



staff report

TO: Honorable Mayor and Members of the City Council

ATTENTION: Jeffrey L. Stewart, City Manager

FROM: Jim DellaLonga, Director of Economic Development

SUBJECT: Consideration and possible action to authorize the City Manager to execute Agreement File No. XXX (Affordable Housing and Property Disposition Agreement) with Partnership Housing Inc. (Habitat for Humanity), Amendment No.1 to Agreement File No. 681 (HOME-Community Housing Development Organization Funds Agreement), to provide \$250,000 for a Construction Loan, and associated documents related to the Partnership Housing - 8809 Ramona Street Project (Project), in a form approved by the City Attorney, after an Authorization to Proceed is issued by the Department of Housing and Urban Development (HUD) for the affordable housing development on 8809 Ramona Street.

DATE: June 27, 2016

EXECUTIVE SUMMARY

This action would authorize the City Manager to execute the Affordable Housing and Property Disposition Agreement (Agreement File No. XXX) with Partnership Housing Inc. (Developer), Amendment No. 1 to Agreement File No. 681 with Developer, and associated documents related to the Project. The purpose of the Affordable Housing and Property Disposition Agreement is to dispose of City-owned property located at 8809 Ramona Street for the development of six affordable housing units. The purpose of Amendment No. 1 to Agreement File No. 681 is to provide a HOME loan to Developer to construct the Project.

RECOMMENDATION TO CITY COUNCIL

- 1) Authorize the City Manager to execute Agreement File No. XXX (Affordable Housing and Property Disposition Agreement) with Partnership Housing Inc., Amendment No.1 to Agreement File No. 681 (HOME-Community Housing Development Organization Funds Agreement) with Partnership Housing Inc., to provide \$250,000 for a Construction Loan, and associated documents related to the Partnership Housing - 8809 Ramona Street Project (Project), in a form approved by the City Attorney, after an Authorization to Proceed is issued by the Department of Housing and Urban Development (HUD) for the affordable housing development on 8809 Ramona Street; or
- 2) Alternatively, discuss and take other action related to this item.

Staff Report – Affordable Housing and Disposition Agreement for the Partnership Housing (Habitat for Humanity) - 8809 Ramona Street Project

June 27, 2016

Page 2 of 4

FISCAL IMPACT

If approved, the City would commit the following financial assistance to the project:

1. Repayment of the appraised fair market value of the property (\$415,000) will be deferred until the Developer sells the first unit. Upon the sale of the first unit, the amount the City paid for the property (\$97,977.63) will be repaid by the Developer to the City's General Fund. The balance of the property's fair market value (\$317,022.36) will be secured by a promissory note and deed of trust. As each unit is sold to a low income household, one-sixth of the balance (\$52,837.06) will be deemed to be repaid by the Developer and the debt will be assumed by the low income household buyer. The City's deed of trust will then be reconveyed to the buyer, and the buyer will repay this amount to the City's General Fund upon resale of the unit by a future buyer.
2. Additionally, the City will provide a total of \$250,000 in the form of a construction loan in Federal HOME funds. Similar to the amount of the fair market value of the property, the construction loan is deferred and passed on to the future buyer as a lien recorded against each unit. This HOME loan will take a lower position, subordinating to the City's deed of trust discussed above. The lien amounts are \$41,666.67 per unit sold; the six units totaling to \$250,000. Said lien will be due back to the City as HOME Program income upon resale of the unit by a future buyer.

Previously, the City committed a total of \$506,529 of HOME-Community Housing Development Organization (CHDO) Funds for the Project. Those funds were granted to the Developer for the development of affordable housing at 8809 Ramona Street and, pursuant to HOME requirements, cannot be reallocated for any work performed outside the scope of the original project. Additionally, Federal HOME Funds are highly restrictive and difficult to expend. Approval of the Project would help the City meet expenditure deadlines and the City's 15% set-aside requirement for CHDOs required by the U.S. Department of Housing and Urban Development (HUD).

CEQA STATUS

This action can be exempted from further CEQA evaluation and clearance in accordance with Section 15061(b)(3) of the CEQA Guidelines. Section 15061(b)(3) states, "The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA." The proposed activity is the authorization for the City Manager to approve the affordable housing and property disposition agreement, in a form approved by the City Attorney, and other related documents to sell property for the Project. Accordingly, the proposed activity is considered administrative and will not specifically result in any potentially significant environmental impact. Therefore, further environmental analysis is not required for the proposed documents. It should be noted that environmental impacts

Staff Report – Affordable Housing and Disposition Agreement for the Partnership Housing (Habitat for Humanity) - 8809 Ramona Street Project

June 27, 2016

Page 3 of 4

directly resulting with the proposed development of the Project will be separately analyzed when design plans for the Project are finalized.

BACKGROUND

On January 27, 2012, the City purchased the subject property, 8809 Ramona Street, which was tax defaulted property. The City purchased the property from the County of Los Angeles Treasurer and Tax Collector for \$97,977.63 inclusive of all costs and fee with the intent of developing affordable housing. The property has remained vacant land.

On August 24, 2015, the City entered into Agreement File No. 681 with local CHDO Partnership Housing Inc., (Developer), a CHDO of Habitat for Humanity Greater Los Angeles, to commit federal HOME Funds for the development of an affordable housing complex on the property. Pursuant to HOME regulations, construction for the Project must begin within one year after commitment. Therefore, Developer must begin construction for the Project no later than August 23, 2016.

The total land area of the project site is approximately 19,690 square-feet and currently consists of vacant land zoned for medium density residential uses (R-2). Following a 5-foot right-of-way offer of dedication, the lot will be reduced to 19,372 square-feet. The proposed Project consists of six three-bedroom, two-bathroom, two-story condominium townhouses with attached two-car garages. The Project also includes three guest parking spaces and common areas maintained by a Homeowners' Association established by the Developer.

Because Federal HOME funds are proposed to be utilized, the Project is required to meet Federal income guidelines. Therefore, all six condominium townhouses within the project must be made available to potential buyers that meet the income eligibility requirements for low-income households. The total construction/development cost is estimated at \$1,902,761, with City HOME funds providing a contribution amounting to \$756,529, of which \$506,529 is provided in the form of a grant and \$250,000 is provided in the form of a construction loan.

On May 2, 2016, the Planning Commission adopted Resolution No. PC 16-06 finding the City's proposed sale of 8809 Ramona Street conforms with the Bellflower General Plan, as required by Government Code §65402.

On June 13, 2016, the Planning Commission held a public hearing and adopted Resolution No. PC 16-07, approving the Developer's request for a conditional use permit, a precise plan, a tentative map, and a density bonus application. By approving the density bonus application, the Planning Commission approved Developer's request for concessions to relax certain development standards such as required parking spaces, front yard setback, and building separation. The Planning Commission's decision is subject to a 10-day appeal period; if not timely appealed, the Planning Commission's decision will be final.

Staff Report – Affordable Housing and Disposition Agreement for the Partnership Housing (Habitat for Humanity) - 8809 Ramona Street Project

June 27, 2016

Page 4 of 4

PROJECT GOALS

The proposed Project accomplishes the following:

- Fulfills the City’s intent of the property purchase from the County Tax Assessor to provide affordable housing on site;
- Adds to occupied residential housing stock in the City;
- Utilizes highly restrictive Federal HOME funds for permissible CHDO activities, including the annual 15% set-aside requirements, to remain in compliance with HUD
- Assists the City of Bellflower in meeting its affordable housing obligation pursuant to the requirements of the State of California, the Bellflower Housing Element, and the Southern California Association of Governments (SCAG); and
- Consistent with goals of the 2016-2017 HUD Action Plan adopted in May 2016.

ATTACHMENTS

Affordable Housing and Disposition Agreement AFN XXX..... 5
HOME-CHDO Funds Agreement (Amendment No.1 to Agreement File 681)..... 79
Aerial Photograph of Project Site 113
Photo of Site 114
Preliminary Site Plans 115
Conceptual Rendering 116

AFFORDABLE HOUSING AND PROPERTY DISPOSITION AGREEMENT

by and between

THE CITY OF BELLFLOWER,
CITY,

and

PARTNERSHIP HOUSING INC.,
DEVELOPER,

(City of Bellflower Agreement File No. XXX)

TABLE OF CONTENTS

	Page
ARTICLE 1 SUBJECT OF AGREEMENT	1
ARTICLE 2 FINANCING.....	9
ARTICLE 3 DISPOSITION OF THE SITE.....	13
ARTICLE 4 CONSTRUCTION.....	23
ARTICLE 5 USE OF THE PROPERTY	30
ARTICLE 6 DEFAULTS, REMEDIES AND TERMINATION.....	33
ARTICLE 7 GENERAL PROVISIONS	37
ARTICLE 8 ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS.....	39
ARTICLE 9 TIME FOR ACCEPTANCE OF AGREEMENT BY CITY; DATE OF AGREEMENT	40
ATTACHMENT NO. 1 Legal Description	
ATTACHMENT NO. 2 Schedule of Performance	
ATTACHMENT NO. 3 Scope of Development	
ATTACHMENT NO. 4 Project Budget	
ATTACHMENT NO. 5 Method of Financing	
ATTACHMENT NO. 6 Agreement Containing Covenants and Regulatory Agreement	
ATTACHMENT NO. 7 Environmental Indemnity	
ATTACHMENT NO. 8 City HOME Loan Agreement – (Amendment No. 1 to City Agreement File No. 681)	
ATTACHMENT NO. 9 Promissory Note Secured by Deed of Trust (City Financial Assistance)	
ATTACHMENT NO. 10 Deed of Trust with Assignment of Rents (City Financial Assistance)	
ATTACHMENT NO. 11 Grant Deed	

AFFORDABLE HOUSING AND PROPERTY DISPOSITION AGREEMENT

This Affordable Housing and Property Disposition Agreement (this “**Agreement**”) is entered into this 27th day of June, 2016, by and between THE CITY OF BELLFLOWER, a municipal corporation (“**City**”) and PARTNERSHIP HOUSING INC., a California nonprofit corporation (“**Developer**”). City and Developer hereby covenant and agree as follows:

ARTICLE 1 SUBJECT OF AGREEMENT

1.1 Purpose of This Agreement

1.1.1 The purpose of this Agreement is to provide for development of a high-quality designed and constructed project consisting of six (6) owner-occupied affordable housing residential units (the “**Project**”). The Project shall provide for either two (2)-bedroom units and/or three (3)-bedroom units restricted for Low Income Households (as defined below) (the “**Restricted Units**”).

1.1.2 City is the owner in fee of real property located at 8809 Ramona Street, in the City of Bellflower, County of Los Angeles, State of California, more particularly described in the legal description attached hereto as Attachment No. 1 (the “**Property**” or “**Site**”). City has received funds from the United States Department of Housing and Urban Development (“**HUD**”) pursuant to the “**HOME Program**” (defined below) for the purposes of providing decent, safe, sanitary, and affordable housing, with primary attention to for-sale housing for Low Income Households in the City.

1.1.3 Developer desires to (i) acquire the Property from City and construct thereon the Project (ii) assure the long-term availability of affordable housing on the Property through the Restricted Units, (iii) provide for the maintenance of the Restricted Units in accordance with all provisions applicable to the use of the HOME Program, and (iv) assure the proper maintenance, management, and operation of the Property and the Project in accordance with the terms and conditions of this Agreement.

1.1.4 Prior to the Date of Agreement (defined below), City and Developer began performing preliminary work for the Project under the CHDO-HOME Funds Agreement (“**City Agreement File No. 681**” or the “**CHDO-HOME Funds Agreement**”). Pursuant to the CHDO-HOME Funds Agreement, City is granting Developer the sum of Five Hundred Six Thousand Five Hundred Twenty-Nine Dollars (\$506,529) for the development of affordable housing at Property. City and Developer desire to further implement the terms set forth in the CHDO-HOME Funds Agreement. In the event of any conflict between the text of the CHDO-HOME Funds Agreement-and this Agreement, the terms of this Agreement shall govern.

1.1.5 On or about the same date hereof, Developer and City, have entered into that certain HOME Loan Agreement (“**Amendment No. 1 to City Agreement File No. 681**” or the “**HOME Loan Agreement**”), pursuant to which City has agreed to provide Developer with financial assistance from funds City has received from HUD pursuant to the HOME Investment Partnership Program (42 U.S.C. §§12701-12839) (the “**HOME Program**”). The HOME Loan

Agreement provides for a loan of Fifty Thousand Dollars (\$50,000) per unit built on the Property, with a maximum loan amount not to exceed Two Hundred Fifty Thousand (\$250,000) (the “**City Construction Loan**”). City’s loan to Developer will be in accordance with the HOME Program and the terms and conditions of this Agreement, the CHDO-HOME Funds Agreement and HOME Loan Agreement.

1.1.6 Prior to the Date of Agreement, City obtained an independent appraisal from a licensed MAI real estate appraiser confirming the fair market value of the Property to amount to \$415,000. In accordance with the terms and conditions of this Agreement, City shall loan to Developer the entire fair market value of \$415,000 (the “**City Financial Assistance**”), deferred until Developer sells the first Restricted Unit at an Affordable Sales Price, and said buyer’s execution of a complete set of City Buyer Affordable Housing Documents. Within 14 days of the Close of Escrow of the first Restricted Unit, Developer shall make payment to the City for the total price of Ninety-Seven Thousand, Nine Hundred Seventy-Seven Dollars and Sixty Three Cents (\$97,977.63) pursuant to this Agreement, including section 1.1.7 and Attachment No. 5.

Additionally, upon Developer’s sale of each of the remaining Restricted Units to a Low- to Moderate-Income Household at an Affordable Sales Price, and said Low- to Moderate-Income Households’ execution of a complete set of City Buyer Affordable Housing Documents, one-sixth (1/6th) of the outstanding principal balance of the City Financial Assistance will be deemed to be (1) repaid by Developer and instead, (2) provided as a loan to said Low- to Moderate-Income Households, in the form of a trust deed loan (each, a “City Buyer Affordable Housing Loan”), and the City Deed of Trust shall be reconveyed with respect to the sold Restricted Unit.

1.1.7 In accordance with and subject to all the terms, covenants and conditions of this Agreement, Developer agrees to purchase the Property from City for the total purchase price of Four Hundred Fifteen Thousand Dollars (\$415,000) (the “**Purchase Price**”) and to accept conveyance of the Property. The Property shall be transferred, in accordance with the Schedule of Performance attached hereto as Attachment No. 2, to Developer no later than twenty-one (21) days after the Date of Agreement.

1.1.8 This Agreement will assist in the implementation of City’s affordable housing obligations.

1.1.9 The Project provided pursuant to this Agreement and the fulfillment generally of this Agreement are in the vital and best interests of City, and the health, safety and welfare of its residents, and in accord with the public purposes and provisions of applicable Federal, State and local laws and requirements.

1.2 Definitions

“Affordable Sales Price” shall mean, as to each Restricted Unit, a sales price is approximately equal to the acquisition cost (plus a reasonable financing, utility, insurance and tax allowance) which does not exceed the applicable maximum percentage of Area Median Income, adjusted for family size appropriate for the Restricted Unit. Additionally, the affordable sales price is subjected to HOME regulations and limits established by HUD including but not limited to

Section 92.254(a)(2)(iii) of the HOME Final Rule published on July 24, 2013. The 2016 limit for 1 unit of new construction is \$394,000.00. This amount is updated annually by HUD.

“Agreement Containing Covenants and Regulatory Agreement” shall mean the Agreement Containing Covenants and Regulatory Agreement (Including Purchase Restrictions) in substantially the form attached hereto as Attachment No. 6, between City and Developer, which shall be recorded prior to any disbursement of City Funding.

“Agreement Containing HOME Program Requirements” shall mean and include the following: the CHDO-HOME Funds Agreement and the HOME Loan Agreement.

“Area Median Income” shall mean the median income of the County of Los Angeles, as annually estimated by HUD pursuant to Section 8 of the United States Housing Act of 1937, adjusted for family size.

“CHDO-HOME Funds Agreement” shall mean that certain CHDO-HOME Funds Agreement (City Agreement File No. 681) dated August 24, 2015 by and between City and Developer, pursuant to which City is granting Developer the sum of Five Hundred Six Thousand Five Hundred Twenty-Nine Dollars (\$506,529) for the development of affordable housing at the Property.

“City Buyer Affordable Housing Documents” shall collectively refer to the following documents, all of which shall be required to be executed by each buyer of a Restricted Unit to assure the affordability of the Restricted Unit to Low Income Households: (i) an affordable housing agreement that prohibits the resale of the Restricted Unit except to a Low Income Household; (ii) a promissory note evidencing the portion of the City Financial Assistance that is deemed to be provided to said buyer (the “City/Buyer First Promissory Note”); (iii) a deed of trust securing the buyer’s payment obligations under the City/Buyer First Promissory Note; (iv) a promissory note evidencing the portion of City’s financial assistance that is deemed to be provided to said buyer pursuant to the HOME Loan Agreement (the “City/Buyer Second Promissory Note”); (v) a deed of trust securing the buyer’s payment obligations under the City/Buyer Second Promissory Note (the “City/Buyer Second Deed of Trust”); and (vi) a disclosure statement acknowledging and consenting to all of the affordability and other restrictions contained in the aforementioned documents. A form of each of the City Buyer Affordable Housing Documents is attached hereto, and each of which shall be in a form approved by the City Attorney.

“Certificate of Completion” shall mean the certificate described in **Section 4.15** of this Agreement.

“City” shall mean the City of Bellflower, a municipal corporation, and any assignee of or successor to its rights, powers and responsibilities.

“City Construction Loan” shall mean City’s loan to Developer amounting to Fifty Thousand Dollars (\$50,000) per unit built on the Property, with a maximum loan amount not to exceed Two Hundred Fifty Thousand (\$250,000) pursuant to the HOME Loan Agreement.

“City Deed of Trust” shall mean a deed of trust securing Developer’s payment obligations under the City Note and Developer’s obligations to develop the Project on the Property in accordance with this Agreement.

“City Funding” shall mean City’s disbursement of HOME funding provided to City by HUD, not to exceed the City Grant and the City Construction Loan; provided, however, that the parties understand and agree the City Funding is intended to occur in accordance with the Schedule of Performance.

“City Grant” shall mean City’s grant to Developer of the sum of Five Hundred Six Thousand Five Hundred Twenty-Nine Dollars (\$506,529) pursuant to the CHDO-HOME Funds Agreement for the development of affordable housing at the Property.

“City Grant and City Construction Loan Documents” shall mean and include the following: this Agreement; the Agreement Containing HOME Program Requirements; and the Agreement Containing Covenants and Regulatory Agreement; and the Environmental Indemnity.

“City Financial Assistance” shall mean City’s loan to Developer amounting to Four Hundred Fifteen Thousand Dollars (\$415,000) representing the Purchase Price for the Property at fair market value in accordance with this Agreement.

“City Manager” shall mean City’s City Manager or his designee. Unless otherwise provided herein or unless City otherwise notifies Developer, the City Manager is authorized to act on behalf of City.

“City Note” shall mean a promissory note in the amount of the Purchase Price for the Property.

“Closing” or “Grant Closing” shall mean the point in time when the Agreement Containing Covenants and Regulatory Agreement is recorded in accordance with this Agreement.

“Closing Date” shall mean the date of recordation of the Agreement Containing Covenants and Regulatory Agreement.

“Construction Costs” shall mean that portion of costs associated with constructing the Improvements to the Property in accordance with the Scope of Development.

“Date of Agreement” shall mean the date this Agreement was entered into by the parties as stated above.

“Environmental Indemnity” shall mean the document titled “Environmental Indemnity,” in substantially the form attached hereto as Attachment No. 7, to be dated as of the Closing Date, executed by Developer in favor of the City.

“Exterior Maintenance Program” shall mean the plan prepared by Developer in accordance with **Section 5.2** of this Agreement.

“Grant Deed” shall mean the grant deed, in a form substantially similar to Attachment No. 11, properly executed, acknowledged and delivered by City to Developer or as otherwise approved by mutual consent of the parties, conveying fee title to the Property from City to Developer.

“HOME Loan Agreement” shall mean that certain HOME Loan Agreement (Amendment No. 1 to City Agreement File No. 681) to be entered into by and between City and Developer on or about the Date of Agreement, pursuant to which City has agreed to provide Developer with financial assistance from funds City has received from HUD pursuant to the HOME Program, which financial assistance shall be a loan amounting to Two Hundred Fifty Thousand (\$250,000) for the development of six (6) units on the Property.

“HOME Program” means the HOME Investment Partnerships Act, 42 U.S.C. § 12701, *et seq.* and the implementing HOME Regulations as such now exist and as may hereafter be amended.

“HOME Regulations” means the implementing regulations of the HOME Program set forth at 24 Code of Federal Regulations (“CFR”) § 92.1, *et seq.* as such now exist and as may hereafter be amended and the HOME Funds-Homeownership Regulations and Requirements attached to the Agreement Containing Covenants and Regulatory Agreement .

“Hazardous Materials” means any chemical, material or substance now or hereafter defined as or included in the definition of hazardous substances, hazardous wastes, hazardous materials, extremely hazardous waste, restricted hazardous waste, toxic substances, pollutant or contaminant, imminently hazardous chemical substance or mixture, hazardous air pollutant, toxic pollutant, or words of similar import under any local, state or federal law or under the regulations adopted or publications promulgated pursuant thereto applicable to the Property, including, without limitation: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, *et seq.* (“CERCLA”); the Hazardous Materials Transportation Act, as amended, 49 U.S.C. 1801, *et seq.*; the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251, *et seq.*; and the Resource Conservation and Recovery Act of 1976, 42 U.S.C. 6901, *et seq.*

“Improvements Costs” shall mean the total of costs associated with the Improvements, including, but not limited to Construction Costs as set forth in the Project Budget.

“Low Income Household(s)” shall mean, for purposes of this Agreement, persons and families whose income does not exceed eighty percent (80%) of the Area Median Income, adjusted for family size appropriate for the unit.

“Method of Financing” shall mean the document titled “Method of Financing” attached to this Agreement as Attachment No. 5, incorporated herein by this reference.

“Permitted Transfer” shall mean any Transfer that is approved by City or expressly permitted by the terms of **Section 1.6.8** of this Agreement or the Agreement Containing Covenants and Regulatory Agreement.

“Phase I” shall mean the Phase 1 Environmental Site Assessment Report dated April 21, 2016 and prepared for the Property by Alta Environmental, a copy of which is attached hereto as Attachment No. 7.

“Project” or “Improvements” shall mean the residential development consisting of the work described in the Scope of Development, including the Restricted Units, together with structures, improvements, equipment, fixtures and easements located or to be located on or used in connection with all such improvements and all functionally related and subordinate facilities to be provided by Developer in connection therewith.

“Project Budget” shall mean the document titled “Project Budget” attached to this Agreement as Attachment No. 4, incorporated herein by this reference.

“Property” or “Site” shall mean the real property commonly known as 8809 Ramona Street, Bellflower, California and legally described in Attachment No. 1.

“Purchase Price” shall mean fair market value of the Property in the amount of Four Hundred Fifteen Dollars (\$415,000).

“Restricted Units” shall be defined as in **Section 1.1.1**.

“Schedule of Performance” shall mean the document titled “Schedule of Performance” attached to this Agreement as Attachment No. 2, incorporated herein by this reference.

“Scope of Development” shall mean the document titled “Scope of Development” attached to this Agreement as Attachment No. 3, incorporated herein by this reference.

“Transfer” shall mean any sale, transfer, assignment or conveyance of the Property, any portion thereof or interest therein, or any agreement to do so, except for a Permitted Transfer.

1.3 The Property

Developer shall purchase the Property owned in fee by City. The legal description of the Property is set forth in Attachment No. 1. A description of the Improvements proposed pursuant to this Agreement, is set forth as part of the Scope of Development attached to this Agreement as Attachment No. 3.

1.4 City

The mailing address for City for purposes of this Agreement is 16600 Civic Center Drive, Bellflower, CA 90706. All communications with City must be mailed to the attention of the City Manager at the above address.

1.5 Developer

The mailing address for Developer for purposes of this Agreement is 8739 Artesia Boulevard, Bellflower, CA 90706, attention: Executive Director.

1.6 Prohibition Against Change in Ownership, Management and Control of Developer and Transfers of the Property

1.6.1 Developer represents and agrees its undertakings pursuant to this Agreement are for the purpose of providing for the construction and sale of owner occupied affordable housing and not for speculation land holding. Developer further recognizes the qualifications and identity of Developer and its principals, are of particular concern to the community and City, in view of: (1) the importance of the development of the Project to the general welfare of the community; (2) the public assistance that has been made available by law and by the government for the purposes of making such development possible; and (3) the fact a change in ownership or control of Developer or a substantial part thereof, or any other act or transaction involving or resulting in a significant change in ownership or control of Developer or the degree thereof, is for practical purposes a Transfer or disposition of the Property then owned by Developer.

