

**AFFORDABLE HOUSING AND PROPERTY
DISPOSITION AGREEMENT**

by and between

**COMMUNITY DEVELOPMENT COMMISSION
OF THE CITY OF DOWNEY,
a public body, corporate and politic**

and

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

AFFORDABLE HOUSING AND PROPERTY DISPOSITION AGREEMENT

This AFFORDABLE HOUSING AND PROPERTY DISPOSITION AGREEMENT (“Agreement”) is entered into as of this _____ day of July, 2015 (the “Effective Date”), by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF DOWNEY, a public body, corporate and politic, organized and existing under the California Community Development Commission Law (Health & Safety Code Section 34100, *et seq.*) (“CDC”), and PARTNERSHIP HOUSING, INC., INC., a California nonprofit public benefit corporation (“Developer”).

R E C I T A L S

A. CDC is the Community Development Commission of the City of Downey, a public body, corporate and politic, organized and existing under the California Community Development Commission Law (Health & Safety Code Section 34100, *et seq.*).

B. Developer is California nonprofit public benefit corporation organized and existing under Section 501(c)(3) of the Internal Revenue Code. Developer was established to support the activities of Habitat for Humanity of Greater Los Angeles, a California nonprofit religious corporation (“Habitat”). The purpose of each of Habitat and Developer is to develop safe, decent affordable housing in Los Angeles County in partnership with prospective purchasers.

C. CDC is the owner in fee of that certain improved real property located at 9303-9309 Elm Vista Drive, in the City of Downey, County of Los Angeles, State of California, more particularly described in the legal description attached hereto as Attachment No. 1 (the “Site”).

D. Developer desires to acquire the Site from CDC and construct thereon an owner-occupied common interest subdivision affordable housing project consisting of seven (7) attached dwelling units and related improvements (“Project”), with each of the units along with an undivided interest in the Site to be sold to low income households at a sales price affordable to such households. It is contemplated that a homeowners association will be established to manage and control the common areas of the Project.

E. CDC desires to increase, improve and preserve the supply of low- and moderate-income housing available at an affordable housing cost within the territorial jurisdiction of CDC. In furtherance of CDC’s goal to create long-term affordable housing in the City of Downey, CDC desires to assist Developer in the development of the Project on the Site as set forth in this Agreement by conveying the Site to Developer. In consideration for CDC’s agreement to convey the Site to Developer for the development of the Project and pursuant to the requirements of the California Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.*, the housing units on the Site will be restricted for sale to low income households at an affordable housing cost for a period of forty-five (45) years.

F. On or about the same date hereof, Developer and the City of Downey (the “City”) have entered into that certain HOME Loan Agreement (the “City HOME Agreement”), pursuant to which the City has agreed to provide Developer with financial assistance from funds the City

has received from the United States Department of Housing and Urban Development pursuant to the HOME Investment Partnership Program (42 U.S.C. 12701 -12839) (the “HOME Program”).

G. The disposition of the Site to Developer and the development and operation of the Project on the Site pursuant to this Agreement, and the fulfillment generally of this Agreement, are in the vital and best interests of the City of Downey and the welfare of its residents, and in accordance with the public purposes and provisions of applicable federal, state, and local laws and requirements under which the Project has been undertaken.

A G R E E M E N T

Based upon the foregoing Recitals, which are incorporated herein by this reference, and for good and valuable consideration, the receipt and sufficiency of which is acknowledged by both parties, CDC and Developer hereby agree as follows:

1. DEFINITIONS

The following terms as used in this Agreement shall have the meanings given below unless expressly provided to the contrary:

“Affordable Housing Regulatory Agreement” shall mean an affordable housing agreement regulating the operation and maintenance of the Site and restricting the sale of the Condominiums to Low Income Households at an Affordable Sales Price for a period of forty-five (45) years. The Affordable Housing Regulatory Agreement shall be substantially in the form attached hereto and incorporated herein as Attachment No. 8.

“Affordable Sales Price” shall mean, as to each Condominium, a sales price that would result in an annual Monthly Housing Cost that does not exceed the maximum percentage of income that can be devoted to housing cost by Low Income Households under California law. As of the date of this Agreement, the Affordable Sales Price for a Low Income Household means a purchase price that would result in an annual Monthly Housing Cost that is not more than the product of thirty percent (30%) times seventy percent (70%) of the Median Income adjusted for family size appropriate for the property, all as more particularly set forth in Section 50052.5 of the California Health and Safety Code. Pursuant to Section 50052.5 of the California Health and Safety Code, for purposes of calculating the Affordable Sales Price, “adjusted for family size appropriate for the property” shall mean a household of three (3) persons for a two (2) bedroom Unit, a household of four (4) persons for a three (3) bedroom Unit, and a household of five (5) persons for a four (4) bedroom Unit.

