance premiums payable under this Agreement on Close of Escrow and any other fees and charges approved for payment from Escrow by both parties and deduct such fees from the Loan proceeds deposited by Agency in Escrow;

2.3.7. Deliver the Agency Items to Agency and the Borrower Items to Borrower; and

2.3.8. Prepare and deliver to Borrower and Agency, respectively, one signed original of all documents included for delivery to either party and not delivered for recording, one signed original of Title Company's closing statement showing all receipts and disbursements of the Escrow, and one conformed copy of each of the recorded documents.

2.4. **INABILITY TO CLOSE.** If Title Company is unable to simultaneously perform all of the preceding instructions, Title Company shall notify Borrower and Agency, and upon each of their directions return to each party all documents, items and funds deposited in Escrow by such party (less fees and expenses incurred by the respective party) and bill the respective parties for any unpaid fees and expenses incurred in Escrow. If Escrow fails to close on the Closing Date because Borrower has not complied with Borrower's obligations under this Loan Agreement, then Borrower shall pay the costs incurred through Escrow to the date the Escrow is terminated, including the cost of any preliminary title report and any cancellation fees or other costs of this Escrow. If Escrow fails to close on or before the Closing Date because Agency has not complied with Agency's obligations under this Loan Agreement, such costs shall be paid by Agency. If Escrow fails to close on or before the Closing Date for any other reason, such costs shall be divided equally between the parties.

2.5. **COMMISSIONS.** Agency is not responsible, by this Loan Agreement or otherwise, to pay commissions in relation to this transaction.

THE PARTIES HAVE EXECUTED THESE ESCROW INSTRUCTIONS in Sacramento, California as of the date first written above.

BORROWER:

**San Juan Mutual Housing Associates, L.P.,
a California limited partnership**

By: San Juan Mutual Housing Association LLC,
a California limited liability company,
its co-general partner

By: Mutual Housing California,
a California nonprofit public
benefit corporation,
its sole member/manager

By: _____
Roberto Jimenez
Chief Executive Officer

THE PARTIES HAVE EXECUTED THESE ESCROW INSTRUCTIONS in Sacramento, California as of the date first written above.

LENDER:
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

By: _____
La Shelle Dozier, Executive Director

Approved as to form:

Lender Counsel

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ACCEPTANCE OF ESCROW INSTRUCTIONS

Your acceptance of this escrow shall create a contractual obligation by you with Agency and Borrower for complete compliance with these instructions. Agency and Borrower reserve 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:

You are not responsible as to the sufficiency or correctness as to form, manner of execution, or validity of any instrument deposited in this escrow nor 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 these escrow instructions. You are responsible for the sufficiency of any instruments or documents prepared by you for this escrow.

Borrower 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.

Upon your acceptance of these escrow instructions, return the executed counterparts of these escrow instructions to Agency and Borrower, respectively.

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

Dated: _____

TITLE COMPANY
«**TITLE COMPANY NAME**»

By: _____
Name: _____
Title: _____
Its authorized agent and signatory