1.6.2 Developer further recognizes it is because of such qualifications and identity City is entering into this Agreement with Developer: No voluntary or involuntary successor in interest of Developer shall acquire any rights or powers under this Agreement except as expressly set forth herein.

1.6.3 Developer shall not assign all or any part of this Agreement without the prior written approval of City, which approval shall not be unreasonably withheld, conditioned or delayed. Any such change (or assignment of this Agreement in connection therewith) shall be pursuant to instruments reasonably satisfactory to the City Manager (or his/her designee) and be subject to the approval by the City Manager (or his/her designee) of evidence of the proposed assignee's qualifications to meet the obligations of Developer under this Agreement, which approval shall not be unreasonably withheld, conditioned or delayed.

1.6.4 Developer shall promptly notify City of any and all changes whatsoever in the identity of the parties in control of Developer or the degree thereof, of which it or any of its officers have been notified or otherwise have knowledge or information. So long as the Certificate of Completion has not been issued, City may terminate this Agreement, and City may demand repayment of the City Grant and the City Construction Loan if, without prior written consent of City, which consent shall not be unreasonably withheld, conditioned or delayed, there is any significant change (voluntary or involuntary) in membership, management or control of Developer (other than such changes occasioned by the death or incapacity of any individual).

1.6.5 So long as the Certificate of Completion has not been issued, Developer shall not, except as permitted by this Agreement, assign or attempt to assign this Agreement or any right herein, nor make any total or partial sale, Transfer, conveyance or assignment of the whole or any part of the Property without prior written approval of City, which approval shall not be unreasonably withheld, conditioned or delayed. This prohibition shall not be deemed to prevent the granting of easements or permits to facilitate construction or subsequent rehabilitation of the Property, nor shall it apply to or prohibit leases, rental agreements, or purchase agreements entered into for the use, occupancy and/or sale of individual units on the Property.

1.6.6 In the event Developer does assign this Agreement or any of the rights herein or does sell, Transfer, convey or assign any part of the Property or the buildings or structures thereon, except as permitted by this Agreement, City shall be entitled to accelerate repayment of the City Grant and the City Construction Loan and exercise all rights and remedies available to them, respectively.

1.6.7 In the absence of a specific written agreement by City, no such sale, Transfer, conveyance or assignment of this Agreement or the Property (or any portion thereof), or approval by City of any such sale, Transfer, conveyance or assignment, shall be deemed to relieve Developer or any other party from any obligations under this Agreement.

1.6.8 Upon issuance of a certificate of occupancy or temporary certificate of occupancy for each unit, Developer is permitted to convey the fee interest in that unit to a qualified buyer in full accordance with the other obligations of this Agreement (“**Permitted Transfer**”). City agrees to cooperate with Developer in issuing temporary certificates of occupancy in order to facilitate closes of escrow and move-ins for the units within the Project.

ARTICLE 2
FINANCING

2.1 Project Budget

Estimates of the total Improvement Costs and Project financing costs (collectively, the “**Project Costs**”) are set forth in the Project Budget. The Project Budget shall be subject to change from time-to-time, subject to the prior written approval by the City Manager (which approval shall not be unreasonably withheld, conditioned or delayed), and upon approval thereof, the Project Budget shall be replaced by the approved revised Project Budget.

2.2 Sources and Uses of Financing

Developer shall obtain the funds needed to pay all or a portion of the Project Costs from the sources of financing described in the Method of Financing.

2.3 City Grant and City Construction Loan

2.3.1 General

In furtherance of the Method of Financing, and in accordance with and subject to all the terms, conditions and covenants of this Agreement and the CHDO-HOME Funds Agreement, City has granted, and Developer has accepted, the City Grant in an amount not to exceed Five Hundred Six Thousand Five Hundred Twenty-Nine Dollars (\$506,529), or so much thereof as may be disbursed by City to or for the benefit or account of Developer, which is intended to consist of CHDO-HOME Funds. In addition, City agrees to loan, and Developer agrees to accept, the City Construction Loan in an amount not to exceed Fifty Thousand Dollars (\$50,000) per unit built on the Property, with a maximum loan amount not to exceed Two Hundred Fifty Thousand (\$250,000) for six (6) units.

2.3.2 Terms of the City Grant

The City Grant shall be evidenced by the CHDO-HOME Funds Agreement.

2.3.3 Terms of the City Construction Loan

The City Construction Loan shall be evidenced by the HOME Loan Agreement.

2.3.4 Terms of the City Financial Assistance

The City Financial Assistance represents the appraised, fair market value of the Property, which is Four Hundred Fifteen Thousand Dollars (\$415,000). The source of funds used for City’s acquisition of the Property was the City’s General Fund. Developer acknowledges and agrees that the use of the Site shall be subject to all of the affordability restrictions set forth in this Agreement and the Agreement Containing Covenants and Regulatory Agreement. As a condition to City’s conveyance of the Site to Developer, Developer shall execute the City Note.

2.3.4.1 Repayment of City Financial Assistance.

Developer's obligation to repay the City Financial Assistance shall be as set forth in the City Note. Within fourteen 14 days of the close of escrow of the first Restricted Unit to a Low Income Household at an Affordable Sales Price, and said Low Income Household's execution of a complete set of City Buyer Affordable Housing Documents, Developer shall make payment to City for the total price of Ninety-Seven Thousand Nine Hundred Seventy-Seven and 63/100 Dollars (\$97,977.63) in satisfaction of its repayment obligation of the City Financial Assistance. In addition, upon Developer's sale of a Restricted Unit to a Low Income Household at an Affordable Sales Price, and said Low Income Household's execution of a complete set of City Buyer Affordable Housing Documents, one-sixth (1/6th) of the outstanding principal balance of the City Construction Loan will be deemed repaid by Developer and provided as a loan to said Low Income Household, which loan shall be evidenced and secured by the City/Buyer Second Promissory Note and the City/Buyer Second Deed of Trust. The City Deed of Trust and the Agreement Containing Covenants and Regulatory Agreement shall be reconveyed and/or terminated with respect to each sold Restricted Unit.

2.3.4.2 Use and Disbursement of City Financial Assistance.

The City Financial Assistance shall be provided to Developer in the form of a "credit," and by the acceptance of the City Note, upon the close of escrow for City's conveyance of the Property to Developer, rather than through an actual disbursement of funds. The Project would not be feasible without City's provision of the City Financial Assistance and, accordingly, the City Financial Assistance is being provided to Developer for the development and construction of the Project.

2.4 HUD Action Plan Amendment

City represents to Developer that City is processing and working to obtain approval of a HUD Action Plan Amendment, which amendment is consistent with the terms and conditions contained in this Agreement, including the Attachments hereto. City agrees adhere to City's HUD Action Plan, as amended, in order that City and Developer can fully perform under the terms and conditions of this Agreement.

2.5 Conditions Precedent to Disbursement of the City Grant and the City Construction Loan

City shall not be obligated to make any disbursements or take any other action under this Agreement unless all of the conditions precedent set forth in the Method of Financing are satisfied prior to, or concurrently with, such action.

2.6 Disbursement Procedures

Subject to the satisfaction of the conditions set forth in **Section 2.5** above, City shall disburse the proceeds of the City Grant and the City Construction Loan, in accordance with the Method of Financing.

2.7 Relationship of City and Developer

Nothing contained in this Agreement or in any other document or instrument made in connection with this Agreement shall be deemed or construed to create a partnership, tenancy-in-common, joint tenancy, joint venture or co-ownership by or between City and Developer. City shall not be in any way be responsible or liable for the debts, losses, obligations or duties of Developer with respect to the Property or otherwise.

2.8 Representations and Warranties of Developer

As an inducement to City to enter into this Agreement and to advance the City Grant and the City Construction Loan, Developer hereby represents and warrants to City, which representations and warranties are true and correct as of the Closing Date:

2.8.1 Developer has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transactions contemplated hereby;

2.8.2 The Agreement and all documents required hereby to be executed by Developer are, and shall be, valid, legally binding obligations of and enforceable against Developer in accordance with their terms, subject only to applicable bankruptcy, insolvency, reorganization, moratorium laws or similar laws or equitable principles affecting or limiting the rights of contracting parties generally;

2.8.3 Neither the execution and delivery of this Agreement and documents referenced herein, nor the incurrence of the obligations set forth herein, nor the consummation of the transactions herein contemplated, nor compliance with the terms of this Agreement and the documents referenced herein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, partnership agreement, lease or other agreements or instruments to which Developer is a party or affecting the Property or Project;

2.8.4 No attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings are pending or threatened against Developer, nor are any of such proceedings contemplated by Developer;

2.8.5 All reports, documents, instruments, information and forms of evidence delivered to City concerning or required by this Agreement are accurate, correct, and sufficiently complete in all material respects to give City true and accurate knowledge of their subject matter, and do not contain any misrepresentation or omission; and

2.8.6 No representation, warranty or statement of Developer in this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements or facts contained therein not misleading.

Developer's representations and warranties made in this **Section 2.8** shall be continuing and shall be true and correct in all material respects as of the Closing Date with the same force and effect as if remade by Developer in a separate certificate at that time. The truth and accuracy in all

material respects of Developer's representations and warranties made herein shall constitute a condition for the benefit of City to advance the City Grant and the City Construction Loan.

2.9 Representations and Warranties of City

As an inducement to Developer to enter into this Agreement, City hereby represents and warrants to Developer, which representations and warranties are true and correct as of the Closing Date:

2.9.1 The City is a municipal corporation and a general law city.

2.9.2 The City has duly authorized the execution and performance of this Agreement and the documents referenced herein.

2.9.3 To City's actual knowledge, there are no pending, threatened or contemplated actions, suits, arbitrations, claims or proceedings, at law or in equity, affecting the Property or in which City is, or has actual knowledge City will be, a party by reason or City's ownership of the Property, including but not limited to, judicial, municipal or administrative proceedings in eminent domain, unlawful detainer or tenant evictions, collections, alleged building code, health and safety or zoning violations, employment discrimination or unfair labor practices, or worker's compensation, personal injuries or property damages alleged to have occurred at the Property or by reason of the condition or use of the Property;

2.9.4 City does not have actual knowledge that there are any current violations of any governmental regulations relating to the Property;

2.9.5 City is the legal fee simple titleholder of the Property and will then convey good, marketable and insurable title to the Property to Developer.

2.9.6 City has no actual knowledge of the presence of Hazardous Materials affecting the Property.

City's representations and warranties made in this **Section 2.9** shall be continuing and shall be true and correct in all material respects as of the Closing Date with the same force and effect as if remade by City in a separate certificate at that time.

ARTICLE 3
DISPOSITION OF THE SITE

3.1 Purchase and Conveyance of the Site

In accordance with and subject to all the terms, covenants and conditions of this Agreement, Developer agrees to purchase the Property from City for the total price of Four Hundred Fifteen Thousand Dollars (\$415,000) (the “**Purchase Price**”) and to accept conveyance of the Property. The Purchase Price shall be paid in accordance with **Section 2.3.4.2.**

3.2 Escrow

Developer agrees to open an escrow for conveyance of the Property to Developer, with Stewart Title of California or another escrow company mutually agreeable to the parties (the “**Escrow Agent**”), no later than the date established therefor in the Schedule of Performance. This Agreement shall constitute the joint escrow instructions of Developer with respect to the sale of the Property, and a duplicate original of this Agreement shall be delivered to the Escrow Agent upon the opening of escrow.

Developer and City shall provide such additional escrow instructions reasonably acceptable to Developer and City and as shall be necessary and consistent with this Agreement. The Escrow Agent hereby is empowered to act under such instructions, and upon indicating its acceptance thereof in writing, delivered to Developer and City within five (5) days after the opening of the escrow, shall carry out its duties as the Escrow Agent hereunder.

Upon delivery to the Escrow Agent by City of the Grant Deed and by Developer of the City Note and City Deed of Trust, the Escrow Agent shall record the Grant Deed in accordance with those escrow instructions; provided, however, that title to the Property can be vested in Developer in accordance with the terms and provisions of this Agreement. The Escrow Agent shall buy, affix and cancel any transfer stamps required by applicable law, and pay any transfer tax required by law. Any title insurance policies governing the Property are not to be transferred.

Developer shall pay in escrow to the Escrow Agent, the following fees, charges and costs promptly after the Escrow Agent has notified Developer of the amount of such fees, charges and costs, but at least one (1) business day before the Closing, and not earlier than ten (10) days prior to the scheduled date for the Closing for the Site:

1. All escrow fees;
2. Recording fees;
3. Any State, County, City or other documentary stamps and transfer taxes;
4. The premium for the title insurance policy;
5. Costs necessary to place the title to the Property in the condition for conveyance required by the provisions of this Agreement; and

6. Developer notary fees.

City shall timely and properly execute, acknowledge and deliver the Grant Deed to Developer in accordance with the requirements of this Section, together with an estoppel certificate certifying Developer has completed all acts necessary to entitle Developer to such conveyance, if such be the fact.

The Escrow Agent is authorized to:

1. Pay, and charge Developer for any fees, charges and costs payable under this Section of this Agreement. Before such payments are made, the Escrow Agent shall notify Developer of the fees, charges and costs necessary to clear title and close the escrow.

2. Deliver the Grant Deed, and other documents to the parties entitled thereto when the conditions of this escrow have been fulfilled by the parties.

3. Record any instruments delivered through this escrow if necessary or proper to vest title in Developer in accordance with the terms and provisions of the escrow instructions portion of this Agreement.

4. Escrow Agent shall record, in the following order, the following documents:

- (i) the Grant Deed;
- (ii) the Agreement Containing Covenants and Regulatory Agreement; and
- (iii) the City Deed of Trust

All of the above-referenced documents must be duly executed and acknowledged by the appropriate party or parties.

3.3 Submittal of Documents.

(a) At least two (2) business days prior to the scheduled Closing, Developer shall execute and submit to the Escrow Agent the following:

(i) two (2) originals of a certificate of acceptance of the Grant Deed duly executed by Developer and acknowledged;

(ii) two (2) originals of the Agreement Containing Covenants and Regulatory Agreement duly executed by Developer and acknowledged; and

(iii) any documents to be recorded as part of additional financing obtained by Developer for the Construction Costs which City has approved in writing (which approval shall not be unreasonably withheld, conditioned or delayed) (the “**Developer’s Construction Loan**”).

(b) At least two (2) business days prior to the scheduled Closing, City shall execute and deliver to the Escrow Agent the following:

(i) two (2) originals of the Grant Deed duly executed by City and acknowledged;

(ii) two (2) originals of the Agreement Containing Covenants and Regulatory Agreement duly executed by City and acknowledged;

(iii) a non-foreign affidavit duly executed by City and in a form reasonably acceptable to Developer; and

(iv) a request for notice of default with respect to the Developer's Construction Loan.

3.4 Post-Closing Deliveries by Escrow.

(a) Promptly after the Closing, the Escrow Agent shall deliver or cause to be delivered to Developer the following documents:

(i) the recorded original of the Grant Deed;

(ii) the non-foreign affidavit duly executed by City;

(iii) a conformed copy of the Agreement Containing Covenants and Regulatory Agreement; and

(iv) a closing statement.

(b) Promptly after the Closing, the Escrow Agent shall deliver or cause to be delivered to City the following documents:

(i) a conformed copy of the recorded Grant Deed;

(ii) the recorded original of the Agreement Containing Covenants and Regulatory Agreement;

(iii) the recorded original of the request for notice of default; and

(iv) a closing statement.

(c) At the Closing, City and Developer shall each execute counterpart closing statements in customary form together with such other documents as are reasonably necessary to consummate the Closing.

3.4.1 Payment of Escrow Costs. In the event of termination of this Agreement prior to the Closing due to failure of a condition precedent set forth in **Section 3.6** (and assuming neither party is in default of its obligations hereunder), the parties shall each be responsible for one-half of any escrow cancellation costs. In the case of termination prior to the Closing due to a default by one of the parties hereto, such defaulting party shall pay one hundred percent (100%) of all escrow cancellation costs.

3.4.2 Review of Title; Conditions of Title; Transfer of Possession. Within the time set forth in the Schedule of Performance, City shall cause Commonwealth / Lawyers Company of California or another title company mutually agreeable to the parties (the “**Title Company**”) to deliver to Developer a preliminary title report or reports in the Title Company’s standard format covering all of the existing legal parcels comprising the Site, together with legible copies of the documents underlying any exceptions to title (the “**Exceptions**”) that are identified by the Title Company and set forth in the preliminary title report or reports, and a color-coded easement map or maps (collectively, the “**Title Report**”).

Developer shall have five (5) days from the date of its receipt of the Title Report to give written notice to City and the Escrow Agent of Developer’s approval or disapproval, in its sole and absolute discretion, of any Exceptions set forth in the Title Report. Developer’s failure to provide notice of its approval of the Title Report within such time limit shall be deemed to constitute disapproval of the Title Report. If Developer delivers notice to City of its disapproval of any Exceptions in the Title Report, City shall have the right, but not the obligation, to elect to remove any disapproved Exceptions within five (5) days after receiving written notice of Developer’s disapproval or to deliver notice to Developer providing assurances satisfactory to Developer within said time period that such Exceptions will be removed on or before the Closing. If City cannot or does not elect to remove any of the disapproved Exceptions within that period, Developer shall have five (5) days after the expiration of such five (5) day period to either give City written notice that Developer elects to proceed with the purchase of the Site subject to the disapproved Exceptions or to give City written notice that Developer elects to terminate this Agreement, and Developer’s failure to give timely written notice shall be deemed as an election to terminate this Agreement. The condition of title approved in accordance with the preceding paragraph and this paragraph is referred to in this Agreement as the “**Approved Title Condition.**” Developer shall have the right to approve or disapprove any additional Exceptions reported by the Title Company after the date of the Title Report and prior to the Closing which are not created by Developer, with the time and procedures for approval/disapproval thereof being the same as for Developer’s review of the initial Title Report. City shall not voluntarily create any new exceptions to title following the Date of Agreement that will survive the Closing without Developer’s express written approval.

City shall deliver possession of the Site to Developer at the Closing consistent with the Approved Title Condition.

3.4.3 Title Policies. At the Closing, the Title Company, as insurer, shall issue in favor of Developer, as insured, a CLTA owner’s standard coverage policy or policies of title insurance with liability in an amount equal to the Purchase Price or, at Developer’s option and expense, with additional coverage, endorsements, and/or an ALTA extended policy of title insurance (collectively, the “Title Policies”), in either case showing title vested in Developer in the Approved Title Condition.

3.5 Studies, Reports.

3.5.1 Site Investigation. Pursuant to **Section 3.5.5**, representatives of Developer have had the right of access to the Site for the purpose of making necessary or appropriate inspections, including geological, soils and/or additional environmental assessments.

Developer has caused to prepare a Phase I Environmental Assessment and, if necessary shall prepare, a Phase II Environmental Assessment (collectively referred to in this Agreement as the “Environmental Reports”) the Phase I and Developer shall conduct such other due diligence investigations with respect to the physical or environmental condition of the Site deemed to be appropriate by Developer. Prior to the Date of Agreement, City shall be provided true and correct copies of the Environmental Reports, including all logs, exhibits, attachments, and appendices thereto, and has had an opportunity to review the same. In the event this Agreement is terminated prior to the Closing, Developer shall deliver true, correct and complete copies of any other inspections, studies, surveys, and reports pertaining to the physical condition of the Site that may be prepared by or for Developer after the Date of Agreement, at no expense to City. Such delivery shall be made without any representation or warranty of any kind regarding the items delivered to City.

3.5.2 Remediation. If, based on the Phase I, Developer is required to remove or remediate Hazardous Materials from the Site in order to develop the Project in accordance with applicable environmental laws, the Developer shall be responsible for all actual and direct third party costs incurred and paid in connection with such work, including without limitation Developer’s costs incurred with respect to obtaining required governmental permits and approvals, inspection and monitoring, and disposal of Hazardous Materials.

3.5.3 As-Is Environmental Condition. SUBJECT TO CITY’S PERFORMANCE OF ITS COVENANTS SET FORTH IN THIS SECTION 3.5, AND THE ACCURACY OF CITY’S LIMITED REPRESENTATION AND WARRANTY SET FORTH IN **SECTION 2.9** OF THIS AGREEMENT, DEVELOPER HAS AGREED TO ACCEPT POSSESSION OF THE SITE ON THE CLOSING DATE IN AN “AS IS” PHYSICAL AND ENVIRONMENTAL CONDITION, WITH NO RIGHT OF SET OFF OR REDUCTION IN CONSIDERATION. EXCEPT AS SET FORTH IN **SECTION 2.9**, SUCH SALE SHALL BE WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, SUCH THAT THERE SHALL BE NO WARRANTY OF INCOME POTENTIAL, OPERATING EXPENSES, USES, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE AND FURTHER THAT NO WARRANTY AS TO THE PHYSICAL OR ENVIRONMENTAL CONDITION OF THE SITE, THE SOIL, ITS GEOLOGY, THE PRESENCE OF KNOWN OR UNKNOWN FAULTS, THE SUITABILITY OF SOILS FOR THE INTENDED PURPOSES, OR THE PRESENCE OF KNOWN OR UNKNOWN HAZARDOUS MATERIALS OR TOXIC SUBSTANCES, AND CITY DISCLAIMS AND RENOUNCES ANY SUCH REPRESENTATION OR WARRANTY.

3.5.4 Indemnities and Releases Re Hazardous Material.

(a) Developer Indemnity. Developer hereby agrees and hereby shall indemnify City and its elected officers, officials, employees, agents and contractors (for purposes of this section, “**Indemnitees**”), from and against all claims, actions, damages, costs (including, without limitation, attorney’s fees), injuries or liabilities arising from, related in any respect to, or as a result of (i) the presence of Hazardous Materials on the Site which Presence occurs and/or were discovered after the Closing, and (ii) the presence of Hazardous Materials on the Site, which Hazardous Materials are not Hazardous Materials at the time of the Closing, but become Hazardous Materials after the Closing as a result of an amendment to, or interpretation of, the

applicable environmental laws; provided, however, that (A) none of the same were directly and proximately caused by City or any of its agents, employees or contractors-, (B) none of the same were known to be present by City and City failed to disclose the same to Developer, or (C) none of the same breach City's representations and warranties in **Section 2.9**. City shall cooperate with Developer to ensure that City has assigned to Developer any and all rights, if any, that City acquired in its acquisition of the Site or any portion thereof to permit Developer's prosecution of claims against any third parties who are potentially responsible for such Hazardous Materials.

(b) Developer Release. Developer agrees to and hereby shall release the Indemnitees from and against all claims, actions, damages, costs (including, without limitation, attorney's fees), injuries or liabilities arising from, related in any respect to, or as a result of (i) the presence of Hazardous Materials on the Site that existed on the Site as of the Close of Escrow, but were discovered after the Closing, and (ii) the presence of Hazardous Materials on the Site, which Hazardous Materials were not identified and/or defined as such under the Environmental Laws at the time of the Closing, but become Hazardous Materials after the Closing as a result of an amendment to, or interpretation of, the Environmental Law. Notwithstanding the foregoing, Developer is not-releasing the Indemnitees for City's breach of its representation and warranty set forth in Section 2.8.11 of this Agreement, nor is Developer releasing any person or entity other than the Indemnitees.

3.5.5 Right of Entry. From and after the Date of Agreement and continuing until the earlier to occur of (i) the Closing or (ii) termination of this Agreement, Developer shall have the right to enter onto the Site, at Developer's sole cost and expense, during normal business hours, for the purpose of preparing surveys and conducting soils, geotechnical, and other environmental inspections and tests, and any other inspections, studies, or tests reasonably related to determining the feasibility of purchasing the Site and developing the Project thereon (collectively, "**Investigations**"), provided that any intrusive investigations shall be subject to City's prior written consent, which shall not be unreasonably withheld, conditioned, or delayed. City, however, acknowledges and hereby consents to Developer conducting environmental and geotechnical tests and borings. Developer shall provide City with the name and affiliation of each person or entity entering onto the Site. City shall have the right to have one of its representatives accompany Developer or Developer's agent(s) during any on-site inspection.