“Agreement” shall mean this Affordable Housing and Property Disposition Agreement between CDC and Developer, including all exhibits and other documents attached hereto.

“Association” shall have the meaning ascribed in Section 5.3.1 of this Agreement.

“Association CC&Rs” shall have the meaning ascribed in Section 5.3.2 of this Agreement.

“Association Property” means real or personal property designated by Developer, as the “Declarant” under the Association CC&Rs, or by the Board of Directors of the Association, as Association Property and therefore made subject to the restrictions on Association Property established in the governing documents. The Association Property consists of all of the real property described as Association Property in the Condominium Plan (except for the Units and the Condominium Common Area shown on the Condominium Plan).

“CDC” shall mean the Community Development Commission of the City of Downey, a public body, corporate and politic, having its offices at 11111 Brookshire Avenue, Downey, California 90241. The term “CDC” as used herein also includes any assignee of, or successor to, the rights, powers, and responsibilities of the CDC.

~~“CDC/“CDC/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 Condominium to assure the affordability of the Condominium to Low Income Households: (i) an affordable housing agreement that prohibits the resale of the Condominium except to a Low Income Household or to Developer, and grants Developer a right of first refusal and each of CDC and the City an option to purchase the Condominium prior to the then-owner’s sale to a Low Income Household (~~“CDC/“CDC/City~~ Buyer Affordable Housing Agreement”); (ii) a promissory note evidencing the portion of the CDC Financial Assistance that is deemed to be provided to said buyer (“CDC/Buyer Promissory Note”); (iii) a deed of trust securing the buyer’s payment obligations under the CDC/Buyer Promissory Note (“CDC/Buyer Deed of Trust”); ~~and~~ (iv) a promissory note evidencing the portion of the City Financial Assistance that is deemed to be provided to said buyer pursuant to the City HOME Agreement (“City/Buyer Promissory Note”); (v) a deed of trust securing the buyer’s payment obligations under the City/Buyer Promissory Note (“City/Buyer Deed of Trust”); and (vi) a disclosure statement acknowledging and consenting to all of the affordability and other restrictions contained in the aforementioned documents (~~“CDC/“CDC/City~~ Buyer Disclosure Statement”). ~~A form of each of the CDC/The CDC/City Buyer Affordable Housing Documents is attached hereto and incorporated herein as Attachment No. 13 shall be in a form approved by counsel to the CDC.~~

“CDC/Buyer Affordable Housing Loan” shall mean each of seven (7) loans deemed to be made by CDC to a Low Income Household purchasing a Condominium in an amount equal to one-seventh (1/7th) of the Purchase Price and documented in the ~~CDC/CDC/City~~ Buyer Affordable Housing Documents.

“CDC Conditions to Closing” shall mean the conditions set forth in Section 3.4.1 of this Agreement that must be satisfied or waived prior to CDC conveying the Site to Developer and closing the Escrow.

“CDC Deed of Trust” shall mean a deed of trust which secures, among other things, Developer’s payment obligations under the CDC Note. The CDC Deed of Trust shall be substantially in the form attached hereto and incorporated herein as Attachment No. 6.

“CDC Financial Assistance” shall mean the amount of the Purchase Price, as more fully explained in Section 2.1 of this Agreement.

“CDC Note” shall mean a promissory note secured by deed of trust which sets forth the terms for Developer’s repayment of the CDC Financial Assistance to CDC. The CDC Note shall be substantially in the form attached hereto and incorporated herein as Attachment No. 5.

“CDC Title Policy” shall have the meaning ascribed in Section 3.8.

“City” shall mean the City of Downey, a California municipal corporation.

“City HOME Agreement” shall have the meaning ascribed in Recital F of this Agreement.

“City Financial Assistance” shall mean the financial assistance to be provided to Developer by the City pursuant to the City HOME Agreement.

“Close of Escrow” and/or the “Closing” shall mean the consummation of the transactions contemplated by this Agreement and the City HOME Agreement to occur through the Escrow including the conveyance of the Site from CDC to Developer.

“Closing Date” shall mean the date that the Grant Deed is recorded in the Official Records of Los Angeles County, which shall occur, if at all, no later than the Outside Closing Date.

“Condominium” means an estate in real property as defined in California Civil Code Sections 783 and 4125. A Condominium consists of an undivided fee-simple ownership interest in a portion of the real property described in a recorded condominium plan as “condominium common area,” together with a separate ownership interest in fee in a “unit” as described in the recorded Condominium Plan and as defined in California Civil Code Section 4125, and any easements appurtenant thereto.