(a) Developer Covenants and Indemnity. As consideration for City's granting permission to Developer to enter onto the Site, Developer agrees (i) that in the event the Site is damaged in any material way as a result of Developer's (or Developer's agent's) entry thereon, Developer will restore the Site as nearly as practicable to the same condition that existed immediately prior to such entry, but Developer shall have no obligation to dispose of any and all soil and other excavated materials, (ii) to keep the Site free and clear of mechanic's and materialmen's liens or any other liens, (iii) to conduct all Investigations in a diligent, expeditious, and safe manner, (iv) to ensure that Developer's activities (or the activities of Developer's consultants, agents, contractors, or other representatives) do not cause dangerous or hazardous conditions to occur on the Site, and (v) to protect, indemnify, defend (with counsel reasonably acceptable to City), release, and hold harmless City, and its elected and appointed officials, officers, employees, agents, and consultants from and against any and all claims, liabilities, and losses for Claims and Damages (defined below) of whatever nature arising out of the entry onto the Site by Developer or any agent, employee, associate, independent contractor, or anyone else

entering at the request, direction, or invitation of Developer, which indemnity obligations shall survive the termination of this Agreement; provided that the foregoing indemnity obligation shall not extend to protect City from any pre-existing liabilities for matters merely discovered by Developer as long as Developer's actions do not aggravate any pre-existing liability of City, and the foregoing indemnity shall not extend to any intentional misconduct or active negligence of City. As used herein, the term "Claims and Damages" means any and all demands, claims, legal or administrative proceedings, suits, losses, liabilities, damages, penalties, obligations, fines, liens, causes of action, judgments, settlements, injunctive relief, injury to persons, natural resources or property (including without limitation claims for loss of property values and claims for "stigma" related damages), costs and/or expenses (including without limitation attorney's fees, expert witness fees, costs of investigation, and other costs). Notwithstanding the foregoing indemnity, Developer shall have no liability to City or to any other person or entity by reason of, nor shall Developer have any duty to indemnify, defend, or hold any person or entity harmless from or against, any Claims and Damages, including, without limitation, any claim for diminution in value of the Site or for environmental remediation or clean-up costs, arising out of or in connection with the mere fact of having discovered and/or reported (as may be required by law) any adverse physical condition, title condition, environmental condition, or other defect with respect to the Site. Any claim for indemnification under this Section must be made within three (3) years after the date of the termination of this Agreement. Further, notwithstanding the indemnity set forth above, Developer shall not be deemed a generator or operator with respect to any environmental condition found on the Site which was not caused by Developer or Developer's consultants, agents, contractors, or other representatives and City shall indemnify Developer against the same.

(b) Due Diligence. The information obtained by Developer regarding the physical and environmental condition of the Site in the course of conducting its Investigations is intended to be used by Developer to evaluate the value of the Site, the feasibility of the Project, and to plan, design, and engineer the Project. Developer shall promptly furnish to City copies of any and all inspections, studies, surveys, and reports prepared or obtained by Developer prior to the Closing that pertain to the physical and environmental condition of the Site (excepting only the Environmental Reports, copies of which have been provided to City prior to the Date of Agreement), at no expense to City. Such delivery shall be made without any representation or warranty of any kind regarding the accuracy or completeness of the information or items delivered to City.

(c) Permits; Compliance with Laws. Prior to entering onto the Site to perform any Investigations, Developer shall at its sole cost and expense obtain any and all permits and authorizations of whatever nature as may be required from any and all governmental agencies with jurisdiction, including without limitation permits for any drilling and/or excavation to be performed at the Site. In performing any Investigations, Developer shall comply and shall cause its employees, contractors, subcontractors, and other agents to comply with all applicable federal, state, and local laws, rules, and regulations.

3.6 Conditions to Closing

The Closing is conditioned upon the satisfaction of the following terms and conditions, which the parties shall exercise their best efforts to satisfy, within the times designated below:

3.6.1 Developer's Obligations; City's Conditions Precedent. City's obligation to proceed with the Closing is subject to Developer's fulfillment (or waiver in writing by City) of each and all of the conditions precedent described below, which are solely for the benefit of City, and which shall be fulfilled or waived by the time periods provided for herein:

(a) No Default. Prior to the Close of Escrow, Developer shall not be in default in any of its obligations under the terms of this Agreement.

(b) Execution of Documents. Developer shall have executed any documents required hereunder and delivered such documents into Escrow.

(c) Payment of Funds. Prior to the Close of Escrow, Developer shall have deposited into all of the Closing Costs that are Developer's responsibility in accordance with **Sections 3.2, 3.4.1, and 3.4.3.**

(d) Land Use Approvals. All of the following conditions shall have been satisfied: (i) City shall have exercised its discretion and issued all of the land use approvals and entitlements needed for the Project pursuant to **Section 4.6**; (ii) a rough grading permit and permits for any offsite public improvements required to be constructed or installed by Developer in conjunction with its development of the Project (or such permit(s) shall be ready to be issued after Closing upon the payment of fees and/or posting of bonds or other required security instruments, as applicable) with respect to such approvals and permits; and (iii) the approvals and permits referred to in clauses (i) and (ii) above shall all be "final," which for purposes of this Agreement means that City's action with respect to such items shall be final and the limitations period for any person or entity to file a legal challenge to the validity or enforceability of any such approvals shall have expired without any such legal challenge having been filed or, if such a legal challenge is timely filed, such legal challenge shall have been resolved by a final non-appealable judgment, settlement agreement, or dismissal in a manner that upholds the validity and enforceability of all of such approvals and permits.

(e) Insurance. Developer shall have provided proof of insurance as required by **Section 4.4.**

(f) Financing; Equity. City shall have approved Developer's Construction Loan for construction of the Improvements, Developer's Construction Loan shall have closed and funded concurrently with the Closing, and Developer's construction equity shall be available to Developer upon the Closing.

(g) Agreement Containing Covenants and Regulatory Agreement. The parties shall have executed and delivered the Agreement Containing Covenants and Regulatory Agreement into Escrow and the same shall be ready for recordation in the Official Records concurrently with the Closing.

3.6.2 City's Obligations; Developer's Conditions Precedent. Developer's obligation to proceed with the Closing is subject to City's fulfillment (or waiver in writing by Developer) of each and all of the conditions precedent described below, which are solely for the benefit of Developer, and which shall be fulfilled or waived by the time periods provided for herein:

(a) No Default. Prior to the Closing, City shall not be in default in any of its obligations under the terms of this Agreement.

(b) Execution of Documents. City shall have executed the Grant Deed and any other documents required hereunder and delivered such documents into Escrow.

(c) Title Policies. The Title Company shall, upon payment of the Title Company's regularly scheduled premium, have agreed to provide to Developer the Title Policies for the Site upon the Closing, with title in the Approved Title Conditions and otherwise in accordance with **Section 3.4.3.**

(d) Land Use Approvals. All of the following conditions shall have been satisfied: (i) City shall have exercised its discretion and issued all of the land use approvals and entitlements needed for the Project pursuant to **Section 4.6;** (ii) a rough grading permit and permits for any offsite public improvements required to be constructed or installed by Developer in conjunction with its development of the Project (or such permit(s) shall be ready to be issued after Closing upon the payment of fees and/or posting of bonds or other required security instruments, as applicable) with respect to such approvals and permits; and (iii) the approvals and permits referred to in clauses (i) and (ii) above shall all be "final," which for purposes of this Agreement means that City's action with respect to such items shall be final and the limitations period for any person or entity to file a legal challenge to the validity or enforceability of any such approvals shall have expired without any such legal challenge having been filed or, if such a legal challenge is timely filed, such legal challenge shall have been resolved by a final non-appealable judgment, settlement agreement, or dismissal in a manner that upholds the validity and enforceability of all of such approvals and permits.

(e) Financing; Equity. Developer shall have obtained the Developer's Construction Loan for construction of the Improvements, City shall have or will agree to subordinate the City Deed of Trust and any other deed of trust or security instrument securing Developer's obligations under this Agreement and the Agreement Containing HOME Program Requirements to any deed of trust or security instrument securing Developer's obligations for the Developer's Construction Loan, the Developer's Construction Loan shall have closed and funded or be ready to close and fund, and Developer's construction equity shall be available to Developer upon the Closing.

(f) Agreement Containing Covenants and Regulatory Agreement. The parties shall have executed and delivered the Agreement Containing Covenants and Regulatory Agreement into Escrow and the same shall be ready for recordation in the Official Records concurrently with the Closing.

All funds received in this escrow shall be deposited by the Escrow Agent with other escrow funds of the Escrow Agent in a general escrow account or accounts with any state or national bank doing business in the State of California. Such funds may be transferred to any other such general escrow account or accounts. Such funds shall be deposited into an interest bearing account, subject to agreement of the Escrow Agent.

Any amendments to these escrow instructions shall be in writing and signed by City and Developer. At the time of any amendment the Escrow Agent shall agree to carry out its duties as Escrow Agent under such amendment.

All communications from the Escrow Agent to City or Developer shall be directed to the addresses and in the manner established in **Section 6.4** of this Agreement for notices, demands and communications between City and Developer.

ARTICLE 4
CONSTRUCTION

4.1 Scope of Development

Developer shall develop the proposed project on the Property in accordance with the Scope of Development and within the time period set forth in the Schedule of Performance.

4.2 Condition of Property

As part of the Improvements, the Developer shall conduct such tests on the existing Property as Developer may deem necessary or appropriate. The Developer shall promptly deliver to the City Manager the results of all environmental studies conducted on the Property. It shall be the responsibility of the Developer, at its sole cost and expense, to remove, remediate, and abate any Hazardous Materials required by applicable governmental requirements to be removed, remediated or abated as part of the construction of the Improvements.

4.3 Cost of Improvements

The Construction Costs, including any and all public improvements required by City, shall be borne by Developer, as provided in the Method of Financing.

4.4 Improvement Schedule

Within the times established therefore in the Schedule of Performance, Developer shall begin and thereafter diligently complete the Improvements.

4.5 Indemnification; Bodily Injury and Property Damage Insurance

4.5.1 Developer shall defend, release, indemnify and hold harmless City and its elected and appointed officials, officers, employees, agents and contractors from any claim, suit, liability, or judgment arising out of bodily injury or property damage resulting, arising out of, or in any way connected with, the performance of this Agreement (including but not limited to the Improvement or any of Developer's activities hereunder) by Developer, whether such activities or performance thereof be by Developer or anyone directly or indirectly employed or contracted with Developer and whether such damage shall accrue or be discovered before or after termination of this Agreement, unless such damage results from, arises out of, or in any way is connected with the gross negligence or willful misconduct of City.

4.5.2 Prior to the Closing, Developer shall furnish or cause to be furnished to the City Manager evidence of the following policies of insurance, naming Developer as insured and, except as to the insurance described in **Section 4.4.2.3**, below, City and its officers, employees, agents and contracts as additional insureds. The insurance shall be kept in force until all Certificates of Completion are recorded against the Property.

4.5.2.1 Course of Construction Policy: Developer shall maintain or cause to be maintained a policy or policies of insurance agent against loss or damage to the Property or the Improvements and all property of an insurable nature located upon the Property, resulting from

fire, lightning, vandalism, malicious mischief, and such other perils ordinarily included in course of construction insurance policies. Such insurance shall be maintained in an amount not less than one hundred percent (100%) of the full insurable value of the Improvements, as defined herein in **Section 4.4.4**.

4.5.2.2 Liability Insurance: Developer shall maintain or cause to be maintained public liability insurance, to protect against loss from liability imposed by law for damages on account of personal injury, including death therefrom, suffered or alleged to be suffered by any person or persons whomsoever on or about the Property and the business of Developer on the Property, or in connection with the operation thereof, resulting directly or indirectly from any acts or activities of Developer or its lessees, or any person acting for Developer, or under its control or direction, and also to protect against loss from liability imposed by law for damages to property of any person occurring on or about the Property, or in connection with the operation thereof, caused directly or indirectly by or from acts or activities of Developer or its tenants, or a person acting for Developer, or under its control or direction. Such property damage and personal injury insurance shall also provide for and protect City against incurring any legal cost in defending claims for alleged loss. Such personal injury and property damage insurance shall be maintained in full force and effect during the term of the City Grant and the City Construction Loan in a general aggregate amount of not less than Two Million Dollars (\$2,000,000), combined single limit per occurrence. Developer agrees that provisions of this paragraph as to maintenance of insurance shall not be construed as limiting in any way the extent to which Developer may be held responsible for the indemnification of City or the payment of damages person or property resulting from Developer's activities or the activities of any other person or persons for which Developer is otherwise responsible.

4.5.2.3 Workers' Compensation Insurance: Developer shall maintain or cause to be maintained workers' compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure employers against liability for compensation under the workers' compensation laws now in force in California, or any laws hereafter enacted as an amendment or supplement thereto or in lieu thereof. Such workers' compensation insurance shall cover all persons employed by Developer in connection with the Property and shall cover liability within statutory limits for compensation under any such act aforesaid, based upon death or bodily injury claims made by, for or on behalf of any person incurring or suffering injury or death in connection with the Property or the operation thereof by Developer. Notwithstanding the foregoing, Developer may, in compliance with the laws of the State of California and in lieu of maintaining such insurance, self-insure for workers' compensation in which event shall deliver to City evidence such self-insurance has been approved by the appropriate State authorities.

4.5.3 All policies hereunder shall not be subject to cancellation, reduction in coverage, or non-renewal except after notice in writing shall have been sent by registered mail addressed to City, to the extent practicable within thirty (30) days but in any event prior to the effective date thereof. All policies shall name City and Developer as insureds, additional insureds, and/or loss payable parties as their interests may appear.

4.5.4 The term "full insurable value" as used in this **Section 4.4** shall mean the actual replacement cost (excluding the cost of excavation, foundation and footings below the

lowest floor and without deduction for depreciation) of the Improvements on the Property immediately before such casualty or other loss, including the cost of construction, architectural engineering fees, and inspection and supervision.

4.5.5 All insurance provided under this Section 4.5 shall be for the benefit of Developer and City. Developer agrees to timely pay all premiums for such insurance and, at its sole cost and expense, to comply and secure compliance with all insurance requirements necessary for the maintenance of such insurance. Developer agrees to submit policies of all insurance required by this **Section 4.4**, or certificates evidencing the existence thereof, to City within five (5) days prior to the Closing, indicating full coverage of the contractual liability imposed hereby. Within five (5) days, if practicable, but in any event prior to the expiration of any such policy, copies of renewal policies, or certificates evidencing the existence thereof, shall be submitted to City. All insurance herein provided for under this **Section 4.4** shall be effected under policies issued by insurers of recognized responsibility, licensed or permitted to do business in the State of California and reasonably approved by City.

4.5.6 If Developer fails or refuses to procure or maintain insurance as required by this Agreement, City shall have the right, at City's election, and upon five (5)-business days' prior notice to Developer, to procure and maintain such insurance. The premium paid by City shall be treated as a loan, due from Developer, to be paid on the first day of the month following the date on which the premiums were paid. City shall give prompt notice of the payment of such premiums, stating the amounts paid and the name of the insured(s).

Coverage provided hereunder by Developer shall be primary insurance and not contributing with any insurance maintained by City, and the policy shall contain such an endorsement. The insurance policy or the certificate of insurance shall contain a waiver of subrogation for the benefit of City.

Developer shall cause all of the contractors that Developer has contracted with for construction of the Improvements to provide evidence satisfactory to City's Building Official that each of those contractors carries workers' compensation insurance as required by law.

4.6 City Approval

4.6.1 City has exercised its discretion and approved all plans, drawings and related documents (if any) for the Improvements, as set forth on Attachment No. 3, provided that the parties understand and agree City's review and approval of the necessary Tentative Map has not occurred.

4.6.2 City has approved construction drawings that are consistent with the plans, drawings, and related documents referred to in this Agreement and all applicable building regulations to permit construction of the Improvements to the Property, as set forth on Attachment No. 3.

4.6.3 If Developer desires to make any material change in the plans, drawings or related documents approved by City, as set forth on Attachment No. 3, Developer shall submit the proposed change to the City Manager for review and approval which approval shall not be unreasonably withheld, conditioned or delayed.

4.6.4 If any revisions or corrections of plans approved by City which are not acceptable to City and Developer shall be required by any government official, City, department or bureau having jurisdiction over the development of the Property, Developer and City shall cooperate in efforts to obtain a waiver of such requirements or to develop a mutually acceptable alternative. The City Manager shall use reasonable efforts to facilitate all such approvals and processes.

4.6.5 City acknowledges and agrees to process, in good faith, the following approvals and entitlements for the Project: the Tentative Map, consistent with the Improvements to be constructed on the Project.

4.7 Permits

Before the commencement of the Improvements, Developer shall obtain or cause to be obtained any and all permits which may be required by City or any other governmental agency affected by the Improvements, development, or work. City agrees to cooperate with Developer as appropriate to assist Developer in obtaining such permits.

4.8 Right of Access

Representatives of City shall have the reasonable right of access to the Property at normal hours during the period of the Improvements for the purposes of this Agreement, including but not limited to the inspection of the work being performed. Such representatives of City shall be the City Manager and those persons who are so identified in writing by City Manager.

4.9 Local, State, and Federal Laws

Developer shall carry out the Improvements in conformity with all applicable laws, including, but not limited to, California prevailing wage laws as applicable.

4.10 Nondiscrimination

Developer, for itself, its successors and assigns, agrees in connection with the construction of the Improvements provided for in this Agreement, it will not discriminate against any employee or applicant for employment because of race, color, religion, creed, sex, marital status, national origin or ancestry.

4.11 Disclaimer by City

Except as expressly provided in this Agreement, City does not undertake or assume nor will it have any responsibility or duty to Developer or to any third party to review, inspect, supervise, pass judgment upon or inform Developer or any third party of any matter in connection with the construction of the Improvements on the Property, whether regarding the quality, adequacy or suitability of the plans, any labor, service, equipment or material furnished to the Property, any person furnishing the same, or otherwise. Developer and all third parties shall rely upon its or their own judgement regarding such matters, and any review, inspection, supervision, exercise of judgment or information supplied to Developer or to any third party by City in connection with such matter is for the public purpose of improving affordable housing in the City, and neither Developer (except for the purposes set forth in this Agreement) nor any third party is entitled to rely thereon.

4.12 Covenants of Developer

Developer covenants for itself and its successors and assigns as follows:

4.12.1 Equal Opportunity Employment Practices

4.12.1.1 Developer certifies and represents that, during the performance of this Agreement, Developer will adhere to equal employment practices to assure applicants and employees are treated equally and are not discriminated against because of their race, religion, creed, color, national origin, handicap, sex, marital status, or age. Developer further certifies that it shall not maintain any segregated facilities.

4.12.1.2 Developer agrees it shall, in all solicitations or advertisements for applicants for employment placed by or on behalf of Developer, state that it is an “Equal Opportunity – Affirmative Action Employer” or all qualified applicants will receive consideration for employment without regard to their race, religion, creed, color, national origin, ancestry, handicap, sex, marital status, or age.

4.12.1.3 Developer agrees that it shall, if requested to do so by City, certify that it has not, in the performance of this Agreement, discriminated against applicants or employees because of their membership in a protected class.

4.12.1.4 Developer agrees to provide City with access to, and, if requested to do so by City, provide copies of all its records pertaining to or relating to its employment practices, to the extent such records are not confidential or privileged under state or federal law.

4.12.1.5 Developer agrees to encourage business owned by persons who are members of a protected class to bid on its contracts and subcontracts.

4.12.1.6 Developer agrees to recruit City residents initially and to give them preference, if all other factors are equal, for any new employment positions with Developer which result from the performance of this Agreement and which are performed within City.

4.12.1.7 Nothing contained in this Agreement shall be construed in any manner so as to require or permit any act which is prohibited by law.

4.12.1.8 Developer shall include the provisions of this **Section 4.11.1** in all of its contracts and subcontracts.

4.12.2 Compliance with Environmental Laws

Developer shall comply with all environmental laws and environmental permits applicable to the operations of Developer and the ownership or use of the Property, subject to Section 3.5.2, shall immediately pay or cause to be paid all costs and expenses incurred by reason of such compliance, shall keep the Property free and clear of any environmental claims or liens imposed pursuant to any environmental law, and shall obtain and renew all environmental permits required for ownership or use of the Property.

4.12.3 Environmental Indemnity

Prior to the Closing, the Developer shall execute and deliver to the City the Environmental Indemnity.

4.13 Encumbrances and Liens

Developer shall pay, or cause to be paid, prior to delinquency, all taxes, assessments, charges and levies imposed by any public authority or utility company; provided, however that Developer shall not be required to pay and discharge any such tax, assessment, charge or levy so long as the legality thereof shall be promptly and actively contested in good faith and by appropriate proceedings.

4.14 Holder Not Obligated to Construct Improvements

The holder of any lien or encumbrance authorized by this Agreement shall in no way be obligated by the provisions of this Agreement to complete the Improvements, or to guarantee the completion of the Improvements. Nothing in this Agreement shall be deemed or construed to permit or authorize any such holder to devote the Property to any uses, or to construct any improvements thereon, other than those uses or Improvements provided for or authorized by this Agreement.

4.15 Right of City to Satisfy Other Liens on the Property

After Developer has had a reasonable time to challenge, cure or satisfy any liens or encumbrances on the Property, or any portion thereof, City shall have the right to satisfy any such liens or encumbrances; provided, however, that nothing in this Agreement shall require Developer to pay or make provision for the payment of any tax, assessment, lien or charge so long as Developer in good faith shall contest the validity or amount thereof, and so long as such delay in payment shall not subject the Property (or any portion thereof) to forfeiture or sale.

4.16 Certificate of Completion

Upon completion of the Improvements as described in the Scope of Development, City shall, upon the request of Developer or at its own election, furnish Developer with a Certificate of Completion. City shall not unreasonably withhold any such Certificate of Completion. Such Certificate of Completion shall be, and shall state to be, a conclusive determination of satisfactory completion of the development required by this Agreement upon the Property. After recordation of the Certificate of Completion, any party then owning or thereafter purchasing, leasing, or otherwise acquiring any interest therein shall not (because of such ownership, purchase, lease, or acquisition) incur any obligation or liability under this Agreement, except that such party shall be bound by any covenants contained in the Agreement Containing Covenants and Regulatory Agreement subject to the reconveyance provisions of **Section 2.3.4.1**.

The Certificate of Completion shall be in such form as to permit it to be recorded in the Recorder's Office of Los Angeles County. Such Certificate of Completion is not "notice of completion" as referred to in Section 3093 of the California Civil Code.

ARTICLE 5
USE OF THE PROPERTY

5.1 Uses

Developer covenants and agrees for itself, its successors, assigns, and every successor in interest to the Property or any part thereof that Developer, such successors, and such assigns shall:

5.1.1 Develop and devote the Property and the Project to the uses specified in all plans approved by City pursuant to this Agreement, the Scope of Development attached hereto, the Agreement Containing HOME Program Requirements (to the extent applicable) and the Agreement Containing Covenants and Regulatory Agreement.

5.1.2 Maintain, repair and keep the Property in good repair and free from any accumulation of debris, graffiti or waste materials; maintain the landscaping required to be planted and retained under the Scope of Development in a healthy and attractive condition; and take all other actions necessary to maintain and ensure the neat and clean appearance of the Property and the Project. The exterior of the Property shall be maintained in accordance with the Exterior Maintenance Program as described in **Section 5.2** of this Agreement.

5.1.3 Not permit the use of the Project or the Property for any purpose other than permitted by this Agreement without the prior written approval of City.

5.1.4 Execute the Agreement Containing Covenants and Regulatory Agreement in recordable form, which City is authorized to record against the Property concurrently with the Closing.

5.2 Maintenance of the Property

5.2.1 Prior to the issuance of a Certificate of Occupancy covering any of the Improvements on the Property, Developer shall prepare and submit to the City Manager (or his designee) for review and approval a program for the maintenance of the exterior of the structures on the Property (the "Exterior Maintenance Program"), which Exterior Maintenance Program shall be incorporated into covenants, conditions and restrictions ("CC&Rs") to be recorded by Developer against the Property prior to Developer's conveyance of fee title to any portion of the Project.

5.2.2 The Exterior Maintenance Program shall describe in reasonable detail the standards to be followed in maintaining the exterior of the structures on the Property, including a schedule indicating the proposed frequency of each element of maintenance, and shall include, at a minimum, the following: exterior maintenance guidelines for the structures on the Property, including cleaning windows of removing graffiti; removing debris and waste materials and otherwise maintaining outdoor areas of the Property; performing inspections of all exterior features to determine whether repairs are required; conducting periodic protective treatments such as rust removal and caulking; conducting repairs to facades, roof, doors, windows and other exterior features; maintaining fencing and other security devices and systems; and periodic repainting. The Exterior Maintenance Program, including any amendments proposed by Developer, shall be subject to the approval of the City Manager. The Exterior Maintenance

Program shall include regular and reasonable maintenance, including graffiti removal and care of planted areas and plantings, as more particularly described in the Exterior Maintenance Program; and that maintenance shall be performed at the sole cost and expense of Developer until such time as Developer's successors-in-interest accepts such maintenance obligation.

5.2.3 Developer intends to form a homeowners association to manage and operate the Project. The Developer is responsible for the maintenance of the common areas and exterior of the building pursuant to this Section until such time the homeowners association is formed. City acknowledges and agrees that the maintenance obligations set forth in this Section 5.2 may be assumed by and assigned to such homeowners association. In the event the homeowners association fails to maintain the exterior of the structures on the Property in accordance with the approved Exterior Maintenance Program, City shall have the right, but not the obligation, to enter the Property, correct any violation, and hold the homeowners association responsible for the cost thereof, and such cost, until paid, shall constitute a lien on the Property.