“Condominium Common Area” means the volumes of airspace described in the Condominium Plan, which shall be owned by owners in the Project described in a Condominium Plan as tenants-in-common. The Condominium Common Area constitutes the “undivided interest-in-common in a portion of the real property,” in accordance with California Civil Code Section 4125. Condominium Common Area is not Association Property. The undivided fee simple interest in the Condominium Common Area is one-seventh (1/7th), and shall be held by the Low Income Households who have acquired a fee interest in a Condominium.

“Condominium Plan” shall mean the Condominium Plan to be recorded for the Project in accordance with all applicable state and local laws and regulations, including without limitation regulations of the California Bureau of Real Estate.

“Construction Security” shall mean (i) payment and performance bonds from responsible sureties admitted in the State of California in the amount of 100% of the construction costs (as detailed in Developer’s contractor’s construction contract) and, with respect to the performance bond, naming each of CDC and the City as a dual obligee (ii) an unconditional irrevocable letter of credit for 100% of the construction costs (as detailed on Developer’s contractor’s construction contract) in favor of Developer’s senior lender (if any) or Developer, along with reasonably satisfactory evidence demonstrating said contractor’s financial strength (such as the two most

recent financial statements of the contractor) and reputation for quality and timely work and performance necessary to complete construction of the Project in accordance with Developer's construction contract or (iii) a completion guaranty from Habitat guaranteeing, for the benefit of the CDC and City, the completion of construction of the Project in accordance with this Agreement, including the Schedule of Performance and Scope of Development. In the event payment and performance bonds are obtained and delivered, the payment bond shall remain in full force and effect until thirty-five (35) days after the date of recordation of the Notice of Completion and the performance bond will be released one year after said date. In the event a letter of credit is provided to secure the construction costs, the letter of credit shall be available and in full force and effect with the senior lender's (if any) or Developer's right to draw on such instrument to pay the construction costs until thirty-five (35) days after the date of recordation of the Notice of Completion. Developer's construction contract may provide for reductions in the amount of the letter of credit such that the original value of the letter of credit may be reduced by twenty-five percent (25%) at substantial completion of twenty-five percent (25%), fifty percent (50%) and seventy-five percent (75%) of the Project.

“Developer” shall mean Partnership Housing, Inc., a California nonprofit public benefit corporation organized and existing under Section 501(c)(3) of the Internal Revenue Code, having its offices at 8739 Artesia Boulevard, Bellflower, CA 90706. The term “Developer” includes any legally permissible assignee or successor to the rights, powers, and responsibilities of Developer hereunder, in accordance with Section 8.2 of this Agreement.

“Developer Conditions to Closing” shall mean the conditions set forth in Section 3.4.2 of this Agreement that must be satisfied or waived by Developer prior to Developer acquiring the Site from CDC and closing the Escrow.

“Developer Title Policy” shall have the meaning ascribed in Section 3.4.2(c) of this Agreement.

“Due Diligence Period” shall have the meaning ascribed in Section 3.6.1 of this Agreement.

“Effective Date” shall mean the date this Agreement is approved by CDC at a public meeting, which date shall be inserted in the preamble to this Agreement.

“Environmental Law” shall mean all applicable past, present or future federal, state and local statutes, regulations, directives, ordinances, and rules, which pertain to environmental matters, contamination of any type whatsoever, or health and safety matters, as such have been amended, modified or supplemented from time to time (including any present and future amendments thereto and re-authorizations thereof), including, without limitation, those relating to: (a) the manufacture, processing, use, distribution, treatment, storage, disposal, generation or transportation of Hazardous Materials; (b) air, soil, surface, subsurface, surface water and groundwater; (c) the operation and closure of underground storage tanks; (d) health and safety of employees and other persons; and (e) notification and record keeping requirements relating to the foregoing. Without limiting the above, Environmental Laws also include the following: (a) the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. §§ 9601 et seq.), as amended (“CERCLA”); (b) the Solid Waste Disposal Act, as amended by the

Resource Conservation and Recovery Act (42 U.S.C. §§6901 et seq.), as amended (“RCRA”); (c) the Emergency Planning and Community Right to Know Act of 1986 (42 U.S.C. §§ 11001 et seq.), as amended; (iv) the Clean Air Act (42 U.S.C. §§ 7401 et seq.), as amended; (d) the Clean Water Act (33 U.S.C. §§1251 et seq.), as amended; (e) the Toxic Substances Control Act (15 U.S.C. §§ 2601 et seq.), as amended; (f) the Hazardous Materials Transportation Act (49 U.S.C. §§ 1801 et seq.), as amended; (g) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. §§ 136 et seq.), as amended; (h) the Federal Safe Drinking Water Act (42 U.S.C. §§ 300f et seq.), as amended; (i) the Federal Radon and Indoor Air Quality Research Act (42 U.S.C. §§ 7401 et seq.); (j) the Occupational Safety and Health Act (29 U.S.C. §§ 651 et seq.), as amended; and (k) any state, county, municipal or local statutes, laws or ordinances similar or analogous to (including counterparts of) any of the statutes listed above.