5.2.4 The Agreement Containing Covenants and Regulatory Agreement shall contain appropriate provisions implementing this **Section 5.2**.

5.3 Obligation to Refrain from Discrimination

There shall be no discrimination against or segregation of any person, or groups of persons, on account of sex, marital status, race, color, religion, creed, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property or the Project, and Developer itself (for any person claiming under or through it) shall not establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sub lessees or vendees of the Property or the Project.

5.4 Form of Nondiscrimination and Nonsegregation Clauses

Developer, on behalf of itself and its successors-in-interest, agrees to refrain from restricting the rental, sale or lease of the Property or the Project, or any portion thereof, on the basis of sex, marital status, race, color, religion, creed, ancestry or national origin of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

5.4.1 In deeds: "The grantee herein covenants by and for himself/herself, his/her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of sex, marital status, race, color, religion, creed, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee himself/herself or any person claiming under or through him/her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

5.4.2 In leases: “The lessee herein covenants by and for himself/herself, his/her heirs, executors, the City Managers and assigns, and all persons claiming under or through him/her, and this lease is made and accepted upon and subject to the following conditions:

“There shall be no discrimination against or segregation of any person or group of persons on account of sex, marital status, race, color, religion, creed, national origin or ancestry, in the leasing, subleasing, transferring, use or enjoyment of the land herein leased nor shall the lessee himself/herself, or any person claiming under or through him/her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, lessees, sublessees, subtenants or vendees of the land herein leased.”

5.4.3 In contracts: “There shall be no discrimination against or segregation of any person, or group of persons on account of sex, marital status, race, color, religion, creed, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee himself/herself or any person claiming under or through him/her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the land.”

5.5 Effect and Duration of Covenants

The covenants established in this Agreement shall, without regard to technical classification and designation, be binding on Developer and any successor in interest to the Property, or any part thereof, the Project or any part thereof for the benefit and in favor of City, their respective successors and assigns until such time as the Certificates of Completion are recorded against all of the Project. City shall be co-beneficiaries of the covenants contained in this **Article 5** and the Agreement Containing Covenants and Regulatory Agreement (collectively, the “**Covenants**”). The City may, in its discretion, assign to a third-party vendor its rights and obligations under the Covenants, including monitoring and enforcement. Except as set forth in the following sentence, the Covenants shall remain in effect for the period of time provided therefor in the Agreement Containing Covenants and Regulatory Agreement, unless this Agreement provides for their earlier termination. The Covenants against discrimination (set forth in **Sections 5.3** and **5.4**) shall remain in perpetuity. Notwithstanding anything to the contrary in the Covenants, the Covenants set forth in the Agreement Containing Covenants and Regulatory Agreement shall only apply to all the Property.

ARTICLE 6
DEFAULTS, REMEDIES AND TERMINATION

6.1 Defaults – General

6.1.1 Subject to the extensions of time set forth in **Section 7.4**, failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The party who fails or delays must immediately commence to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence.

6.1.2 The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default. Except as otherwise expressly provided in this Agreement, any failures or delays by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by either party in asserting any of its rights and remedies shall not deprive either party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect assert or enforce any such rights or remedies.

6.1.3 If a monetary event of default occurs, then prior to exercising any remedies hereunder, the injured party shall give the party in default written notice of such default. The party in default shall have a period of seven (7) days after such notice is given within which to cure the default prior to exercise of remedies by the injured party.

6.1.4 If a non-monetary event of default occurs, prior to exercising any remedies hereunder, then the injured party shall give the party in default notice of such default. If the default is reasonably capable of being cured within thirty (30) days, then the party in default shall have such period to effect a cure prior to exercise of remedies by the injured party. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and the party in default (i) initiates corrective action within said period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then the party in default shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the injured party. In no event shall the injured party be precluded from exercising remedies if its rights become or are about to become materially jeopardized by any failure to cure a default or the default is not cured within one hundred eighty (180) days after the first notice of default is given.

6.2 Institution of Legal Actions

Subject to the notice and cure provisions of **Section 6.1**, in addition to any other rights or remedies (and except as otherwise provided in this Agreement), either party may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Los Angeles, State of California, in any other appropriate court of that county, or in the United States District Court for the Central District of California.

6.3 Applicable Law

The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

6.4 Acceptance of Service of Process

6.4.1 In the event any legal action is commenced by Developer against City, service of process on City shall be made by personal service upon the City Manager, or in such other manner as may be provided by law.

6.4.2 In the event any legal action is commenced by City against Developer, service of process on Developer shall be made by personal service upon an officer of Developer and shall be valid whether made within or without the State of California, or in such manner as may be provided by law.

6.4.3 In the event any legal action is commenced by City against any future owner of the Property or portion thereof, service of process shall be made in such manner as may be provided by law.

6.5 Rights and Remedies Are Cumulative

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

6.6 Damages

If either party defaults with regard to any of the provisions of this Agreement, then the non-defaulting party shall serve written notice of such default upon the defaulting party. If the default is not cured within the time provided in **Section 6.1**, the defaulting party shall be liable to the non-defaulting party for any damages caused by such default, and the non-defaulting party may thereafter (but not before) commence an action for damages against the defaulting party with respect to such default.

6.7 Specific Performance

If either party defaults with regard to any of the provisions of this Agreement, then the non-defaulting party shall serve written notice of such default upon the defaulting party. If the default is not cured within the time provided in **Section 6.1**, then the non-defaulting party, at its option, may thereafter (but not before) commence an action for specific performance of the terms of this Agreement pertaining to such default. Notwithstanding the foregoing, the remedy of specific performance shall not be available to compel Developer to purchase or acquire the Property.

6.8 Termination by Developer

In the event City fails to disburse the City Grant and the City Construction Loan as provided herein, then this Agreement and any rights of Developer in this Agreement may be terminated by Developer by giving written notice thereof to City, and neither City nor Developer shall have any further rights against or liability to the other under this Agreement with respect to the Property.

6.9 Termination by City

In the event that any of the following occur, and are not cured within the time provided in **Section 6.1**, then this Agreement with respect to the Property and the Project, and any rights of Developer, or any assignee or transferee, may, at the option of City, be terminated and rescinded, and thereafter Developer shall have no further rights against City with respect to the City Grant and the City Construction Loan under this Agreement:

6.9.1 Developer (or any successor in interest) transfers or assigns or attempts to transfer or assign this Agreement or any rights therein or in the Property, or any portion thereof, or in the Project or any portion thereof, in violation of this Agreement; or

6.9.2 Developer fails to deliver to City the fully-executed City Grant and City Construction Loan Documents, the Agreement Containing HOME Program Requirements, and the Agreement Containing Covenants and Regulatory Agreement or any other document required by this Agreement within the time established therefore in the Schedule of Performance; or

6.9.3 Developer or its general contractor does not begin with the Improvements in accordance with the Schedule of Performance and proceed continuously with the Improvements or if Developer or its general contractor discontinues the Improvements for a period of thirty (30) days or more for any reason or cause within the control of Developer; or

6.9.4 Any representation or warranty by Developer to City contained herein proves to be materially false or misleading and Developer does not, after receiving written notice thereof from the City Manager, initiate and diligently pursue all actions necessary to make such representation or warranty no longer materially false or misleading; or

6.9.5 Developer neglects, fails or refuses to keep in full force and effect any permit or approval with respect to the Improvements, any policy or policies of insurance or title insurance, or any other undertakings required hereunder; or

6.9.6 Developer is in breach or default with respect to any other covenant or obligation of Developer under this Agreement, including the Agreement Containing HOME Program Requirements, the Agreement Containing Covenants and Regulatory Agreement or any other City Grant and City Construction Loan Documents, which breach or default is not cured within the time periods provided in **Section 6.1** or in no time period is specified, then such period of time reasonably required to effect the cure provided such cure is commenced and diligently pursued to completion; or

6.9.7 Developer becomes insolvent or unable to pay its debts as they mature or makes an assignment for the benefit of creditors.

ARTICLE 7
GENERAL PROVISIONS

7.1 Notices, Demands and Communications between the Parties

Formal notices, demands and communications between or among City and Developer shall be sufficiently given if delivered personally, or dispatched by registered or certified mail, postage prepaid, return receipt requested, to the principal offices of City and Developer, as designated in **Sections 1.4** and **1.5**. Such notices, demands and communications, if given in person, shall be deemed given when delivered, and, if given by mail, shall be deemed given three (3) business days after deposit in the mail. Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail as provided in this Section.

7.2 Conflicts of Interest

7.2.1 No member, official or employee of City shall have any personal interest, direct or indirect, in this Agreement nor shall any such member, official or employee participate in any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is, directly or indirectly, interested.

7.2.2 Developer warrants that it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Agreement.

7.3 Nonliability of City Officials and Employees

No member, official, employee, attorney or consultant of City shall be personally liable to Developer, or any successor in interest, in the event of any default or breach by City or for any amount which may become due to Developer or to its successor, or on any obligations under the terms of this Agreement.

7.4 Enforced Delay; Extension of Time of Performance

In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to war, insurrection, strikes, lock-outs, riots, floods, earthquakes, fires, casualties, Acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions or priority, litigation, unusually severe weather, inability to secure necessary labor, materials or tools, delays of any contractor, subcontractor or supplier, acts of the other party, acts or failure to act of any public or governmental agencies, City or entity (except that acts or failures to act by City shall not excuse performance by City, as the case may be) or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time the party claiming such extension gives notice to the other party, provided notice by the party claiming such extension is sent to the other party within thirty (30) days of knowledge of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by City and Developer.

7.5 Inspection of Books and Records

City has the right at all reasonable times to inspect the books and records of Developer pertaining to the Property as pertinent to the purposes of this Agreement. Developer also has the right at all reasonable times to inspect the books and records of City pertaining to the Property as pertinent to the purposes of the Agreement.

7.6 Real Estate Commissions

Developer represents and warrants to City, and City represents and warrants to Developer, no broker or finder has been engaged by them, respectively, in connection with any of the transactions contemplated by this Agreement (including, specifically, the purchase of the Property by Developer), or to its knowledge is in any way connected with any of such transactions. Developer will indemnify, save harmless and defend City from any liability, cost, or expense arising out of or connected with any claim for any commission or compensation made by any person or entity claiming to have been retained or contacted by Developer in connection with any of the transactions contemplated by this Agreement (including, specifically, the purchase of the Property by Developer). City will indemnify, save harmless, and defend Developer from any liability, cost, or expense arising out of or connected with any claim for any commission or compensation made by any person or entity claiming to have been retained or contacted by City in connection with this transaction. This indemnity provision will survive the Closing or any earlier termination of this Agreement.

ARTICLE 8
ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

This Agreement shall be executed in three (3) duplicate originals, each of which is deemed to be an original.

This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the Property.

All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of City or Developer, and all amendments hereto must be in writing and signed by the appropriate authorities of City and Developer. This Agreement and any provisions hereof may be amended by mutual written agreement by Developer and City and such amendment shall not require the consent of any other fee owner, tenant, lessee, easement holder, licensee, mortgagee, trustee, beneficiary under a deed of trust, or any other person or entity having an interest in the Property, except as otherwise expressly provided in this Agreement.

This Agreement, including all attachments and addenda hereto, constitutes the entire understanding and agreement of the parties.

ARTICLE 9
TIME FOR ACCEPTANCE OF AGREEMENT BY CITY; DATE OF AGREEMENT

This Agreement, when executed by Developer and delivered to City, must be authorized, executed and delivered by City within ninety (90) days after this Agreement is signed and delivered by Developer, or this Agreement may be terminated by Developer on written notice to City.

IN WITNESS WHEREOF, City and Developer have executed this Agreement; and it shall be effective the day and year written above.

PARTNERSHIP HOUSING
a California Non-Profit Corporation

Dated _____

By _____
Erin G. Rank
Executive Director

CITY OF BELLFLOWER
a municipal corporation

Dated _____

By _____
Jeffrey L. Stewart
City Manager

ATTEST:

Mayra Ochiqui
City Clerk

APPROVED AS TO FORM:

Karl H. Berger
City Attorney

ATTACHMENT NO. 1

LEGAL DESCRIPTION

All that certain real property situated in the County of Los Angeles, State of California, described as follows:

Lot 16 in Block 2 of Tract No. 5023, in the City of Bellflower, County of Los Angeles, State of California, as per map recorded in Book 58 Page 1 of Maps, in the Office of the County Recorder of said County.

Except the West 63.5 feet of said Lot.

Assessor's Parcel Number: 7162-015-900

Address: 8809 Ramona Street

ATTACHMENT NO. 2

SCHEDULE OF PERFORMANCE

#	ITEM OF PERFORMANCE	TIME FOR PERFORMANCE
1	Opening of Escrow	Within 3 days after Effective Date
2	Escrow Company confirm to City/Developer of Opening of Escrow	Within 2 days after Opening of Escrow
3	Developer's approval of title report	5 days after its receipt of title report
4	Developer's submittal of insurance policies of all required pursuant to Section 4.5	5 days prior to Close of Escrow
5	City/ Developer's submittal of all documents associated with close of escrow pursuant to Section 3.3. including the Environmental Indemnity.	At least 2 business day before the Close of Escrow.
6	Developer's payment of all fees associated with the close of escrow pursuant to Section 3.2 of Agreement.	At least 1 business day before the Close of Escrow, but no earlier than 10 days.
7	City's approval of Developer's Construction Financing, Developer's Construction Loan shall have closed and funded concurrently with the Closing, and Developer's construction equity shall be available to developer.	Within 21 days after Effective Date / Close of Escrow Date.
8	City's Issuance of Building Permit	No later than July 20, 2016
9	Developer' Commencement of Construction	No later than August 23, 2016
10	Developer' Completion of Construction and City's issuance of temporary certificate of occupancy or certificate of occupancy	No later than December 9, 2017
11	All Restricted Units are sold to Low Income Households (executed City Buyer Affordable Housing Documents)	No later than August 23, 2018

ATTACHMENT NO. 3

SCOPE OF DEVELOPMENT

I. GENERAL DESCRIPTION

The Site is currently zoned Residential (R-2).

Unless otherwise expressly indicated or the context requires, all capitalized terms shall have the same meaning as in the body of this Agreement and the Affordable Housing and Property Disposition Agreement.

II. DEVELOPER IMPROVEMENTS

A. Buildings

Developer shall construct of a high-quality designed, affordable housing project consisting of six (6) owner-occupied residential units restricted to Low Income Households and associated on-site parking and on- and off-site improvements (the "Project"). Each housing unit shall have at least approximately one thousand (1,000) square feet of gross floor area.

B. On- and Off-site Work; Utilities; Barricades

1. Environmental Remediation: Developer shall be responsible, at its cost and expense for curing any adverse soil and/or water conditions on the Property (whether due to environmental contamination, the nature of the soil, geology, or subsurface obstructions). Developer shall promptly perform any such work related to environmental contamination.

2. On-Site Work: Developer shall also be responsible for all on-site construction, including all landscape, curb, gutter, roadway, necessary coordination of adjoining surfaces to integrate on-site work related to the Project.

3. Utilities: Developer is responsible to provide for all primary utility systems necessary to serve the Project, including, but not limited to water and sewer facilities within the rights-of-way abutting the Project and ensuring those systems are adequately sized to serve the Project and are accessible to the Project at points adjacent to the Project.

4. Barricades; Cooperation: Developer shall be responsible for construction barricades which may be required for pedestrian protection and temporary security fencing and dust control during Developer's grading operations and construction improvements within the Project. Developer shall be responsible for damage to public property, including public rights-of-way, during construction of the Project. During construction and as reasonably approved by City's Director of Public Works, Developer may close down the public sidewalks on Ramona Street abutting the Project.

C. Urban Design Standards, Controls and Restrictions

Standards, controls and restrictions regarding construction and development, including, but not limited to, maximum land coverage, setbacks and building construction, shall be consistent with the approved Final Construction Drawings and those conditions reasonably imposed through the entitlement process.

All on-site and off-site elements have received design review approval by City staff, as set forth in this Agreement. Developer shall conform to the following standards of design in establishing the urban design concept, architectural and landscaping features of the Project.

The administrative approval by City of the Final Construction Drawings shall be deemed to be an acknowledgment insofar as City is concerned of compliance with the design standards and limitations contained in this Section C.

1. Architectural Standards

The architecture of all structures, including street level design, building materials, energy considerations and utilitarian areas, shall be as approved by this Agreement and shall be consistent with the approved Final Construction Drawings.

2. Siting and Land Use Standards

a. Building Locations

The Improvements on the Project shall be consistent with the approved Final Construction Drawings.

b. Building Heights

The height of the improvements on the Project shall be as specified in the approved Final Construction Drawings.

3. Streetscape Design Standards

a. Landscaping

Developer shall construct all hardscape, landscape and irrigation improvements within the Project, as well as any new hardscape, landscape and irrigation improvements proposed by Developer within the adjoining public rights-of-way as specified in the landscaping plans approved by City.

Landscaping includes such materials as paving, trees, shrubs, and other plant materials, landscape containers, top soil, soil preparation, automatic irrigation, and landscape and pedestrian lighting.

Developer, or their successors and assigns, shall maintain the landscaping free from debris and accumulation of rubble and shall maintain all plant materials in a healthy and manicured condition.

b. Utilities

All transformers and utility services on-site including mechanical equipment and meters (except solar panels, if any) shall be as specified in the approved Final Construction Drawings.

c. Building Coverage

Minimum building setbacks shall be as specified in the approved Final Construction Drawings.

d. Rooftops

Exposed duct work for heating and cooling, mechanical equipment and other roof structures shall be screened from direct view as specified in the approved Final Construction Drawings.

e. Handicap Access

The Project and ingress and egress access ways to the Project and from the Project shall be usable by handicapped persons as specified in the approved Final Construction Drawings.

f. Lighting

A lighting plan which highlights the architectural qualities of the Project and also enhances the lighting of the public right-of-way shall be as specified in the approved Final Construction Drawings.

g. Construction

During construction of the improvements on the Project, Developer shall take all reasonable precautions to reasonably minimize dust and disturbance to adjacent properties caused by construction. Developer shall generally work normal working hours, being between the hours of 7:00 a.m. and 8:00 p.m., Monday through Saturday. Developer shall take special care to avoid and mitigate construction vibration and noise during anytime which would materially and negatively affect nearby residences.

ATTACHMENT NO. 4

PROJECT BUDGET

Development Costs - Bellflower - Ramona - 6 units

I. Land Assemblage Cost

Land Value			\$415,000
Closing Costs	Allowance		\$6,000
Total Land Assemblage	6 Units	\$70,167 /Unit	\$421,000

II. Direct Costs

Construction Management	12% Costs		\$93,648
6 units	8,505 number	\$80.0 /Sq ft	\$680,400
General Conditions	6 Units	\$7,000 /Unit	\$42,000
Off-site Improvements	Allowance		\$10,000
On-site Improvements	6 Unit	\$15,000 /Unit	\$90,000
Contingency	10% Costs		\$91,605
Total Direct Costs	6 Units	\$167,942 /Unit	\$1,007,653

III. Indirect Costs

Fees and permits	6 Units	\$20,000 /Unit	\$120,000
Tax and Legal, Accounting	2% Direct Cost		\$20,153
Insurance	6 Units	\$5,000 /Unit	\$30,000
Architect (including structural)	4% Direct Cost		\$40,306
Engineering	2% Direct Cost		\$20,153
Other Consultants, Printing	Allowance		\$5,000
Contingency	4% Indirect+Fin		\$10,864
Total Indirect Costs	6 Units	\$41,079 /Unit	\$246,477

IV. Financing Costs

Construction Interest	8% @60% Dir,Ind,Dev Fee		\$66,218
End Closing Costs/sales	6 Units	\$6,000 /Unit	\$36,000
Total Financing Costs	6 Units	\$17,036 /Unit	\$102,218

Developer's Fee	10% dir+indir	\$20,902 /Unit	\$125,413
------------------------	----------------------	-----------------------	------------------

V. Total Development Costs	6 Units	\$317,127 /Unit	\$1,902,761
-----------------------------------	----------------	------------------------	--------------------

Partnership Housing Inc.

Bellflower - Ramona - 6 units

5/10/2016

Total Development Costs (Sources & Uses) - 8809 Ramona St.

5/10/2016

Uses	Costs	Sources				
		City Land Loan	CHDO Funds	HOME Funds	Gift In Kind	Partnership Housing Funds
I. Land Assemblage Cost						
Land	\$415,000	\$318,000				\$97,000
Closing Costs	\$6,000					\$6,000
Total Land Assemblage	\$421,000					
II. Direct Costs						
Construction Management	\$93,648		\$70,200			\$23,448
6 units	\$680,400		\$249,587	\$75,000	\$90,000	\$265,813
General Conditions	\$42,000		\$11,329	\$23,671		\$7,000
Off-site Improvements	\$10,000			\$10,000		
On-site Improvements	\$90,000			\$60,592		\$29,408
Contingency	\$91,605					\$91,605
Total Direct Costs	\$1,007,653					
III. Indirect Costs						
Fees and permits	\$120,000		\$50,000	\$70,000		
Tax and Legal, Accounting	\$20,153			\$15,184		\$4,969
Insurance	\$30,000					\$30,000
Architect (including structural)	\$40,306			\$30,369		\$9,937
Engineering	\$20,153			\$15,184		\$4,969
Other Consultants, Printing	\$5,000					\$5,000
Contingency	\$10,864					\$10,864
Total Indirect Costs	\$246,477					
IV. Financing Costs						
Const Interest	\$66,218					\$66,218
End Closing Costs/Sales	\$36,000					\$36,000
Developer's Fee	\$125,413		\$125,413			
Total Financing Cost	\$227,631					
Total (I,II, III, and IV)	\$1,902,761	\$318,000	\$506,529	\$300,000	\$90,000	\$688,232

Partnership Housing Inc.

Bellflower - Ramona - 5 units

ATTACHMENT NO. 5

METHOD OF FINANCING

Unless otherwise expressly indicated or the context requires, all capitalized terms shall have the same meaning as in the body of this Agreement and the Affordable Housing and Property Disposition Agreement.

I. CITY FINANCING FOR THE PROJECT

Subject to all the terms of this Agreement, including, but not limited to, the conditions precedent described below, the amount to be paid by City to Developer to assist with financing the Project consists of the following: a \$506,529 grant previously approved through the CHDO-HOME Funds Agreement (City Agreement File No. 681), a \$250,000 loan through the HOME Loan Agreement (Amendment No. 1 to City Agreement File No. 681), and a \$415,000 “City Financial Assistance.” City funding shall be solely used for (i) preparation of the Site, including demolition and grading, and (ii) construction and installation of the Restricted Units and other improvements necessary for the Restricted Units (the “**City’s Financial Participation**”).

II. CONDITIONS PRECEDENT TO CITY’S FINANCIAL PARTICIPATION

City shall be responsible to make payment of the City’s Financial Participation to Developer for the purposes described in Section I, above; provided, however, that disbursement of City’s Financial Participation shall not occur until and unless all of the following conditions have been met:

- A. City has received sufficient HOME funding from HUD.
- B. Developer shall show proof reasonably satisfactory to City’s City Manager, Developer has irrevocably committed funding to pay for the Improvements that together with City’s Financial Participation and City’s Additional Contribution shall be sufficient to pay all the Improvements (the “**Evidence of Financing**”).
- C. No default (as that term is defined in Section 6.1 of this Agreement) by Developer exist, or event, omission or failure of condition which would constitute a default after notice or lapse of time, or both has occurred.
- D. Developer fully executes and delivers to City the following:
 - (1) this Agreement;
 - (2) the Agreement Containing Covenants and Regulatory Agreement;
 - (3) Agreement Containing HOME Program Requirements; and
 - (4) the Environmental Indemnity.

E. Developer has acquired fee simple title to the Property prior to or concurrently with the Closing.

F. Developer submits to City's Risk Manager satisfactory evidence the policies of insurance required by Section 4.4 are in full force and effect.

G. The City Manager must be satisfied net proceeds from the resources that comprise the Evidence of Financing are sufficient and all other sources reasonably approved by the City Manager, if any, will be sufficient to: (1) pay for all Improvements as provided in the approved Project Budget; and (2) enable Developer to perform and satisfy all of the covenants of Developer contained in this Agreement.

H. Reserved

I. Neither Developer, City, nor any of their officers, employees, or agents, is in violation of any Federal, State or local law, rule or regulation.

The City Manager shall have the authority to waive any condition of disbursement set forth herein; however any waiver must be expressly made in writing. The decision to waive any condition of disbursement shall be in the sole discretion of the City Manager, and the decision to waive any requirement may be conditioned upon its satisfaction at a later date or upon the substitution of another condition. The disbursement of all or any portion of the City's Financial Participation prior to fulfillment of one or more of the foregoing conditions shall not be construed as a waiver of such conditions, and City reserves the right to require their fulfillment prior to making any subsequent disbursements.

III. DISBURSEMENT PROCESS FOR CITY'S FINANCIAL PARTICIPATION

Subject to section II, above, disbursement of the City's Financial Participation shall be made as follows:

A. The City Financial Assistance portion of City's Financial Participation represents the appraised, fair market value of the Site, which is Four Hundred Fifteen Thousand Dollars (\$415,000). Developer acknowledges and agrees that the use of the Site shall be subject to all of the affordability restrictions set forth in this Agreement and the Affordable Housing Regulatory Agreement. The City Financial Assistance shall be provided to Developer in the form of a "credit," and by the acceptance of the City Note, at the Closing, rather than through an actual disbursement of funds. As a condition to City's conveyance of the Site to Developer, Developer shall execute the City Note in the amount of the Purchase Price and the City Deed of Trust, which shall secure repayment of the City Note and shall secure Developer's obligations to develop the Project on the Site in accordance with this Agreement.

B. Upon Closing, which the parties anticipate to be no later than thirty (30) days after the Date of Agreement, City shall disburse up to Two Hundred Fifty Thousand Dollars (\$250,000) for actual costs incurred of the City's Financial Participation consisting of the HOME Loan Agreement (Amendment No. 1 to City Agreement File No. 681).

C. Upon City's issuance of a building permit for the Improvements of a building value of at least **[NOTE: Still need this]**\$ _____.00 based on complete, acceptable and final building plans and permit application(s) submitted by Developer, which the parties anticipate to be no later than July 15, 2016, City shall disburse up to One Hundred Thousand (\$100,000) for actual costs incurred from the balance of the CHDO-HOME Funds Agreement (City Agreement File No. 681).

D. Upon Developer's satisfactory commencement of construction, as defined in the Schedule of Performance which the parties anticipate to be no later than August 23, 2016, City shall disburse up to an additional One Hundred Thousand (\$100,000) for actual costs incurred of the City's Financial Participation from the balance of the CHDO-HOME Funds Agreement (City Agreement File No. 681). A retention amounting to \$45,000 must be withheld until completion of project, but in no event, earlier than July 1, 2017.

E. Upon Developer's satisfactory completion of phases of the Project, City shall disburse such additional amounts of the City's Financial Participation from time to time as may be reasonably requested by Developer for the actual costs incurred Construction Costs associated with the completed phase.

F. Upon Developer's satisfactory completion of construction, as defined in the Schedule of Performance which the parties anticipate to be no earlier than July 1, 2017 and no later than November 23, 2017, City shall disburse the remaining balance of the CHDO-HOME Funds Agreement (City Agreement File No. 681) of the City's Financial Participation, including the retention amount of \$45,000.

G. City agrees to make good faith attempts to provide the above funding sooner than the above schedule.

ATTACHMENT NO. 6

OFFICIAL BUSINESS
Document entitled to free
recording per Government
Code Section 6103

Recording Requested By and
When Recorded Mail To:

CITY OF BELLFLOWER
10660 Civic Center Drive
Bellflower CA 90706

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**AGREEMENT CONTAINING COVENANTS AND REGULATORY AGREEMENT
(Including Affordable Housing Restrictions)**

THIS REGULATORY AGREEMENT (Including Affordable Housing Restrictions) (“Agreement”) is made as of the ___ day of _____ 2016, by and between PARTNERSHIP HOUSING, INC., a California non-profit corporation (“Developer”) and the CITY OF BELLFLOWER, a municipal corporation (“City”) with reference to the following facts:

RECITALS

A. City and Developer have heretofore entered into that certain Affordable Housing and Property Disposition Agreement dated as of June 27, 2016 (the “Agreement”), which is incorporated herein by this reference. Any capitalized term not otherwise defined herein shall the meaning ascribed to it in the Agreement.

B. Pursuant to the Agreement, City has agreed to provide financing to Developer to assist with the development of owner-occupied affordable housing units, using the HOME Program funds.

C. The Property is legally described in Exhibit A, which is attached hereto and incorporated herein by this reference.

D. Also pursuant to the Agreement, Developer has agreed to use Property for the construction of six (6) two and/or three bedroom owner-occupied residential units affordable to Low Income Households. Those units will be designated as Restricted Units that Developer (and any subsequent owner of such Restricted Units) will sell to owner-occupant, Low Income Households at affordable housing costs in accordance with the HOME Regulations for not less than thirty (30) years (the “Project”).

NOW, THEREFORE, in consideration of the foregoing, Developer and City hereby agree the Restricted Units within Property shall be subject to the following covenants and conditions which shall run with the land, and be binding on all parties having any right, title or interest in the Restricted Units within the Project, their respective heirs, legatees, devisees, administrators, executors, successors and assigns, and shall inure to the benefit of City and its respective successors and assigns.

1. Affordable Housing Requirements. The requirements of this Section 1 shall continue in effect for fifteen (15) years following each initial sale of a Restricted Unit to an eligible Low Income household at affordable housing costs as required by the HOME Regulations (the "Affordability Period"). During the Affordability Period, the HOME Funds-Homeownership Regulations and Requirements (CHDO-HOME Funds Agreement) following requirements shall apply to the Property:

a. Income and Housing Cost Restrictions. Developer, for itself and its successors and assigns, hereby covenants and agrees that all the Restricted Units shall be sold exclusively to Low Income Households at an "Affordable Purchase Price," which means, for purposes of this Agreement, an acquisition cost (plus a reasonable financing, utility, insurance and tax allowance) which does not exceed the applicable maximum percentage of area median income, adjusted for family size appropriate for the unit, as set forth in City HOME Loan Agreement Exhibit 3. Upon request, City agrees to notify Developer in writing of the adjusted allowable maximum incomes and housing costs.

b. Maximum Incomes. Developer will initially determine the maximum incomes of owner-occupant households eligible to purchase and occupy the Restricted Units as required by the HOME Regulations. All proposed owner-occupant households must be income-eligible. Developer must certify the income and submit supporting income documentation of the eligible owner-occupant household to City at least thirty-five(35) business days before the household's expected occupancy of the Restricted Unit. Upon receipt of certification of income and submittal of supporting income documentation, City or a third party retained by city shall make final determination of income-eligible household within thirty (30) business days. Developer, its successors and assigns may not require any purchaser of a Restricted Unit to have an annual income in excess of the amounts allowed by the HOME Regulations.

c. Maximum Occupancy. Developer and City shall use the occupancy per unit assumptions used by HUD.

2. Operating Covenants. Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof that Developer, shall operate the Property and the Project in conformity with all applicable laws, rules, regulations and ordinances, including without limitation, the HOME Regulations and all applicable federal and state labor standards.

3. Maintenance. Developer is responsible for maintenance of the Property and the Project, in accordance with the standards outlined in this section, until such time that Developer conveys all interests it has in the Restricted Units as permitted by the Agreement. At such time, the

following obligations shall become the responsibility of the homeowners' association for the Property (the "HOA") and Developer will no longer be subject to the following obligations.

Developer and/or the HOA shall maintain and preserve the common areas of the Project and the Property in good condition and repair, excepting reasonable wear and tear, and in a prudent and businesslike manner. Restoration of damaged improvements in the common areas shall be made to a condition as good as existed prior to the damage. Developer and/or the HOA shall complete promptly and in a good and workmanlike manner any Improvements in the common areas which may be constructed on the Project or the Property and pay when due all claims for labor performed and material furnished therefor. Developer and/or the HOA shall comply with all laws, ordinances, rules, regulations, covenants, conditions, restrictions, and orders of any governmental authority now or hereafter affecting the conduct or operation of the Project and of Developer's business on the Project or any part thereof or requiring any alteration or improvement to be made thereon. Developer and/or the HOA shall maintain the common area in good and neat order and repair. Developer and/or the HOA hereby agrees City may conduct from time to time through representatives of its own choice, upon reasonable notice, on-site inspections and observation of such records of Developer and/or the HOA relating to the Project and the Property as City reasonably deems to be necessary or appropriate in order to monitor Developer's and/or the HOA's compliance with the provisions of this Agreement.

Pursuant to Section 5.2 of the Agreement, Developer must record CC&Rs against the Property prior to Developer's conveyance of fee title to any portion of the Project. The CC&Rs must comply with Bellflower Municipal Code § 17.84.070(B). The CC&Rs shall also include an ongoing maintenance program including the following within the common areas and in each unit on the Property, with responsibility for the latter to be with each applicable owner-occupant:

a. Scheduled preventative maintenance and repair of installed equipment in accordance with manufacturers' recommendations.

b. Preventative regular inspections of common areas and equipment as well as regular schedules (daily, weekly, monthly, quarterly, etc.) for maintaining the same. This will include maintenance of exterior areas to keep grounds free of graffiti, litter, trash and paper. Parking areas will be maintained in good repair and free from dirt and litter. Common areas shall be kept free of trash and other debris. Garbage removal will be provided through arrangements with a contractor, consistent with applicable City ordinances. The trash areas will be swept and scrubbed with disinfectant when necessary. Extermination services will be contracted with to provide pest control consistent with high quality management practices.

c. Contract with a landscape firm to maintain the landscaped areas in an attractive and healthy condition.

d. A provision declaring nothing in this Agreement shall make City responsible for making or completing capital repairs or replacements to the Project or the Property or require City to expend funds to make or complete the same. Upon three (3) business days' notice to Developer or the HOA, as applicable, representatives of City may enter onto the Property during normal business hours (subject to the rights of tenants under their leases, if any) to inspect

the progress of any capital repairs and replacements and the general condition of the Project or the Property; provided, however, in the event of an emergency, City may give twenty-four (24) hours' notice.

e. Prompt payment and discharge, when due, all liens, encumbrances and charges upon the Project, the Property or any part thereof relating to mechanics, laborers, materialmen's, suppliers or vendor's liens or rights. Developer or the HOA, as applicable, shall have the right to contest in good faith the validity of any such lien, encumbrance or charge.

f. A provision declaring if Developer or the HOA fails to maintain the Project in accordance with this Agreement, as determined in City's reasonable discretion, then City shall have the right, but not the obligation, to enter the Property, correct any maintenance deficiency, and hold Developer or the HOA, as applicable, responsible for the cost thereof. Any cost incurred by City to cure any such maintenance deficiency, until paid, shall constitute a lien on the Property pursuant to Civil Code Section 2881.

4. Inspection and Records. Developer or the HOA, as applicable, must maintain records which clearly document Developer, or the HOA's, as applicable, performance of its obligations to operate the Property under the terms of this Agreement. Developer or the HOA, as applicable, shall submit any records to City within ten (10) business days after City's request. Developer or the HOA, as applicable, shall permit City to enter and inspect the Project or the Property for compliance with obligations under this Agreement upon three (3) business days' advance notice of such visit by City to Developer or the HOA, as applicable; provided, in the event of an emergency, City may give twenty-four (24) hours' notice.

5. Fees, Taxes and Other Levies. Developer or the HOA, as applicable, shall be responsible for payment of all fees, assessments, taxes, charges and levies imposed by any public authority or utility company with respect to the Property, and shall pay such charges prior to delinquency. However, Developer or the HOA, as applicable, shall not be required to pay any such charge so long as the legality thereof is being contested diligently and in good faith and by appropriate proceedings.

6. Defaults. Failure or delay by Developer or the HOA, as applicable, to perform any term or provision of this Agreement constitutes a default.

a. City shall give written notice of default to Developer or the HOA, as applicable, specifying the default. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

b. Pursuant to Section 28 of this Agreement, any failures or delays by City in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by City in asserting any of its rights and remedies shall not deprive City of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

c. If a monetary event of default occurs, prior to exercising any remedies hereunder, City shall give Developer or the HOA, as applicable, written notice of such default. Developer or the HOA, as applicable, shall have a reasonable period of time after such notice is given within which to cure the default prior to exercise of remedies by City. In no event shall City be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within seven (7) days after the notice of default is first given.

d. If a non-monetary event of default occurs, prior to exercising any remedies hereunder, then City shall give Developer or the HOA, as applicable, notice of such default. If the default is reasonably capable of being cured within thirty (30) days, then Developer or the HOA, as applicable, shall have such period to effect a cure prior to exercise of remedies by City. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and Developer or the HOA, as applicable, (1) initiates corrective action within said period, and (2) diligently and in good faith works to effect a cure as soon as possible, then Developer or the HOA, as applicable, shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by City. In no event shall City be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within ninety (90) days after the notice of default is first given.

e. If any Event of Default occurs, then City may employ an attorney or attorneys to protect its rights hereunder. Subject to California Civil Code Section 1717, the non-prevailing party promises to pay to the prevailing party, on demand, the fees and expenses of such attorneys and all other costs of enforcing the obligations secured hereby including without limitation, recording fees, receiver's fees and expenses, and all other expenses of whatever kind or nature, incurred by the prevailing party in connection with the enforcement of this Agreement, whether or not such enforcement includes the filing of a lawsuit.

7. Non-Discrimination. Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof, that there shall be no discrimination against or segregation of any person, or group of persons, on account of race, religion, creed, color, national origin, ancestry, sex, sexual orientation, marital status, family status, age, any other protected classification, source of income, physical or mental disability, Acquired Immune Deficiency Syndrome (AIDS) or AIDS-related conditions (ARC), or any other arbitrary basis in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property nor shall Developer itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of purchasers, tenants, lessees, subtenants, sublessees or vendees of the Property.

8. Duration of Covenants. The requirements of this Agreement shall remain in effect for the Affordability Period, except that the prohibitions against discrimination remain in effect in perpetuity. Notwithstanding the foregoing, upon Developer's sale of a Restricted Unit to a Low Income Household at an Affordable Sales Price, and said Low Income Household's execution of a complete set of City Buyer Affordable Housing Documents, this Agreement shall be automatically reconveyed and/or terminated with respect to that Restricted Unit.

9. Irrevocability. This Agreement and the lien created hereby shall be irrevocable by Developer and the HOA and their successors and assigns to the Property or any portion thereof.

10. Beneficiary of Covenants. City is deemed to be the beneficiary of the terms and provisions of this Agreement and the covenants herein, both for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, for whose benefit this Agreement and the covenants running with the land have been provided. The covenants established in this Agreement and any amendments hereto approved by City and Developer or the HOA, as applicable, shall, without regard to technical classification or designation, legal or otherwise, be, to the fullest extent permitted by law and equity, binding for the benefit and in favor of, and enforceable by City, and its respective successors and assigns, without regard to whether City is or remains an owner of any land or interest therein to which such covenants relate.

11. Amendments. Only City, its successors and assigns, and Developer, and the heirs, legatees, devisees, administrators, executors, successors and assigns of Developer in and to the fee title to the Property (or portion thereof) shall have the right to consent and agree to changes in, or to eliminate in whole or in part, any of the covenants or conditions contained in this Agreement, or to subject the Property or any Restricted Unit to additional covenants or conditions, without the consent of any renter, lessee, easement holder, licensee, or any other person or entity having an interest less than a fee in the Property (or portion thereof) or any Restricted Unit.

12. Effect of Agreement on Permitted Encumbrances. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Agreement shall defeat or render invalid or in any way impair the lien or charge of any mortgage or deed of trust or security interest permitted by this Agreement and recorded against the Property.

13. Severability. The provisions of this Agreement shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision shall not affect the validity or enforceability of any other provision.

14. Interpretation. The provisions of this Agreement shall be liberally construed and interpreted to effectuate its purposes.

15. Applicable Law. This Agreement and the lien created hereby shall be governed by and construed according to the laws of the State of California.

16. Number, Gender and Headings. As used in this Agreement, the singular shall include the plural and the masculine shall include the feminine and the neuter, unless the context requires the contrary. All headings are not a part hereof, and shall not affect the interpretation of any provision.

17. Rights and Remedies Are Cumulative. The rights and remedies of City with respect to the enforcement of the obligations contained in this Agreement are cumulative, and the exercise by City of one or more of such rights or remedies shall not preclude the exercise by it, at

the same or different times, of any other rights or remedies for the same default or any other default hereunder.

18. Non-liability of Officials, Employees and Agents. No officers, directors, employees and agents of City shall be personally liable to Developer for any obligation created under the terms of this Agreement.

19. Indemnity. Developer and/or the HOA, as applicable, shall defend, indemnify and hold City free and harmless against any losses, damages, liabilities, claims, demands, judgments, actions, court costs, and legal or other expenses (including attorneys' fees) which City may incur as a direct or indirect consequence of Developer and/or the HOA's, as applicable, failure to perform any of their respective obligations as and when required by this Agreement. This indemnity obligation shall not extend to any claim arising from City's failure to perform its obligations as and when required under this Agreement or arising solely from the gross negligence or willful acts of City, its agents, and its employees. Developer's duty to indemnify City shall survive the term of this Agreement.

20. Reserved.

21. Attorney's Fees and Costs. In the event that any legal or administrative action is commenced to interpret or to enforce the terms of this Agreement, the prevailing party in any such action shall be entitled to recover all reasonable attorneys' fees and costs, including expert witness fees, incurred in such action. Reasonable attorney's fees and all associated costs shall be available to the party prevailing in any appeal.

22. Time. Time is of the essence in this Agreement.

23. Consents and Approvals. Any consent or approval of City required under this Agreement shall not be unreasonably withheld, conditioned or delayed. Any approval must be in writing and executed by an authorized representative of City.

24. Notices, Demands and Communications. Formal notices, demands and communications between Developer and City shall be sufficiently given and shall not be deemed given unless dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, to the principal offices of Developer and City as follows:

City: City of Bellflower
16600 Civic Center Drive
Bellflower, CA 90706
Attn: Director of Economic Development

Developer: Partnership Housing Inc.,
8739 Artesia Boulevard
Bellflower, CA 90706
Attn: Executive Director

25. Binding On Successors. All provisions of this Agreement shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors-in-interest, transferee, and assigns of Developer, and City, and shall run with the land as provided herein for the full term of this Agreement, or any conveyance or transfer of the Property or portion thereof.

26. Relationship of Parties. The relationship of Developer and City during the term of this Agreement shall not be construed as a joint venture, equity venture, or partnership.

27. Waiver. Any waiver by City of any obligation in this Agreement must be in writing. No waiver will be implied from any delay or failure by City to take action on any breach or default of Developer or to pursue any remedy allowed under this Agreement or applicable law. Any extension of time granted to Developer to perform any obligation under this Agreement shall not operate as a waiver or release from any of its obligations under this Agreement. Consent by City to any act or omission by Developer shall not be construed to be consent to any other or subsequent act or omission or to waive the requirement for City's written consent to future waivers.

28. Authority. The parties represent and warrant that all necessary action has been taken by the parties to authorize the undersigned to execute this Agreement and to engage in the actions described herein.

IN WITNESS WHEREOF, City and Developer have caused this instrument to be executed on their behalf by their respective officers, as of the date set forth above.

CITY OF BELLFLOWER, a municipal corporation

By: _____
Jeffrey L. Stewart, City Manager

ATTEST:

Mayra Ochiqui
City Clerk

APPROVED AS TO FORM:

Karl H. Berger
City Attorney

PARTNERSHIP HOUSING INC., a California nonprofit company

By: _____

Erin G. Rank
Its: Executive Director

ALL DEVELOPER SIGNATURES TO BE NOTARIZED



EXHIBIT A

LEGAL DESCRIPTION

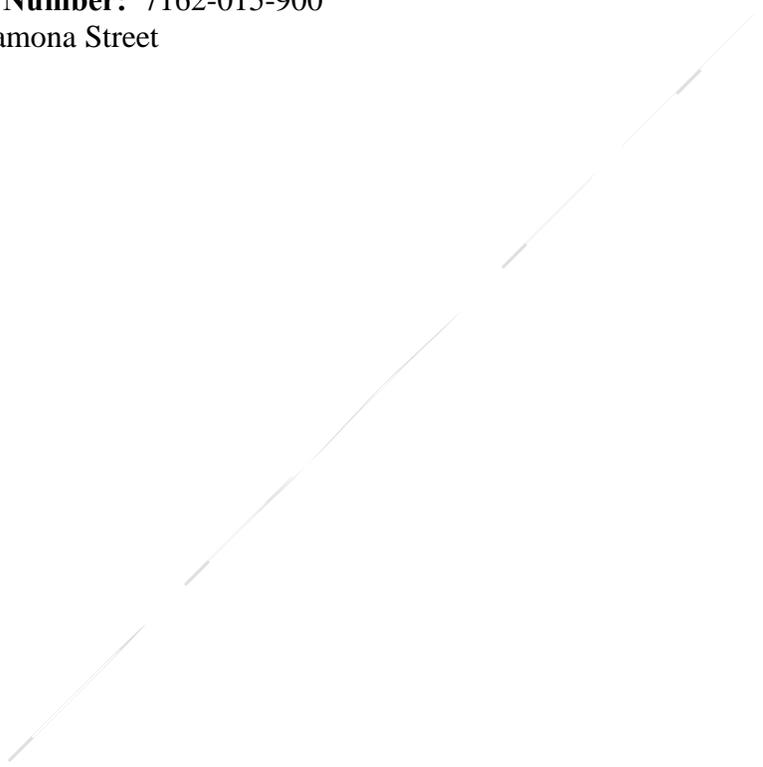
All that certain real property situated in the County of Los Angeles, State of California, described as follows:

Lot 16 in Block 2 of Tract No. 5023, in the City of Bellflower, County of Los Angeles, State of California, as per map recorded in Book 58 Page 1 of Maps, in the Office of the County Recorder of said County.

Except the West 63.5 feet of said Lot.

Assessor's Parcel Number: 7162-015-900

Address: 8809 Ramona Street



ATTACHMENT NO. 7

ENVIRONMENTAL INDEMNITY

THIS ENVIRONMENTAL INDEMNITY (“Indemnity”), dated as of _____, 2016, made by PARTNERSHIP HOUSING INC., a California nonprofit company, (referred to as “Developer”), in favor of the CITY OF BELLFLOWER, a municipal corporation and general law city (“City”).

RECITALS

WHEREAS, Developer is the owner of certain real property situated at 8809 Ramona Street in the City of Bellflower, State of California, as more particularly described on Exhibit “A” attached hereto and made a part hereof, and the improvements constructed and to be constructed thereon (collectively referred to as the “Real Property”);

WHEREAS, Developer and City entered into that certain Affordable Housing and Property Disposition Agreement, dated as of _____, 2016 (the “Agreement”), pursuant to which City conditionally agreed to assist with financing the Project consists in the following amounts: a \$506,529 grant previously approved through CHDO-HOME Funds Agreement (City Agreement File No. 681), a \$250,000 loan through HOME Loan Agreement (Amendment No. 1 to City Agreement File No. 681), and a \$415,000 “City Financial Assistance.”

WHEREAS, the Agreement and the documents and instruments executed by Developer in connection with the Agreement in forms attached to the Agreement, all as described in the Agreement, are sometimes collectively referred to herein as the “City Grant and Loan Documents;”

WHEREAS, Developer has agreed to execute and deliver to City this Environmental Indemnity to induce City to make the Grant and Loan.

NOW, THEREFORE, in consideration of the foregoing and in consideration of the mutual agreements hereinafter set forth, Developer hereby agrees with City as follows:

Section 1. DEFINITIONS.

For the purpose of this Environmental Indemnity, the terms “Hazardous Materials” or “Hazardous Substances” include, but are not limited to, substances defined as “extremely hazardous substances,” “hazardous substances,” “hazardous materials,” “hazardous waste” or “toxic substances” in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §§ 11001-11050; the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1801, *et seq.*; the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901, *et seq.*; and those substances defined as “hazardous waste” in Section 25117 of the California Health and Safety Code, as “infectious waste” in Section 25117.5 of the California Health and Safety Code, as “hazardous substances” in Section 25316 of the California Health and Safety Code or as “hazardous materials” as defined in Section 353 of the California Vehicle Code; and in the regulations adopted and publications promulgated pursuant to said laws. Other capitalized terms

used in this Environmental Indemnity shall have the meanings ascribed to them in the Agreement with the same force and effect as if set forth in full below.

Section 2. REPRESENTATIONS, COVENANTS AND INDEMNITY

The following representations, covenants, and indemnities are hereby given and made by Developer:

2.1. Representations Relating to the Premises. Developer represents and warrants to City as follows, except as may be reported to City in writing (the "Environmental Report"): (a) neither Developer nor, to the actual knowledge of Developer, any affiliate of Developer or any other person, has ever caused or permitted any Hazardous Material to, directly or indirectly, be placed, held, located or disposed of on, under, or at the Real Property, or any part thereof, and the Real Property has never been used (whether by Developer or, to the actual knowledge of Developer, any affiliate of Developer, or by any other person) as a dump site or storage (whether permanent or temporary) site for any Hazardous Material; (b) to the actual of Developer's knowledge, no asbestos or polychlorinated biphenyl (PCB's) are contained in or stored on the Property; (c) to Developer's actual knowledge, there are no underground storage tanks located in, on or under the Property; and (d) there are no claims, litigation, inquiries, administrative, or other proceedings, whether actual or threatened, or judgments, or remedial obligations or orders, relating to any hazardous or toxic substances or wastes, discharges, emissions, or other forms of pollution relating in any way to the Real Property. The foregoing representation shall survive the payment in full or the performance of all other obligations under the Grant and Loan Documents.