“Escrow” shall mean the escrow to be opened with the Escrow Holder for the conveyance of the Site by CDC to Developer.

“Escrow Holder” shall mean Stewart Title Company, whose offices are located at 525 North Brand Boulevard, Glendale, California 91203, or such other escrow company as may be mutually approved by CDC and Developer.

“Executive Director” shall mean the individual duly appointed to the position of Executive director of CDC or his or her authorized designee. The Executive Director shall have the authority to implement the terms of this Agreement in accordance with Section 8.8 of this Agreement.

“Grant Deed” shall mean the grant deed by which CDC shall convey title to the Site to Developer. The Grant Deed shall be substantially in the form attached hereto and incorporated herein as Attachment No. 4 to this Agreement.

“Hazardous Materials” shall mean any substance, material, or waste which is defined as “toxic” or “hazardous” under Environmental Law and/or is, or becomes, regulated by any local or regional governmental authority, the State of California, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a “hazardous waste”, “extremely hazardous waste”, or “restricted hazardous waste” under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (ii) defined as a “hazardous substance” under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a “hazardous material,” “hazardous substance,” or “hazardous waste” under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a “hazardous substance” under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) friable asbestos, (vii) polychlorinated biphenyls, (viii) methyl tertiary butyl ether, (ix) listed under Article 9 or defined as “hazardous” or “extremely hazardous” pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20, (x) designated as “hazardous substances” pursuant to Section 311 of the Clean Water Act (33 U.S.C. § 1317), (xi) defined as a “hazardous waste” pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq. (42 U.S.C. §

6903), or (xii) defined as “hazardous substances” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. § 9601 et seq.

“Low Income Household” shall mean a household whose annual income does not exceed the qualifying limits under California law for “lower income households” as established by the United States Department of Housing and Urban Development, and as published periodically by the State of California Department of Housing and Community Development.

“Median Income” shall mean the Los Angeles County area median income adjusted for family size as established by the United States Department of Housing and Urban Development, and as published periodically by the State of California Department of Housing and Community Development.

“Memorandum of AHPDA” shall mean a memorandum of this Agreement to be entered into by CDC and Developer substantially in the form attached hereto and incorporated herein as Attachment No. 11.

“Monthly Housing Cost” shall include all of the following associated with a Condominium, estimated or known as of the date of the proposed sale of the Condominium: (a) principal and interest payments on a mortgage loan; (b) property taxes and assessments; (c) fire and casualty insurance covering replacement value of property improvements; (d) homeowner association fees; and (e) a reasonable utility allowance. The Monthly Housing Cost of a purchaser shall be an average of estimated costs for the next twelve (12) months.

“Notice of Affordability” shall mean a notice that summarizes the affordability restrictions set forth in the Affordable Housing Regulatory Agreement. The Notice of Affordability shall be substantially in the form attached hereto and incorporated herein as Attachment No. 1413.

“Option Agreement” shall mean an option agreement to be entered into by CDC and Developer, pursuant to which Developer shall grant to CDC an option to acquire the Site, at no consideration, in the event of certain specified occurrences. The Option Agreement shall be substantially in the form attached hereto and incorporated herein as Attachment No. 7.

“Outside Closing Date” shall mean July 31, 2015.

“Project” shall mean the relocation of the Tenant from the Site, the demolition of the existing improvements on the Site, the grading of the Site, and the development on the Site of seven (7) attached Condominiums, and all other on-site and off-site improvements required for development of the Site, as described more fully in the Scope of Development, with all such improvements to be consistent with the development and building plans and permits to be approved by CDC. In the event of any inconsistency between the description of the Project in this Agreement and the approved plans and permits, the approved plans and permits shall govern.

“Project Budget” shall mean the cost estimates for Developer’s development of the Project set forth in Attachment No. 9 to this Agreement, as may be amended from time to time in accordance with Section 4.7 of this Agreement.

“Purchase Price” shall mean the purchase price to be paid by Developer to CDC to acquire the Site, as set forth in Section 3.2 of this Agreement.