2.2. General Representations. Developer also represents and warrants to City as follows:

(a) The execution, delivery, and performance by Developer of this Indemnity do not and will not contravene any law or governmental rule, regulation, or order that is applicable to the Real Property or Developer.

(b) The execution, delivery, and performance by Developer of this Indemnity do not and will not contravene any contractual restriction that is binding upon or that affects the Real Property or Developer and do not and will not result in or require the creation of any lien, security interest, or other charge or encumbrance upon or with respect to any properties of Developer.

(c) No authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for this due execution, delivery, and performance by Developer of this Indemnity.

(d) This Indemnity is a legal, valid, and binding obligation of Developer, enforceable against Developer in accordance with its terms.

(e) Except as previously disclosed to City in the Environmental Report, there is no action, suit, or proceeding pending or threatened against or otherwise affecting Developer before any court, arbitrator or governmental department, City, board, bureau, agency or

instrumentality, which may materially adversely affect the financial condition of Developer or the ability of Developer to perform Developer's obligations under this Indemnity.

(f) Developer has reviewed and approved all of the Grant and Loan Documents (and all exhibits thereto).

(g) The financial statements of Developer delivered to City are true, complete, and correct in all respects, and fairly present the net worth of Developer as of the date thereof. Since the date of such financial statement, there has been no material adverse change in the net worth of Developer.

(h) Developer is duly organized and validly existing under the laws of California and is duly qualified to do business in all states where the nature of its business makes such qualification necessary.

2.3. Covenants.

(a) Developer covenants that it shall comply with any and all laws, regulations, and/or orders which may be promulgated, from time to time, with respect to the discharge and/or removal of Hazardous Materials, to pay immediately when due the costs of the removal of, or any other action required by law with respect to, any such Hazardous Materials, and to keep the Real Property free of any lien imposed pursuant to any such laws, regulations, or orders.

(b) Developer covenants that while it is the owner thereof, the Real Property will not be used for any activities involving, directly or indirectly, the use, generation, treatment, storage, release, or disposal of any Hazardous Materials, except for de minimis quantities used at the Property in compliance with all applicable environmental laws and required in connection with the routine operation and maintenance of the Property.

(c) Developer further agrees that it will not release or dispose of any Hazardous Materials at the Real Property without the express written approval of City and that any such release or disposal shall be effected in strict compliance with all applicable laws and all conditions, if any, established by City.

(d) City shall have the right, at any time, to conduct an environmental audit of the Real Property at City's expense and Developer shall cause Developer to cooperate in the conduct of any such environmental audit but in no event shall such audit be conducted unless City believes that such audit is warranted. Other than in an emergency, such audit shall be conducted only after prior notice has been given to Developer and only in the presence of a representative of Developer. Developer shall give City and its agents and employees access to the Real Property to remove, or otherwise to mitigate against the effects of, Hazardous Materials.

(e) Developer shall not install, or permit to be installed, on the Real Property friable asbestos or any substance containing asbestos and deemed hazardous by federal or state regulations respecting such material, and, with respect to any such material currently present in the Real Property, Developer shall promptly either (i) remove or cause to be removed any material that such regulations deem hazardous and require to be removed, or (ii) otherwise comply

with such federal and state regulations, at Developer's sole cost and expense. If Developer shall fail to so do within the cure period permitted under applicable law, regulation, or order, City may do whatever is reasonably necessary to eliminate said substances from the premises or to otherwise comply with the applicable law, regulation, or order, and the costs thereof shall be added to the Obligations (as hereinafter defined) of Developer under this Section 2.

(f) Developer shall immediately advise City in writing of any of the following: (i) any pending or threatened environmental claim against Developer or the Property, (ii) any condition or occurrence on the Property that (A) results in noncompliance by Developer with any applicable environmental law, (B) could reasonably be anticipated to cause the Property to be subject to any restrictions on the ownership, occupancy, use or transferability of the Property under any environmental law, or (C) could reasonably be anticipated to form the basis of an environmental claim against the Property or Developer.

2.4. Indemnity. Developer shall indemnify, protect, and hold harmless City and its officers, employees and agents, from and against any and all damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements, or expenses (including, without limitation, attorneys' and experts' fees and disbursements) of any kind or of any nature whatsoever (collectively, the Obligations) which may at any time be imposed upon, incurred by or asserted or awarded against City and its elected officials, officers, employees and agents and arising from or out of:

(a) The presence of any Hazardous Materials on, in, under, or affecting all or any portion of the Real Property;

(b) The breach of any representation or warranty made by Developer in Section 2.1 or Section 2.2 hereof or the breach of any covenant made by Developer in Section 2.3 hereof; or

(c) The enforcement by City of any of the provisions of this Section 2.4.

The foregoing indemnification shall be a recourse obligation of Developer, notwithstanding any limitations on recourse contained in any of the Grant and Loan Documents. Additionally, these representations, warrants and indemnifications from Developer shall not limit in any manner whatsoever any rights and remedies of City pursuant to the Grant and Loan Documents.

Section 3. DEVELOPER'S UNCONDITIONAL OBLIGATIONS

3.1. Unconditional Obligations. Developer hereby agrees that the Obligations will be paid strictly in accordance with the terms of this Indemnity, regardless of any law, regulation, or order now or hereafter in effect in any jurisdiction affecting any of the Grant and Loan Documents or affecting any of the rights of City with respect thereto. The obligations of Developer hereunder shall be absolute and unconditional irrespective of:

(a) The validity, regularity, or enforceability of the Grant and Loan Documents or any other instrument or document executed or delivered in connection therewith;

(b) Any alteration, amendment, modification, release, termination, or cancellation of any of the Grant and Loan Documents, or any change in the time, manner, or place of payment of, or in any other term in respect of, all or any of the obligations of Developer contained in any of the Grant and Loan Documents;

(c) Any waiver of, or consent to any departure from, any provision contained in any of the Grant and Loan Documents;

(d) The insolvency or bankruptcy of Developer; or

(e) Any other circumstance that might otherwise constitute a defense available to, or a discharge of, Developer with respect to the Grant and Loan or any or all of the Obligations.

3.2. Continuation. This Indemnity (a) is a continuing indemnity and shall remain in full force and effect until the satisfaction in full of all of the Obligations.

Section 4. WAIVER

Developer hereby waives the following:

(a) Promptness and diligence;

(b) Notice of acceptance and notice of the incurrence of any obligation by Developer;

(c) Notice of any action taken by City, Developer, or any other interested party under the Grant and Loan Documents or under any other agreement or instrument relating thereto;

(d) All other notices, demands, and protests, and all other formalities of every kind, in connection with the enforcement of the Obligations, the omission of or delay in which, but for the provisions of this Section 4, might constitute grounds for relieving Developer of its obligations hereunder; and

(e) The right to a trial by jury with respect to any dispute arising under, or relating to, this Indemnity.

Section 5. RESERVED

Section 6. NOTICES

Formal notices, demands and communications between Developer and City shall be sufficiently given and shall not be deemed given unless dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, to the principal offices of Developer and City as follows:

City: City of Bellflower
16600 Civic Center Drive
Bellflower, CA 90706

Attn: Director of Economic Development

Developer: Partnership Housing Inc.
8739 Artesia Boulevard
Bellflower, CA 90706
Attn: Executive Director

A notice sent in compliance with the provisions of this Section shall be deemed given on the day it is served or two days after the date of mailing, unless such day shall be a non-business day, in which event such notice shall be deemed given on the business day next succeeding the day on which it is mailed.

Section 7. MISCELLANEOUS

7.1. Developer shall make any payment required to be made hereunder in lawful money of the United States of America, and in same day funds, to City at its address specified in the first paragraph hereof.

7.2. No amendment of any provision of this Indemnity shall be effective unless it is in writing and signed by Developer and City, and no waiver of any provision of this Indemnity, and no consent to any departure by Developer from any provision of this Indemnity, shall be effective unless it is in writing and signed by City, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

7.3. No failure on the part of City to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right preclude any other or further exercise thereof or the exercise of any other right. The rights and remedies of City provided herein and in the other City Grant and Loan Documents are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law.

7.4. Any provision of this Indemnity that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof and without affecting the validity or enforceability of such provision in any other jurisdiction.

7.5. This Indemnity shall (a) be binding upon Developer, and Developer's assigns; and (b) inure, together with all rights and remedies of City hereunder, to the benefit of City, its respective directors, officers, employees, and agents. Without limiting the generality of clause (b) of the immediately preceding sentence, City may, subject to, and in accordance with, the provisions of the Grant and Construction Loan Documents, assign or otherwise transfer all or any portion of its rights and obligations under any other Grant and Construction Loan Documents, to any other person, and such other person shall thereupon become vested with all of the rights and obligations in respect thereof that were granted to City herein or otherwise. None of the rights or obligations of Developer hereunder may be assigned or otherwise transferred without the prior written consent of City.

7.6. Developer hereby (a) irrevocably submits to the jurisdiction of any California or federal court sitting, in each instance, in Los Angeles County in any action or

proceeding arising out of or relating to this Indemnity, (b) waives any defense based on doctrines of venue or forum non convenient or similar rules or doctrines, and (c) irrevocably agrees that all claims in respect of any such action or proceeding may be heard and determined in such California or federal court. Developer irrevocably consents to the service of any and all process which may be required or permitted in any such action or proceeding to the address specified in the first paragraph of this Indemnity, above. Developer agrees that a final judgment in any such action or proceeding shall be inclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

7.7. The title of this document and the captions used herein are inserted only as a matter of convenience and for reference and shall in no way define, limit, or describe the scope or the intent of this Indemnity or any of the provisions hereof.

7.8. This Indemnity shall be governed by, and construed and interpreted in accordance with, the laws of the State of California applicable to contracts made and to be performed therein, except to the extent that the laws of the United States preempt the laws of the State of California.

7.9. This Indemnity may be executed in any number of counterparts, each of which shall constitute an original and all of which together shall constitute one agreement.

IN WITNESS WHEREOF, Developer has duly executed this Environmental Indemnity as of the date first set forth above.

Partnership Housing Inc.,
a California nonprofit company

By: _____

Its: Executive Director

ATTACHMENT NO. 8

City HOME Loan Agreement – Amendment No. 1 to City Agreement File No. 681

(To be inserted separately)



ATTACHMENT NO. 9

ATTACHMENT NO. 9

Promissory Note Secured by Deed of Trust (City Financial Assistance)

(To be inserted separately)

ATTACHMENT NO. 10

ATTACHMENT NO. 10 Deed of Trust with Assignment of Rents (City Financial Assistance)

(To be inserted separately)



ATTACHMENT NO. 11

ATTACHMENT NO. 11 Grant Deed

(To be inserted separately)

**AMENDMENT NO. 1 TO
AGREEMENT FILE NO. 681 BETWEEN
THE CITY OF BELLFLOWER AND
PARTNERSHIP HOUSING INC.**

This Amendment No. 1 (“Amendment”) is made and entered into this ____ day of June 2016, by and between the CITY OF BELLFLOWER, a general law city and municipal corporation (“CITY”), and PARTNERSHIP HOUSING, INC., a California nonprofit corporation (“PHI CHDO”).

1. Section IV of Agreement File No. 681 (“Agreement”), is amended to read as follows:

“CITY agrees to reimburse PHI CHDO, as maximum compensation for Project pursuant to the Scope of Work thereof, the sum of Seven Hundred and Fifty-six Thousand Five Hundred Twenty-nine Dollars (\$756,529) of HOME Funds, of which Five Hundred and Six Thousand, Five Hundred Twenty-nine Dollars (\$506,529) is provided in the form of a grant (“HOME Grant”) and Two Hundred and Fifty Thousand Dollars (\$250,000) is provided in the form of a construction loan (“HOME Construction Loan”). The HOME Funds must be reimbursed in accordance with the attached **Exhibit 2 – Project Budget**, which by this reference is incorporated herein as if fully set forth.”

2. The parties agree that the Exhibits 1 through 6 attached to this Amendment are intended to and hereby replace Exhibits 1 through 6 attached to the Agreement, and such exhibits are incorporated by this reference into the Agreement as if fully set forth therein.
3. The parties agree that Exhibits 7 and 8 attached to this Amendment are hereby added as additional exhibits to the Agreement, and such exhibits are incorporated by this reference into the Agreement as if fully set forth therein.
4. This Amendment may be executed in any number or counterparts, each of which will be an original, but all of which together constitutes one instrument executed on the same date.
5. Except as modified by this Amendment, all other terms and conditions of Agreement File No. 681 remain the same.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment the day and year first hereinabove written.

CITY OF BELLFLOWER

PARTNERSHIP HOUSING, INC.

Jeffrey L. Stewart, City Manager

Erin G. Rank, Executive Director

ATTEST:

Mayra Ochiqui, City Clerk

APPROVED AS TO FORM:

Karl H. Berger, City Attorney

Taxpayer ID No. 95-4091474

Doc 342761

EXHIBIT 1

PROJECT IMPLEMENTATION TIMELINE

Affordable Housing and Property Disposition Agreement Approval	June 2016
Submit for building plan check	June 2016
Property transfer	July 2016
Permits issued/Construction Begins	No later than August 23, 2016
Kickoff Ceremony	October 2016
Selection of homeowners	January 2017
Construction Completion	December 2017

EXHIBIT 2

PROJECT BUDGET

City shall reimburse PHI CHDO, as maximum compensation for the development and construction of the Property located at 8809 Ramona Street, pursuant to the **Exhibit 4 Scope of Work**, up to the maximum sum of Thousand Five Hundred Twenty-nine Dollars (\$756,529) of HOME Funds of which Five Hundred Six Thousand Five Hundred Twenty-nine (\$506,529) is provided through form of a grant (“HOME Grant”) and Two Hundred Fifty Thousand Dollars (\$250,000) is provided through form of a loan (“HOME Construction Loan”).

Additionally, the \$250,000 Home Construction Loan shall be secured by a note and deed of trust in a form substantially similar to **Exhibit 7 – Deed of Trust** and **Exhibit 8 – Promissory Note**, which by this reference are incorporated into the Agreement as if fully set forth.

PHI CHDO will provide City a specific working budget as it relates to: construction/rehabilitation, soft costs, development fees and other allowable costs/activities prior to any fund usage. Said budget shall identify all sources and uses of funds, allocate HOME and non-HOME funds to activities or line items, and such other information as may be reasonably requested by City.

EXHIBIT 3
HUD INCOMES

Number of Persons in Your Household: (Fiscal Year 2016)								
Persons in Household	1	2	3	4	5	6	7	8
EXTREMELY LOW INCOME (NOT TO EXCEED 30%) (\$)	18,250	20,850	23,450	26,050	28,440	32,580	36,730	40,890
VERY LOW INCOME (31-50%) (\$)	30,400	34,750	39,100	43,400	46,900	50,350	53,850	57,300
LOW INCOME (51-80%) (\$)	48,650	55,600	62,550	69,450	75,050	80,600	86,150	91,700

EXHIBIT 4

SCOPE OF WORK

Project Definition:

The Project will consist of the development and construction of the Property located at 8809 Ramona Street. The site is approximately 19,690 square feet in size and is currently vacant and suitable for development.

Development and Construction

In addition, the Project will consist of the construction of a building that will consist of the following: six (6) affordable housing units with two (2) to three (3) bedrooms each. The units will be made affordable to persons earning up to 80% of the Area Median Income.

Building should be constructed according to plans. A Building Permit must be obtained from City before commencing construction. The building must be approved by the Building Department of City and an Occupancy Permit must be obtained before the building is occupied. The Project shall also be reviewed by City through City's plan review process.

EXHIBIT 5
PRO FORMA

Total Development Costs (Sources & Uses) - 8809 Ramona St.

Uses	Costs	Sources			
		City Land Loan	CHDO Funds	HOME Funds	Partnership Housing Funds
I. Land Assemblage Cost					
Land	\$415,000	\$318,000		\$0	\$97,000
Closing Costs	\$6,000				\$6,000
Total Land Assemblage	\$421,000				
II. Direct Costs					
Construction Management	\$70,200		\$70,200		
5 units	\$500,000		\$259,946	\$75,000	\$165,054
General Conditions	\$35,000		\$11,329	\$23,671	
Off-site Improvements	\$10,000			\$10,000	
On-site Improvements	\$75,000			\$30,592	\$44,408
Contingency	\$69,020				\$69,020
Total Direct Costs	\$759,220				
III. Indirect Costs					
Fees and permits	\$100,000		\$50,000	\$50,000	
Tax and Legal, Accounting	\$15,184			\$15,184	
Insurance	\$25,000				\$25,000
Architect (including structural)	\$30,369			\$30,369	
Engineering	\$15,184			\$15,184	
Other Consultants, Printing	\$5,000				\$5,000
Contingency	\$8,830				\$8,830
Total Indirect Costs	\$199,567				
IV. Financing Costs					
Const Interest	\$51,544				\$51,544
End Closing Costs/Sales	\$30,000				\$30,000
Developer's Fee	\$115,054		\$115,054		
Total Financing Cost	\$196,599				
Total (I,II, III, and IV)	\$1,576,386	\$318,000	\$506,529	\$250,000	\$501,856

Partnership Housing Inc.

Bellflower - Ramona - 5 units

3/11/2016

EXHIBIT 6

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

City of Bellflower
Housing and Grants Division
16600 Civic Center Drive
Bellflower, California 90706

(Space above line for Recorder's use)

AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY

Free Recording Requested – Government Code Section 6103)
Assessor Parcel Nos. _____

THIS AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY ("Agreement") is entered into as of _____, 2016, by and between the CITY OF BELLFLOWER, a municipal corporation ("City"), and PARTNERSHIP HOUSING INC., a California nonprofit corporation ("Developer"), with reference to the following:

A. Developer is the owner of certain real property located in the City of Bellflower, County of Los Angeles, State of California, commonly known as 8809 Ramona Street, Bellflower, California (collectively, the "Property"), being more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference.

B. City is the recipient of HOME Investment Partnerships Program Funds from the U.S. Department of Housing and Urban Development ("HUD"), including funds that are reserved for the use of Community Housing Development Organizations, as defined by HUD ("CHDOs"), and has agreed to advance no less than Seven Hundred and Fifty-six Thousand, Five Hundred and Twenty-nine Dollars (\$756,529) of HOME Funds of which Five Hundred and Six Thousand, Five Hundred and Twenty-nine Dollars (\$506,529) is provided in the form of a grant ("HOME Grant") and Two Hundred Fifty Thousand Dollars (\$250,000) is provided in the form of a construction loan ("HOME Construction Loan") (collectively, the "HOME Funds") to PHI CHDO, a certified CHDO, pursuant to that certain Agreement dated August 24, 2015 by and between City and Developer to pay for the development of low- and moderate-income housing on the Property, as amended (the "HOME Funds Agreement").

C. The HOME Funds are subject to this Agreement and the HOME Funds Agreement is a public document on file in the City's Economic Development

**Agreement Containing Covenants Affecting Real Property
Partnership Housing Inc., CHDO – 8809 Ramona Street
Page 2 of 7**

Department and is incorporated herein by this reference. Any capitalized term that is not otherwise defined in this Agreement shall have the meaning ascribed to such term in the HOME Funds Agreement.

D. The parties hereto have entered into this Agreement for the purpose of increasing the supply of affordable housing in the City of Bellflower that will remain affordable in accordance with the period of affordability prescribed by the HOME Funds Agreement.

NOW, THEREFORE, CITY AND DEVELOPER AGREE AS FOLLOWS:

1. The term “Period of Affordability” of this Agreement shall commence upon the date of recordation hereof, and shall continue for 30 years after the date of completion of the construction of the Property in strict accordance with the HOME Funds Agreement. The completion date will be determined upon Developer’s submission of a Certificate of Completion (as defined in Section 2 below) to City.

2. Developer hereby covenants and agrees, for itself and its successors and assigns, that Developer and its successors and assigns shall promptly begin and diligently prosecute to completion the construction of the Property in strict accordance with the HOME Funds Agreement and that such construction shall be commenced and completed within the dates specified in the HOME Funds Agreement. Promptly after completion of the construction/rehabilitation of the Property in strict accordance with the HOME Funds Agreement, Developer will furnish Beneficiary with an appropriate instrument in recordable form certifying the date of completion of the project (“Certificate of Completion”).

3. Developer covenants and agrees (for itself, its successors, its assigns, and every successor-in-interest to the Property or any part thereof) that during construction and thereafter for the entirety of the Period of Affordability, Developer, and its successors and assigns, shall use the Property exclusively to provide housing that meets the limitations set forth by HUD for HOME-assisted units as prescribed by 24 C.F.R. Part 92, § 92.252, in accordance with the HOME Funds Agreement.

4. Developer represents and agrees that the Property will be used for the purposes of timely construction as set forth in the HOME Funds Agreement and not for speculation in landholding. Developer further recognizes that Developer’s qualifications are of particular interest to the community in view of the following factors: (1) the importance of the construction of the Property to the general welfare of the community; (2) the construction assistance and other public aids that have been made available by law and by the government for the purpose of making such construction possible; (3) the reliance by City upon the unique qualifications and ability of Developer to serve as

**Agreement Containing Covenants Affecting Real Property
Partnership Housing Inc., CHDO – 8809 Ramona Street
Page 3 of 7**

the catalyst for construction of the Property and upon the continuing interest which Developer will have in the Property to assure the quality deemed critical by City in the construction of the Property; (4) the fact that the Property is not to be acquired or used for speculation, but only for Developer's construction and disposition in accordance with the HOME Funds Agreement; and (5) the importance to City and the community of the standards affordable housing on the Property.

5. In consideration of the factors set forth in Section 4 above, Developer covenants, for itself and its successors and assigns, that there shall be no sale, transfer, assignment, conveyance, lease, pledge or encumbrance of the HOME Funds Agreement, the Property or any part thereof, except upon the prior written consent of City which can be withheld in its sole discretion. No voluntary or involuntary successor in interest of Developer shall acquire any rights or powers under this Agreement or the HOME Funds Agreement except as expressly set forth in this Agreement or the HOME Funds Agreement.

6. Notwithstanding any other provision of this Agreement to the contrary, no violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Agreement or the HOME Funds Agreement shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument encumbering the Property in favor of a bona fide lender, or its successor or assigns, made in good faith and for value, and such covenants, conditions, restrictions, limitations and provisions shall terminate upon foreclosure or transfer in lieu of foreclosure by such lender or any trustee acting on behalf of such lender; provided, however, that such covenants, conditions, restrictions, limitations and provisions shall be revived according to the original terms if, during the original Period of Affordability, the owner of record before the foreclosure, or deed in lieu of foreclosure, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the Property.

7. City shall have the right to monitor compliance with this Agreement and the HOME Funds Agreement by requesting that Developer provide City, no more frequently than annually, with written certification under penalty of perjury, accompanied by supporting documentation reasonably satisfactory to City, that the HOME-assisted units on the Property are in compliance with the maximum HOME rent limits of 24 C.F.R. Part 92, § 92.252, and the other provisions of the HOME Funds Agreement.

8. During the Period of Affordability, City shall have the right of first refusal as specified below:

(a) Developer shall notify City in writing not later than five (5) days after entering into a legally binding agreement for the proposed sale ("Proposed Sale") of the

**Agreement Containing Covenants Affecting Real Property
Partnership Housing Inc., CHDO – 8809 Ramona Street
Page 4 of 7**

Property accompanied by delivery of a true and correct copy of a bona fide offer to purchase the Property (the "Offer") and Developer's conditional acceptance of the Offer, specifying all the terms of such Proposed Sale. Upon receipt of such notice of Proposed Sale, City will require Developer and the proposed purchaser to certify in writing under penalty of perjury, in form reasonably acceptable to City, Developer and the proposed purchaser have not paid, have no agreement to pay and will not pay, to the other such party, or to any other person, any money or other consideration in addition to the consideration described in the Offer and Developer's conditional acceptance.

(b) Upon receipt of Developer's written notice of the Proposed Sale, City shall have the right in its sole discretion, but not the obligation, to purchase the Property, or to cause the sale of the Property by Developer to a third party selected by City ("Eligible Purchaser"), for an amount equal to the amount set forth in the Offer and on the same terms and conditions as contained in such Offer. City shall have thirty (30) days after receipt of Developer's notice of Proposed Sale within which to notify Developer in writing ("City's Notice of Exercise") that City is exercising its right to purchase the Property in accordance with this Section 8.

(c) If City exercises its right to purchase the Property and arranges for the purchase of the Property by an Eligible Purchaser, an escrow shall be established to close within sixty (60) days after City's receipt of Developer's written notice of Proposed Sale, the HOME Funds and all obligations under the HOME Funds Agreement shall be assigned to and assumed by the Eligible Purchaser, and Developer's obligations under the HOME Funds Agreement shall be discharged upon the close of escrow.

(d) If City fails to exercise its right to purchase the Property by delivering City's Notice of Exercise to Developer within thirty (30) days after receipt of Developer's notice of Proposed Sale, then Developer shall be entitled to sell the Property to any buyer ("Buyer") provided that the sales price is not less and the terms are no more favorable to the Buyer than the price and terms set forth in Developer's notice of Proposed Sale. City's right of first refusal as set forth in this Section 8 shall terminate and be of no further force or effect upon expiration of the Period of Affordability.

(e) For purposes of this Section 8, "Proposed Sale" means any sale, transfer, assignment or conveyance of the Property, any portion thereof or interest therein, or the improvements located thereon, including, without limitation, any lease, exchange, or other disposition of any interest in the Property, whether voluntary or involuntary.

9. For purposes of this Agreement, when it shall be necessary or desirable for one party to serve any notice, request, demand, report or other communication on another party, the same shall be in writing and shall not be effective for any purpose

**Agreement Containing Covenants Affecting Real Property
Partnership Housing Inc., CHDO – 8809 Ramona Street
Page 5 of 7**

unless served (a) personally, (b) by independent, reputable, overnight commercial courier, or (c) by deposit in the United States mail, postage and fees fully prepaid, registered or certified mail, with return receipt requested, addressed as follows:

To Developer: Partnership Housing Inc.
Attn: Executive Director
8739 Artesia Boulevard
Bellflower, CA 90706

To City of Bellflower: City of Bellflower
Economic Development Department
Attn: Housing Division
16600 Civic Center Drive
Bellflower, CA 90706

Either party may change its address for notice by giving written notice thereof to the other party.

10. Developer covenants and agrees, for itself and its successors and assigns, that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry or disability in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall Developer itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, subtenants or vendees in the Property and the improvements thereon. Furthermore, all deeds, leases or contracts made relative to the Property and the improvements thereon or any part thereof, shall contain or be subject to substantially the following non-discrimination clauses:

(a) In deeds: "The grantee herein covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry or disability in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through the grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, subtenants or vendees in the land herein conveyed. The foregoing covenants shall run with the land.

**Agreement Containing Covenants Affecting Real Property
Partnership Housing Inc., CHDO – 8809 Ramona Street
Page 6 of 7**

(b) In contracts: "There shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry or disability in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land or the improvements thereon, nor shall the transferee, or any person claiming under or through the transferee, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, subtenants or vendees in the land or the improvements thereon."

11. Notwithstanding any other provision of law, this Agreement shall run with the land and shall be enforceable against Developer and its successors in interest by City. Except for the nondiscrimination provisions set forth in Section 10, above, which shall remain in effect in perpetuity, the covenants, conditions and restrictions contained in this Agreement shall run with the land and remain in full force and effect until the end of the Period of Affordability.

12. This Agreement, without regard to technical classification or designation, shall be binding for the benefit of City, and such covenants, conditions and restrictions shall run in favor of City for the entire period during which such covenants, conditions and restrictions shall be in force and effect, without regard to whether City is or remains an owner of any land or interest therein to which such covenants, conditions and restrictions relate. In the event of any breach of any such covenants, conditions and restrictions, City shall have the right to exercise all the rights and remedies, and to maintain any action at law or suits in equity or other proper proceedings to enforce the curing of such breach.

13. Only City, its successor, and assigns, and Developer, and the successors and assigns of Developer, in and to the Property shall have the right to consent and agree to changes in, or to eliminate in whole or in part, this Agreement or to subject the Property to additional covenants, conditions and restrictions without the consent of any tenant, lessee, easement holder, licensee, trustee, beneficiary under a deed of trust (other than a beneficiary of a deed of trust securing any first mortgage) or any other person or entity having an interest less than a fee in the Property. This Agreement shall not benefit or be enforceable by any person, or firm, or corporation, public or private, except City and Developer and their respective successors and assigns.

14. The covenants and agreements contained herein shall run with the land and not be personal obligations of Developer. Upon the sale, conveyance or other transfer of the Property approved by City or otherwise permitted under the HOME Funds Agreement and the assumption of the obligations hereunder by a transferee, Developer's liability for performance shall be terminated as to any obligation to be performed hereunder after the date of such Transfer.

**Agreement Containing Covenants Affecting Real Property
Partnership Housing Inc., CHDO – 8809 Ramona Street
Page 7 of 7**

IN WITNESS WHEREOF, City and Developer have caused this instrument to be executed on their behalf by their respective officers hereunto duly authorized.

PARTNERSHIP HOUSING INC.,
a California nonprofit corporation

CITY OF BELLFLOWER, a municipal
corporation

By: _____
Erin G. Rank, Executive Director

By: _____
Jeffrey L. Stewart, City Manager

By: _____

Date: _____

Its

Attest:

Mayra Ochiqui, City Clerk

Approved as to form:

Karl H. Berger, City Attorney

EXHIBIT 7

RECORDING REQUESTED BY AND)
WHEN RECORDED MAIL TO:)
)
City of Bellflower)
16600 Civic Center Drive)
Bellflower, California, 90706)
Attn: City Manager)

Exempt from recording fee pursuant to
Government Code § 27383

DEED OF TRUST WITH ASSIGNMENT OF RENTS

This DEED OF TRUST WITH ASSIGNMENT OF RENTS (“Deed of Trust”), is made as of _____, 2016, by Partnership Housing, Inc., a California nonprofit public benefit corporation (“Trustor”), whose address is 8739 Artesia Boulevard, _____ Bellflower, _____ California _____ 90706, _____ to _____ (“Trustee”), for the benefit of the CITY OF BELLFLOWER, a general law city and municipal corporation (“Beneficiary”), located at 16600 Civic Center Drive, Bellflower, CA 90706, Attn: City Manager.

1. **Grant in Trust.** Trustor grants to Trustee in Trust, with Power of Sale, that property in the City of Bellflower, County of Los Angeles, State of California, described in Exhibit A, attached hereto and incorporated herein by reference (“Property”), together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits.

2. **Obligations Secured.** Trustor makes this grant and assignment for the purpose of securing (1) the payment of indebtedness in the principal amount of Two Hundred Fifty Thousand Dollars (\$250,000.00), according to the terms of a Promissory Note dated June 27, 2016 made by Trustor, payable to order of Beneficiary, and extensions or renewals; (2) the performance of each agreement of Trustor incorporated by reference or contained in this Deed of Trust; and (3) the payment of additional sums and interest which may be subsequently loaned to Trustor, or Trustor’s successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

3. **Acceleration of Note Amount Upon Sale, Encumbrance, or Default.** To the extent permitted by applicable law, if Trustor: (a) directly or indirectly, voluntarily, or involuntarily, sells, assigns, transfers, disposes of, alienates, encumbers, leases, or agrees to sell, assign, transfer, dispose of, alienate, encumber, or lease all or any portion of any interest in the Property (excluding financing for the development of the Project that has been approved by Beneficiary, the transfer of the Condominiums to

Low- and Moderate Income Households, and the conveyance of the Association Area to the Association, if done in accordance with the Affordable Housing and Property Disposition Agreement and the Affordable Housing Regulatory Agreement); (b) fails to complete construction of the Project, as evidenced by Beneficiary's issuance to Trustor of a Release of Construction Covenants, within 18 months following the execution of the Note; or (c) defaults on any of its obligations set forth in the Note, Affordable Housing and Property Disposition Agreement, Affordable Housing Regulatory Agreement, or this Deed of Trust, Beneficiary, at its option, may declare the entire indebtedness evidenced hereby, including, without limitation, all accrued interest, to be immediately due and payable and collectible then or thereafter as Beneficiary may elect.

AN EVENT OF ACCELERATION OR PAYMENT UNDER THE NOTE, WHETHER VOLUNTARY OR DUE TO AN EVENT OF ACCELERATION, SHALL NOT TERMINATE THE AFFORDABILITY RESTRICTIONS OR THE THIRTY YEAR AFFORDABILITY PERIOD SET FORTH IN THE AFFORDABLE HOUSING REGULATORY AGREEMENT. TRUSTOR EXPRESSLY ACKNOWLEDGES THE FOREGOING.

Trustor's Initials _____

4. **No Cure.** In the event Beneficiary collects and receives any rents under the Deed of Trust upon any default hereof, such collection or receipt shall in no way constitute a curing of the default, except if and to the extent the same are sufficient to cure all monetary defaults and no other defaults then exist.

5. **Possession Upon Default.** Upon the occurrence of and during the continuation of a default, Beneficiary, after having given notice and the applicable cure periods having expired with the default having not been cured (hereinafter, a "default"), may, at its option, without any action on its part being required and without in any way waiving such default, take possession of the Property in accordance with applicable law and have, hold, manage, lease and operate the same, on such terms and for such period of time as Beneficiary may deem proper, and may collect and receive all rents and profits, with full power to make, from time to time, all commercially reasonable alterations, renovations, repairs or replacements thereto as may seem proper to Beneficiary, and to apply such rents and profits to the payment of (a) the cost of all such alterations, renovations, repairs and replacements, and all costs and expenses incident to taking and retaining possession of the Property, and the management and operation thereof, and keeping the same properly insured; (b) all taxes, charges, claims, assessments, and any other liens which may be prior in lien or payment of the Note, and premiums for insurance, with interest on all such items; and (c) the indebtedness secured hereby, together with all costs and attorney's fees, in such order or priority as to any of such items as Beneficiary in its sole discretion may determine, any statute, law, custom or use to the contrary notwithstanding. Any amounts received by Beneficiary or its agents in the performance of any acts prohibited by the terms of this assignment, including, but not limited to, any amounts received in connection with any cancellation, modification or amendment of any lease prohibited by the terms of this assignment and any rents and profits received by Trustor after the occurrence of a

default shall be held by Trustor as trustee for Beneficiary and all such amounts shall be accounted for to Beneficiary and shall not be commingled with other funds of the Trustor. Any person receiving any portion of such trust funds shall receive the same in trust for Beneficiary as if such person had actual or constructive notice that such funds were impressed with a trust in accordance therewith.

6. **Receiver.** In addition to any and all other remedies of Beneficiary set forth under this Deed of Trust or permitted at law or in equity, if a default shall have occurred and not have been cured within any applicable cure period, Beneficiary, to the extent permitted by law and without regard to the value, adequacy or occupancy of the security for the Note and other sums secured hereby, shall be entitled as a matter of right if it so elects to the appointment of a receiver to enter upon and take possession of the Property and to collect all rents and profits and apply the same as the court may direct, and such receiver may be appointed by any court of competent jurisdiction by ex parte application and without notice, notice of hearing being hereby expressly waived. The expenses, including receiver's fees, attorneys' fees, costs and agent's compensation, incurred pursuant to the power herein contained shall be secured by this Deed of Trust.

7. **Partial Reconveyances of Deed of Trust.** Provided Trustor is not in default of any of the City Agreements, upon the initial transfer of title of each Restricted Unit on the Property by Trustor to a Low- to Moderate-Income Household at an Affordable Sales Price in accordance with the Affordable Housing and Property Disposition Agreement, this Deed of Trust shall be partially reconveyed (with a corresponding reduction in the Note Amount in accordance with the Note) as to that Restricted Unit.

8. **Incorporation of Fictitious Deed of Trust.** To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in Los Angeles County August 17, 1964, in all other counties August 18, 1964, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, namely:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Placer	1028	379
Alpine	3	130-31	Plumas	166	1307
Amador	133	438	Riverside	3778	347
Butte	1330	513	Sacramento	5039	124
Calaveras	185	338	San Benito	300	405
Colusa	323	391	Los Angeles	6213	768
Contra Costa	4684	1	San Francisco	A-804	596
Del Norte	101	549	San Joaquin	2855	283
El Dorado	704	635	San Luis Obispo	1311	137

Fresno	5052	623	San Mateo	4778	175
Glenn	469	76	Santa Barbara	2065	881
Humboldt	801	83	Santa Clara	6626	664
Imperial	1189	701	Santa Cruz	1638	607
Inyo	165	672	Shasta	800	633
Kern	3756	690	San Diego SERIES 5 Book 1964, Page 149774		
Kings	858	713	Sierra	38	187
Lake	437	110	Siskiyou	506	762
Lassen	192	367	Solano	1287	621
Los Angeles	T-3878	874	Sonoma	2067	427
Madera	911	136	Stanislaus	1970	56
Marin	1849	122	Sutter	655	585
Mariposa	90	453	Tehama	457	183
Mendocino	667	99	Trinity	108	595
Merced	1660	753	Tulare	2530	108
Modoc	191	93	Tuolumne	177	160
Mono	69	302	Los Angeles	2607	237
Monterey	357	239	Yolo	769	16
Napa	704	742	Yuba	398	693
Nevada	363	94			
Orange		7182	18		

does inure to and bind the parties to this Deed of Trust, with respect to the property above described. Said agreements, terms and provisions contained in said subdivision A and B, (identical in all counties), are incorporated and made a part of this Deed of Trust by reference for all purposes and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge does not exceed the maximum allowed by law.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale be mailed to him at his address set forth above.

“TRUSTOR”
PARTNERSHIP HOUSING, INC., a California
nonprofit public benefit corporation

Executed at _____, California
_____, 2016

By: _____

Executed at _____, California
_____, 2016

By: _____

[SIGNATURE MUST BE ACKNOWLEDGED]

EXHIBIT A

LEGAL DESCRIPTION

All that certain real property situated in the County of Los Angeles, State of California, described as follows:

Lot 16 in Block 2 of Tract No. 5023, in the City of Bellflower, County of Los Angeles, State of California, as per map recorded in Book 58 Page 1 of Maps, in the Office of the County Recorder of said County.

Except the West 63.5 feet of said Lot.

Assessor's Parcel Number: 7162-015-900

Address: 8809 Ramona Street

EXHIBIT 8

PROMISSORY NOTE SECURED BY DEED OF TRUST

Loan No. *Refer to Amendment No. 1 to Agreement File No. 681*

\$ 250,000

June 27, 2016

Property Address: 8809 Ramona Street, Bellflower, California

FOR VALUE RECEIVED, the undersigned, PARTNERSHIP HOUSING, INC., a California nonprofit public benefit corporation (the "Borrower"), promises to pay to the CITY OF BELLFLOWER, a general law city and municipal corporation ("Lender") at 16600 Civic Center Drive, Bellflower, California 90706, or at such other place as the holder may from time to time designate by written notice to Borrower, in lawful money of the United States, the principal sum of Two Hundred and Fifty Thousand Dollars (\$250,000.00) with interest (as applicable), and other charges owing hereunder, or such lesser amount which may from time to time be owing hereunder pursuant to the terms of this Note. This Note is secured by that certain Deed of Trust Loan No. **Refer to Amendment No. 1 to Agreement File No. 681** (the "Deed of Trust"), and executed by the Borrower concurrently herewith.

This Note is entered into with reference to:

- A. The Affordable Housing and Property Disposition Agreement between Lender and Borrower dated June 27, 2016 ("Agreement"), as may be amended from time to time, which sets forth terms and conditions for Borrower's development of that certain real property located in the City of Bellflower, County of Los Angeles, State of California, more particularly described in the agreement as the "Property." All terms not otherwise defined herein have the meaning given in the Agreement.
- B. The Affordable Housing Agreement and Declaration of Covenants, Conditions and Restrictions between Lender and Borrower, recorded against the Property in the Office of the Los Angeles County Recorder on or about the date hereof, as may be amended from time to time ("Affordable Housing Regulatory Agreement").
- C. The Deed of Trust securing this Note executed by Borrower in favor of Lender, recorded against the Property in the Office of the Los Angeles County Recorder on or about the date hereof, as may be amended from time to time ("Deed of

Trust"). All covenants, conditions and agreements contained in the Deed of Trust are hereby made a part of this Note.

The Affordable Housing and Property Disposition Agreement, Affordable Housing Regulatory Agreement, and Deed of Trust are collectively referred to herein as the "City Agreements." The City Agreements are incorporated herein as though set forth in full.

1. Note Amount; Interest.

- a. Note Amount. The principal amount of Lender's loan to Borrower is Two Hundred and Fifty Thousand Dollars (\$250,000) ("Note Amount"). The Note Amount represents the purchase price for the Property and constitutes the financial assistance provided by Lender to Borrower to enable Borrower to purchase the Property from the Lender.
- b. Interest. No interest will accrue on the outstanding principal Note Amount unless Borrower is required, pursuant to the terms of Sections 2 and 3 of this Note, to repay all or any portion of the Note Amount, in which case interest will accrue on any outstanding principal amount of the Note Amount, commencing from the date of disbursement, at six percent (6%) per annum, compounded annually.

2. Term of Note; Repayment. Repayment of the Note Amount will be as follows:

- a. Subject to the provisions of (i) Section 3 herein, which provide for acceleration of the then outstanding principal and accrued interest and immediate payment thereof in the event of a default by Borrower, and (ii) subdivision (b) below, which provide for the cancellation of this Note in the event certain specified conditions are met
 - i. Borrower is not required to make any payments of principal or interest on this Note until (1) Borrower sells the first Restricted Unit at an Affordable Sales Price and (2) the buyer's execution of a complete set of City Buyer Affordable Housing Documents.
 - ii. Borrower must repay the Note Amount and interest thereon (at the rate specified in Paragraph (1)) in one (1) payment on December 9, 2017, if Borrower has not at or prior to that time, completed construction of the Project, as evidenced by Lender's issuance to Borrower of a Release of Construction Covenants for the Project.
- b. Notwithstanding anything to the contrary in this Note:
 - i. Upon Borrower's sale of a remaining Restricted Unit to a Low- to Moderate-Income Household at an Affordable Sales Price, and said Low- to Moderate-Income Households' execution of a complete set of City Buyer Affordable Housing Documents, one-sixth (1/6th) of

the outstanding Note Amount, or \$41,666, will be deemed to be (1) repaid by Borrower and (2) provided as a loan to said Low- to Moderate-Income Household, in the form of a trust deed loan, and the City Deed of Trust will be reconveyed with respect to the sold Restricted Unit.

- ii. At such time Borrower has sold all of the Restricted Units to Low- to Moderate-Income Households and said Low- to Moderate-Income Households have each executed a complete set of City Buyer Affordable Housing Documents, this Note will be automatically cancelled, as evidenced by Lender's return to Borrower of the original of this Note marked "cancelled," and the Deed of Trust will no longer secure the obligations under it.

- iii. Upon Lender's issuance of the Release of Construction Covenants, the Lender's loan evidenced by this Note constitutes a nonrecourse obligation of Borrower, and neither Borrower nor any partner, member, or shareholder thereof will have any personal liability for repayment. However, nothing contained in the foregoing limitation of liability limits or impairs the enforcement against all such security for this Note of all the rights and remedies of Lender, or be deemed in any way to impair the right of Lender to assert the unpaid principal amount of this Note as a demand for money within the meaning and intent of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto. The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on this Note; nothing contained herein is intended to relieve the Borrower and, if Borrower is a partnership, limited liability company, or corporation, any general partner, member, or shareholder of Borrower of liability for damages caused to Lender as a result of (i) fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges which may create liens on the real property described in the Lender Agreements that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the retention of any income arising with respect to the Project collected by Borrower after an event of default to the full extent of the income retained and collected by Borrower after the giving of any such notice; (iv) the misapplication of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Project; and (v) breach of any environmental covenant or representation made by the Borrower relating to the Project.

- c. Borrower has the right to prepay all or any portion of this Note at any time without penalty.
 - d. Any payments made by Borrower in payment of this Note will be applied in the following order: (i) first to the interest then accrued and due on the unpaid principal balance under this Note, (ii) second to reduction of the principal balance of this Note.
- 3. **Default and Cross-Default.** Borrower will be deemed in default of this Note in the event Borrower (a) fails to timely make a payment required by this Note within ten (10) days following the due date of any payment due hereunder; or (b) Borrower is in material default of any of the covenants, terms, or provisions of this Note, any of the City Agreements, the City HOME Agreement, or any of the agreements and/or documents executed in connection with the City HOME Agreement, and Borrower fails to timely cure such default under the terms of the applicable agreement, it being understood and agreed by Borrower that a default of any of City Agreements, the City HOME Agreement, or any of the agreements and/or documents executed in connection with the City HOME Agreement (beyond any applicable cure period) will be a default of this Note. In the event of a default (beyond any applicable cure period), all portions of the Note Amount that have been disbursed to Borrower and all accrued interest thereon will become immediately due and payable.
- 4. **Collection Costs; Attorneys' Fees.** The Borrower agrees to pay all costs and expenses, including attorneys' fees, which may be incurred by the Lender in the enforcement of this Note.
- 5. **Waiver of Presentment, Etc.** Borrower and all endorsers, guarantors and persons liable or to become liable on this Note waive presentment, protest and demand, notice of protest, demand and dishonor and nonpayment of this Note and any and all other notices or matters of a like nature, and consent to any and all renewals and extensions near the time of payment hereof and agree further that at any time and from time to time without notice, the terms of payment herein may be modified or the security described in any documents securing this Note released in whole or in part, or increased, changed or exchanged by agreement between Lender and any owner of the premises affected by said documents securing this Note, without in any way affecting the liability of any party to this Note or any persons liable or to become liable with respect to any indebtedness evidenced hereby.
- 6. **Notices.** Except as may be otherwise specified herein, any approval, notice, direction, consent, request or other action by the Lender must be in writing and must be communicated to the Borrower at the address of the Property, or at such other place or places as the Borrower designates to the Lender in writing, from time to time, for the receipt of communications from the Lender. Mailed notices

will be deemed delivered and received five (5) working days after deposit in the United States mails in accordance with this provision

7. **Severability; Governing Law; Amendment.** The unenforceability or invalidity of any provision or provisions of this Note as to any persons or circumstances will not render that provision or those provisions unenforceable or invalid as to any other provisions or circumstances, and all provisions hereof, in all other respects, remain valid and enforceable. This Note has been executed and delivered by Borrower in the State of California and is to be governed and construed in accordance with the internal laws thereof. Neither this Note nor any term hereof may be waived, amended, discharged, modified, changed, or terminated orally; nor will any waiver of any provision hereof be effective except by an instrument in writing signed by Borrower and Lender.
8. **No Waiver by Lender.** No waiver of any breach, default, or failure of condition under the terms of this Note or the Deed of Trust or the obligations secured thereby will be implied from any failure of Lender to take, nor will any delay be implied from any failure by Lender in taking, action with respect to such breach, default, or failure from any prior waiver of any similar or unrelated breach, default, or failure.
9. **Usury.** Notwithstanding any provision in this Note, the Deed of Trust, or other document securing same, the total liability for payment of any interest will not exceed the limit imposed by applicable laws of the State of California.
10. **Assignment.** Borrower may not transfer or assign this Note without the express written consent of Lender, which may be given or withheld in Lender's sole and absolute discretion. Lender may transfer or assign Lender's interest in this Note.
11. **Successors Bound.** This Note is binding upon the parties and their respective heirs, successors and assigns.

Executed as of the date set forth above at June 27, 2016, California.

PARTNERSHIP HOUSING, INC., a California
nonprofit public benefit corporation

Borrower

Borrower

Mailing Address for Notices:
Partnership Housing Inc.
Attn: Executive Director
8739 Artesia Boulevard
Bellflower, CA 90706

Attachment _____

RECORDING REQUESTED BY AND)
 WHEN RECORDED MAIL TO:)
)
 City of Bellflower)
 16600 Civic Center Drive)
 Bellflower, California, 90706)
 Attn: City Manager)

Exempt from recording fee pursuant to
 Government Code § 27383

DEED OF TRUST WITH ASSIGNMENT OF RENTS

This DEED OF TRUST WITH ASSIGNMENT OF RENTS (“Deed of Trust”), is made as of _____, 2016, by Partnership Housing, Inc., a California nonprofit public benefit corporation (“Trustor”), whose address is 8739 Artesia Boulevard, Bellflower, California 90706, to _____ (“Trustee”), for the benefit of the CITY OF BELLFLOWER, a general law city and municipal corporation (“Beneficiary”), located at 16600 Civic Center Drive, Bellflower, CA 90706, Attn: City Manager.

1. **Grant in Trust.** Trustor grants to Trustee in Trust, with Power of Sale, that property in the City of Bellflower, County of Los Angeles, State of California, described in Exhibit A, attached hereto and incorporated herein by reference (“Property”), together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits.

2. **Obligations Secured.** Trustor makes this grant and assignment for the purpose of securing (1) the payment of indebtedness in the principal amount of Four Hundred and Fifteen Thousand Dollars (\$415,000.00), according to the terms of a Promissory Note dated June 27, 2016 made by Trustor, payable to order of Beneficiary, and extensions or renewals; (2) the performance of each agreement of Trustor incorporated by reference or contained in this Deed of Trust; and (3) the payment of additional sums and interest which may be subsequently loaned to Trustor, or Trustor’s successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

3. **Acceleration of Note Amount Upon Sale, Encumbrance, or Default.** To the extent permitted by applicable law, if Trustor: (a) directly or indirectly, voluntarily, or involuntarily, sells, assigns, transfers, disposes of, alienates, encumbers, leases, or agrees to sell, assign, transfer, dispose of, alienate, encumber, or lease all or any portion of any interest in the Property (excluding financing for the development of the Project that has been approved by Beneficiary, the transfer of the Condominiums to Low Income Households, and the conveyance of the Association Area to the Association, if done in accordance with the Affordable Housing and Property Disposition Agreement and the Affordable Housing Regulatory Agreement); (b) fails to complete construction of the Project, as evidenced by Beneficiary’s issuance to Trustor

of a Release of Construction Covenants, within 18 months following the execution of the Note; or (c) defaults on any of its obligations set forth in the Note, Affordable Housing and Property Disposition Agreement, Affordable Housing Regulatory Agreement, or this Deed of Trust, Beneficiary, at its option, may declare the entire indebtedness evidenced hereby, including, without limitation, all accrued interest, to be immediately due and payable and collectible then or thereafter as Beneficiary may elect.

AN EVENT OF ACCELERATION OR PAYMENT UNDER THE NOTE, WHETHER VOLUNTARY OR DUE TO AN EVENT OF ACCELERATION, SHALL NOT TERMINATE THE AFFORDABILITY RESTRICTIONS OR THE THIRTY YEAR AFFORDABILITY PERIOD SET FORTH IN THE AFFORDABLE HOUSING REGULATORY AGREEMENT. TRUSTOR EXPRESSLY ACKNOWLEDGES THE FOREGOING.

Trustor's Initials _____

4. **No Cure.** In the event Beneficiary collects and receives any rents under the Deed of Trust upon any default hereof, such collection or receipt shall in no way constitute a curing of the default, except if and to the extent the same are sufficient to cure all monetary defaults and no other defaults then exist.

5. **Possession Upon Default.** Upon the occurrence of and during the continuation of a default, Beneficiary, after having given notice and the applicable cure periods having expired with the default having not been cured (hereinafter, a "default"), may, at its option, without any action on its part being required and without in any way waiving such default, take possession of the Property in accordance with applicable law and have, hold, manage, lease and operate the same, on such terms and for such period of time as Beneficiary may deem proper, and may collect and receive all rents and profits, with full power to make, from time to time, all commercially reasonable alterations, renovations, repairs or replacements thereto as may seem proper to Beneficiary, and to apply such rents and profits to the payment of (a) the cost of all such alterations, renovations, repairs and replacements, and all costs and expenses incident to taking and retaining possession of the Property, and the management and operation thereof, and keeping the same properly insured; (b) all taxes, charges, claims, assessments, and any other liens which may be prior in lien or payment of the Note, and premiums for insurance, with interest on all such items; and (c) the indebtedness secured hereby, together with all costs and attorney's fees, in such order or priority as to any of such items as Beneficiary in its sole discretion may determine, any statute, law, custom or use to the contrary notwithstanding. Any amounts received by Beneficiary or its agents in the performance of any acts prohibited by the terms of this assignment, including, but not limited to, any amounts received in connection with any cancellation, modification or amendment of any lease prohibited by the terms of this assignment and any rents and profits received by Trustor after the occurrence of a default shall be held by Trustor as trustee for Beneficiary and all such amounts shall be accounted for to Beneficiary and shall not be commingled with other funds of the Trustor. Any person receiving any portion of such trust funds shall receive the same in trust for Beneficiary as if such person had actual or constructive notice that such funds were impressed with a trust in accordance therewith.

6. **Receiver.** In addition to any and all other remedies of Beneficiary set forth under this Deed of Trust or permitted at law or in equity, if a default shall have occurred and not have been cured within any applicable cure period, Beneficiary, to the extent permitted by law and without regard to the value, adequacy or occupancy of the security for the Note and other sums secured hereby, shall be entitled as a matter of right if it so elects to the appointment of a receiver to enter upon and take possession of the Property and to collect all rents and profits and apply the same as the court may direct, and such receiver may be appointed by any court of competent jurisdiction by ex parte application and without notice, notice of hearing being hereby expressly waived. The expenses, including receiver's fees, attorneys' fees, costs and agent's compensation, incurred pursuant to the power herein contained shall be secured by this Deed of Trust.

7. **Partial Reconveyances of Deed of Trust.** Provided Trustor is not in default of any of the City Agreements, upon the initial transfer of title of each Restricted Unit on the Property by Trustor to a Low- to Moderate-Income Household at an Affordable Sales Price in accordance with the Affordable Housing and Property Disposition Agreement, this Deed of Trust shall be partially reconveyed (with a corresponding reduction in the Note Amount in accordance with the Note) as to that Restricted Unit.

8. **Incorporation of Fictitious Deed of Trust.** To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in Los Angeles County August 17, 1964, in all other counties August 18, 1964, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, namely:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Placer	1028	379
Alpine	3	130-31	Plumas	166	1307
Amador	133	438	Riverside	3778	347
Butte	1330	513	Sacramento	5039	124
Calaveras	185	338	San Benito	300	405
Colusa	323	391	Los Angeles	6213	768
Contra Costa	4684	1	San Francisco	A-804	596
Del Norte	101	549	San Joaquin	2855	283
El Dorado	704	635	San Luis Obispo	1311	137
Fresno	5052	623	San Mateo	4778	175
Glenn	469	76	Santa Barbara	2065	881
Humboldt	801	83	Santa Clara	6626	664
Imperial	1189	701	Santa Cruz	1638	607
Inyo	165	672	Shasta	800	633
Kern	3756	690	San Diego SERIES 5 Book 1964, Page 149774		
Kings	858	713	Sierra	38	187
Lake	437	110	Siskiyou	506	762

Lassen	192	367	Solano	1287	621
Los Angeles	T-3878	874	Sonoma	2067	427
Madera	911	136	Stanislaus	1970	56
Marin	1849	122	Sutter	655	585
Mariposa	90	453	Tehama	457	183
Mendocino	667	99	Trinity	108	595
Merced	1660	753	Tulare	2530	108
Modoc	191	93	Tuolumne	177	160
Mono	69	302	Los Angeles	2607	237
Monterey	357	239	Yolo	769	16
Napa	704	742	Yuba	398	693
Nevada	363	94			
Orange	7182	18			

does inure to and bind the parties to this Deed of Trust, with respect to the property above described. Said agreements, terms and provisions contained in said subdivision A and B, (identical in all counties), are incorporated and made a part of this Deed of Trust by reference for all purposes and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge does not exceed the maximum allowed by law.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale be mailed to him at his address set forth above.

“TRUSTOR”

PARTNERSHIP HOUSING, INC., a California nonprofit public benefit corporation

Executed at _____, California
 _____, 2016

By: _____

Executed at _____, California
 _____, 2016

By: _____

[SIGNATURE MUST BE ACKNOWLEDGED]

EXHIBIT A

LEGAL DESCRIPTION

All that certain real property situated in the County of Los Angeles, State of California, described as follows:

Lot 16 in Block 2 of Tract No. 5023, in the City of Bellflower, County of Los Angeles, State of California, as per map recorded in Book 58 Page 1 of Maps, in the Office of the County Recorder of said County.

Except the West 63.5 feet of said Lot.

Assessor's Parcel Number: 7162-015-900

Address: 8809 Ramona Street

Attachment ____

PROMISSORY NOTE SECURED BY DEED OF TRUST

Loan No. _____

\$ 415,000

June 27, 2016

Property Address: 8809 Ramona Street, Bellflower, California

FOR VALUE RECEIVED, the undersigned, PARTNERSHIP HOUSING, INC., a California nonprofit public benefit corporation (the "Borrower"), promises to pay to the CITY OF BELLFLOWER, a general law city and municipal corporation ("Lender") at 16600 Civic Center Drive, Bellflower, California 90706, or at such other place as the holder may from time to time designate by written notice to Borrower, in lawful money of the United States, the principal sum of Four Hundred and Fifteen Thousand Dollars (\$415,000.00) with interest (as applicable), and other charges owing hereunder, or such lesser amount which may from time to time be owing hereunder pursuant to the terms of this Note. This Note is secured by that certain Deed of Trust Loan No. _____ (the "Deed of Trust"), and executed by the Borrower concurrently herewith.

This Note is entered into with reference to:

- A. The Affordable Housing and Property Disposition Agreement between Lender and Borrower dated June 27, 2016 ("Agreement"), as may be amended from time to time, which sets forth terms and conditions for Borrower's development of that certain real property located in the City of Bellflower, County of Los Angeles, State of California, more particularly described in the agreement as the "Property." All terms not otherwise defined herein have the meaning given in the Agreement.
- B. The Affordable Housing Agreement and Declaration of Covenants, Conditions and Restrictions between Lender and Borrower, recorded against the Property in the Office of the Los Angeles County Recorder on or about the date hereof, as may be amended from time to time ("Affordable Housing Regulatory Agreement").
- C. The Deed of Trust securing this Note executed by Borrower in favor of Lender, recorded against the Property in the Office of the Los Angeles County Recorder on or about the date hereof, as may be amended from time to time ("Deed of Trust"). All covenants, conditions and agreements contained in the Deed of Trust are hereby made a part of this Note.
- D. The Affordable Housing and Property Disposition Agreement, Affordable Housing Regulatory Agreement, and Deed of Trust are collectively referred to herein as the

“City Agreements.” The City Agreements are incorporated herein as though set forth in full.

1. Note Amount; Interest.

- a. Note Amount. The principal amount of Lender’s loan to Borrower is Four Hundred and Fifteen Thousand Dollars (\$415,000) (“Note Amount”). The Note Amount represents the purchase price for the Property and constitutes the financial assistance provided by Lender to Borrower to enable Borrower to purchase the Property from the Lender.
- b. Interest. No interest will accrue on the outstanding principal Note Amount unless Borrower is required, pursuant to the terms of Section 2(b) of this Note, to repay all or any portion of the Note Amount, in which case interest will accrue on any outstanding principal amount of the Note Amount, commencing from the date of disbursement, at six percent (6%) per annum, compounded annually.

2. Term of Note; Repayment. Repayment of the Note Amount will be as follows:

- a. Subject to the provisions of (i) Section 3 herein, which provide for acceleration of the then outstanding principal and accrued interest and immediate payment thereof in the event of a default by Borrower, and (ii) subdivision (b) below, which provide for the cancellation of this Note in the event certain specified conditions are met
 - i. Borrower is not required to make any payments of principal or interest on this Note until (1) Borrower sells the first Restricted Unit at an Affordable Sales Price and (2) the buyer’s execution of a complete set of City Buyer Affordable Housing Documents.
 - ii. Borrower must repay the Note Amount and interest thereon (at the rate specified in Paragraph (1)) in one (1) payment on December 9, 2017, if Borrower has not at or prior to that time, completed construction of the Project, as evidenced by Lender’s issuance to Borrower of a Release of Construction Covenants for the Project.
- b. Notwithstanding anything to the contrary in this Note:
 - i. Upon Borrower’s sale of the first Restricted Unit at an Affordable Sales Price, and upon the buyer’s execution of a complete set of City Buyer Affordable Housing Documents, Borrower must pay the Lender Ninety-Seven Thousand, Nine Hundred Seventy-Seven Dollars and Sixty-Three Cents (\$97,967.63) within 14 days of the Close of Escrow of the first Restricted Unit.

- ii. Upon Borrower's sale of a remaining Restricted Unit to a Low- to Moderate-Income Household at an Affordable Sales Price, and said Low- to Moderate-Income Households' execution of a complete set of City Buyer Affordable Housing Documents, one-sixth (1/6th) of the outstanding Note Amount, or \$52,837.06, will be deemed to be (1) repaid by Borrower and (2) provided as a loan to said Low- to Moderate-Income Household, in the form of a trust deed loan, and the City Deed of Trust will be reconveyed with respect to the sold Restricted Unit.
- iii. At such time Borrower has sold all of the Restricted Units to Low- to Moderate-Income Households and said Low- to Moderate-Income Households have each executed a complete set of City Buyer Affordable Housing Documents, this Note will be automatically cancelled, as evidenced by Lender's return to Borrower of the original of this Note marked "cancelled," and the Deed of Trust will no longer secure the obligations under it.
- iv. Upon Lender's issuance of the Release of Construction Covenants, the Lender's loan evidenced by this Note constitutes a nonrecourse obligation of Borrower, and neither Borrower nor any partner, member, or shareholder thereof will have any personal liability for repayment. However, nothing contained in the foregoing limitation of liability limits or impair the enforcement against all such security for this Note of all the rights and remedies of Lender, or be deemed in any way to impair the right of Lender to assert the unpaid principal amount of this Note as a demand for money within the meaning and intent of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto. The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on this Note; nothing contained herein is intended to relieve the Borrower and, if Borrower is a partnership, limited liability company, or corporation, any general partner, member, or shareholder of Borrower of liability for damages caused to Lender as a result of (i) fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges which may create liens on the real property described in the Lender Agreements that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the retention of any income arising with respect to the Project collected by Borrower after an event of default to the full extent of the income retained and collected by Borrower after the giving of any such notice; (iv) the misapplication of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Project; and (v) breach of any environmental covenant or representation made by the Borrower relating to the Project.

- c. Borrower has the right to prepay all or any portion of this Note at any time without penalty.
 - d. Any payments made by Borrower in payment of this Note will be applied in the following order: (i) first to the interest then accrued and due on the unpaid principal balance under this Note, (ii) second to reduction of the principal balance of this Note.
3. **Default and Cross-Default.** Borrower will be deemed in default of this Note in the event Borrower (a) fails to timely make a payment required by this Note within ten (10) days following the due date of any payment due hereunder; or (b) Borrower is in material default of any of the covenants, terms, or provisions of this Note, any of the City Agreements, the City HOME Agreement, or any of the agreements and/or documents executed in connection with the City HOME Agreement, and Borrower fails to timely cure such default under the terms of the applicable agreement, it being understood and agreed by Borrower that a default of any of City Agreements, the City HOME Agreement, or any of the agreements and/or documents executed in connection with the City HOME Agreement (beyond any applicable cure period) will be a default of this Note. In the event of a default (beyond any applicable cure period), all portions of the Note Amount that have been disbursed to Borrower and all accrued interest thereon will become immediately due and payable.
4. **Collection Costs; Attorneys' Fees.** The Borrower agrees to pay all costs and expenses, including attorney's fees, which may be incurred by the Lender in the enforcement of this Note.
5. **Waiver of Presentment, Etc.** Borrower and all endorsers, guarantors and persons liable or to become liable on this Note waive presentment, protest and demand, notice of protest, demand and dishonor and nonpayment of this Note and any and all other notices or matters of a like nature, and consent to any and all renewals and extensions near the time of payment hereof and agree further that at any time and from time to time without notice, the terms of payment herein may be modified or the security described in any documents securing this Note released in whole or in part, or increased, changed or exchanged by agreement between Lender and any owner of the premises affected by said documents securing this Note, without in any way affecting the liability of any party to this Note or any persons liable or to become liable with respect to any indebtedness evidenced hereby.
6. **Notices.** Except as may be otherwise specified herein, any approval, notice, direction, consent, request or other action by the Lender must be in writing and must be communicated to the Borrower at the address of the Property, or at such other place or places as the Borrower designates to the Lender in writing, from time to time, for the receipt of communications from the Lender. Mailed notices will be deemed delivered and received five (5) working days after deposit in the United States mails in accordance with this provision

7. **Severability; Governing Law; Amendment.** The unenforceability or invalidity of any provision or provisions of this Note as to any persons or circumstances will not render that provision or those provisions unenforceable or invalid as to any other provisions or circumstances, and all provisions hereof, in all other respects, remain valid and enforceable. This Note has been executed and delivered by Borrower in the State of California and is to be governed and construed in accordance with the internal laws thereof. Neither this Note nor any term hereof may be waived, amended, discharged, modified, changed, or terminated orally; nor will any waiver of any provision hereof be effective except by an instrument in writing signed by Borrower and Lender.

8. **No Waiver by Lender.** No waiver of any breach, default, or failure of condition under the terms of this Note or the Deed of Trust or the obligations secured thereby will be implied from any failure of Lender to take, nor will any delay be implied from any failure by Lender in taking, action with respect to such breach, default, or failure from any prior waiver of any similar or unrelated breach, default, or failure.

9. **Usury.** Notwithstanding any provision in this Note, the Deed of Trust, or other document securing same, the total liability for payment of any interest will not exceed the limit imposed by applicable laws of the State of California.

10. **Assignment.** Borrower may not transfer or assign this Note without the express written consent of Lender, which may be given or withheld in Lender's sole and absolute discretion. Lender may transfer or assign Lender's interest in this Note.

11. **Successors Bound.** This Note is binding upon the parties and their respective heirs, successors and assigns.

Executed as of the date set forth above at _____, California.

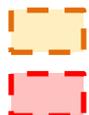
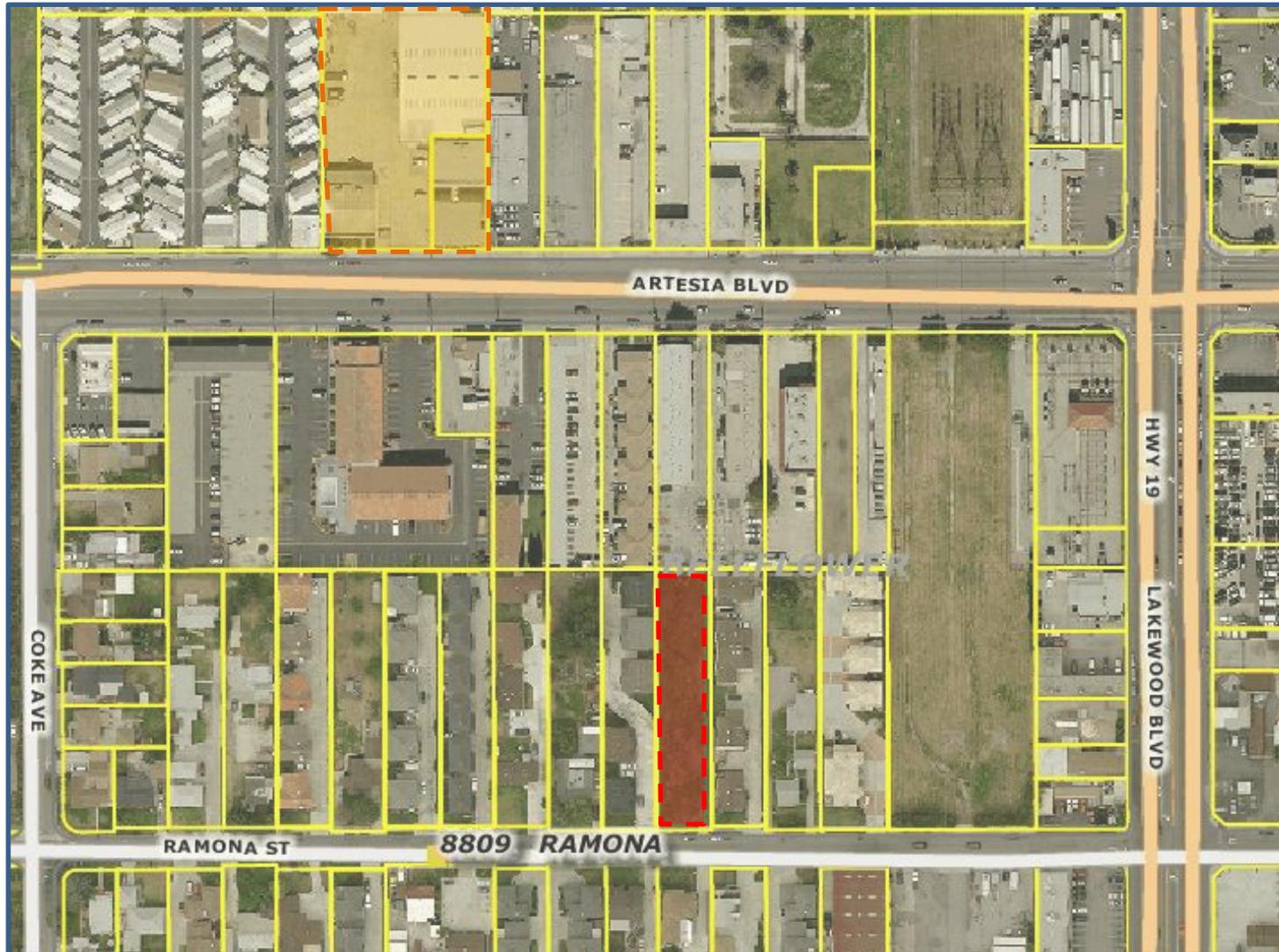
PARTNERSHIP HOUSING, INC., a California nonprofit public benefit corporation

Borrower

Borrower

Mailing Address for Notices:

Aerial Photograph of Project Site



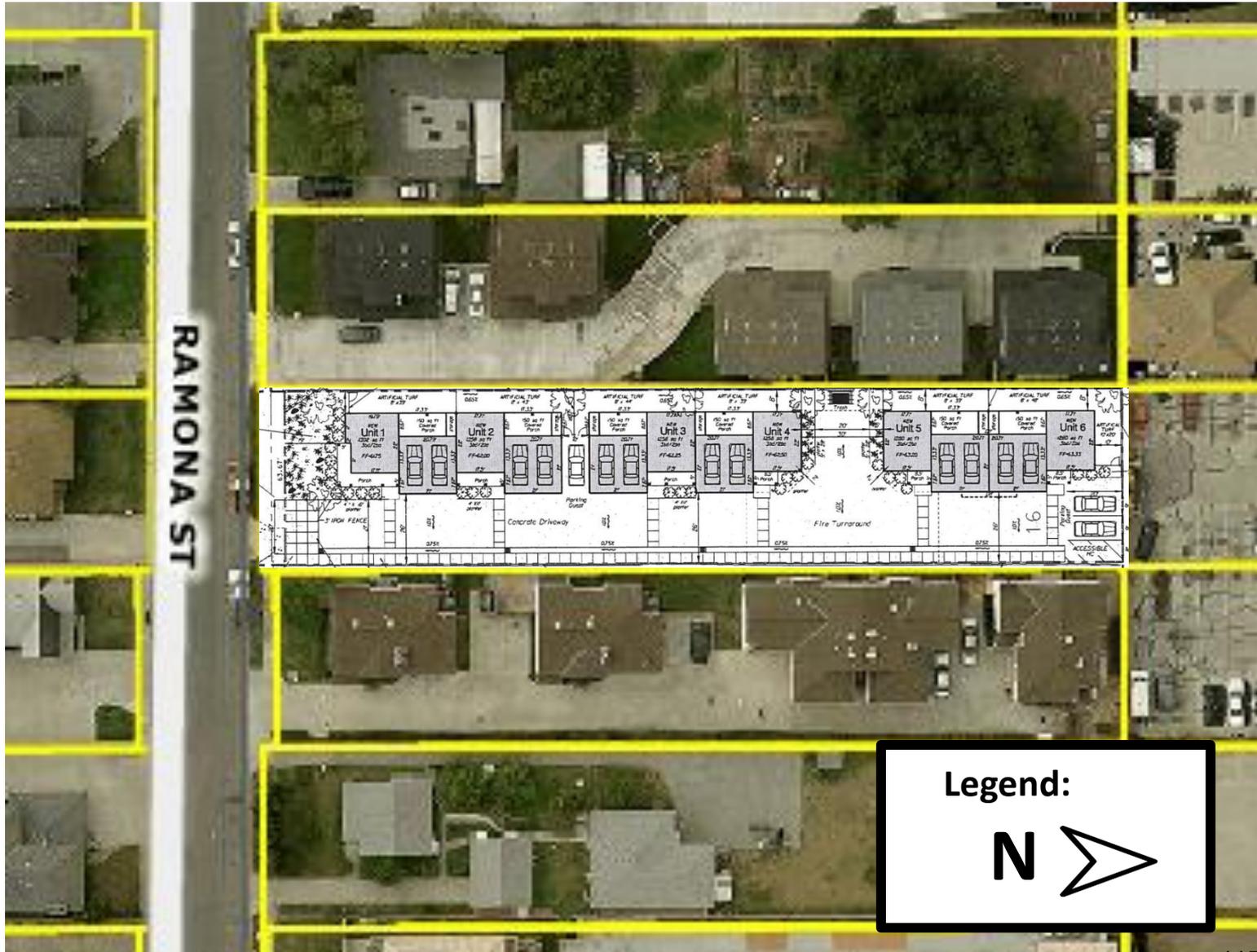
Habitat for Humanity Headquarters (Partnership Housing Inc.)

Subject Property - 8809 Ramona Street, Bellflower CA, 90706

Photo of Site



Preliminary Site Plans



Conceptual Rendering