“Release of Construction Covenants” shall have the meaning ascribed in Section 4.12 of this Agreement. The Release of Construction Covenants shall be substantially in the form attached hereto and incorporated herein as Attachment No. 10.

“Relocation Consultant” shall mean Overland, Pacific and Cutler, or another relocation consultant to be engaged by Developer to prepare the Relocation Plan.

“Relocation Laws” shall mean the relocation laws set forth in California Relocation Assistance Act, California Government Code § 7260 *et seq.* and the implementing regulations thereto in 25 California Code of Regulations § 6000 *et seq.*, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4201-4655) and implementing regulations at 49 CFR Part 24, HOME Program requirements at 24 CFR §92.353 and any other local, state, or federal laws or regulations governing the Project and the provision and administration of relocation payments and advisory assistance.

“Relocation Plan” shall mean the relocation plan to be prepared ~~by~~ on behalf of Developer and approved by CDC that provides for Developer to relocate the Tenant in accordance with all applicable provisions of the United States Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. § 4601, *et seq.*) and implementing regulations promulgated by the United States Department of Transportation (49 C.F.R. § 24.1, *et seq.*).

“Schedule of Performance” shall mean that certain Schedule of Performance attached hereto and incorporated herein as Attachment No. 3 setting out the dates and/or time periods by which certain obligations set forth in this Agreement must be performed.

“Scope of Development” shall mean the general description of the Project and work to be performed on the Site attached hereto as Attachment No. 2 and incorporated herein by this reference.

“Site” shall mean that certain real property located in the City of Downey, County of Los Angeles, State of California, more particularly described in the legal description attached hereto as Attachment No. 1.

“Tenants” shall mean the three (3) residential tenants currently occupying the Site and operating under a month-to-month lease with CDC.

“Title Company” shall mean Stewart Title Company, whose offices are located at 525 North Brand Boulevard, Glendale, California 91203.

“Unit” shall mean a separate interest in space as defined in Section 1351(f) of the California Civil Code. Each Unit is a separate freehold estate, as separately shown, numbered and designated in the Condominium Plan. Each Unit includes the residential element and a garage element as depicted on the Condominium Plan. The Project is comprised of seven (7) Units.

2. CDC FINANCIAL ASSISTANCE

2.1 CDC Financial Assistance. The CDC Financial Assistance represents the appraised, fair market value of the Site, which is Seven Hundred Fifty Thousand Dollars (\$750,000). The source of funds used for CDC's acquisition of the Site is the CDC's former Low and Moderate Income Housing Fund (Health and Safety Code §§ 33334.2 *et seq.*). Accordingly, 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. As a condition to CDC's conveyance of the Site to Developer, Developer shall execute the CDC Note in the amount of the Purchase Price and the CDC Deed of Trust, which shall secure repayment of the CDC Note and shall secure Developer's obligations to develop the Project on the Site in accordance with this Agreement.

2.2 Repayment of CDC Financial Assistance. Developer's obligation to repay the CDC Financial Assistance shall be as set forth in the CDC Note. Upon Developer's sale of a Condominium to a Low Income Household at an Affordable Sales Price, and said Low Income Household's execution of a complete set of ~~CDC/CDC/City~~ Buyer Affordable Housing Documents, one-seventh (1/7th) of the outstanding principal balance of the CDC Loan will be deemed repaid by Developer and provided as a loan to said Low Income Household, in the form of a trust deed loan (each, a "CDC/Buyer Affordable Housing Loan"), and the CDC Deed of Trust shall be reconveyed with respect to the sold Condominium.

2.3 Use and Disbursement of CDC Financial Assistance. The CDC Financial Assistance shall be provided to Developer in the form of a "credit," and by the acceptance of the CDC Note, at the Close of Escrow, rather than through an actual disbursement of funds. The Project would not be feasible without CDC's provision of the CDC Financial Assistance and, accordingly, the CDC Financial Assistance is being provided to Developer for the development and construction of the Project.

3. DISPOSITION OF THE SITE

3.1 Agreement to Purchase and Sell. As of the Effective Date, CDC is the owner of fee title to the Site. Subject to all of the terms, conditions, and provisions of this Agreement, and for the consideration herein set forth, CDC agrees to sell to Developer and Developer agrees to purchase from CDC the Site. Developer acknowledges that Developer will be required to simultaneously acquire all of the property comprising the Site and Developer will not be permitted to acquire any portion of the Site separate from any other portion.

3.2 Purchase Price. The purchase price for the Site shall be the sum of Seven Hundred Fifty Thousand Dollars (\$750,000) ("Purchase Price"). The Purchase Price represents the appraised, fair market value of the Site.

3.3 Escrow.

3.3.1 Opening of Escrow; Close of Escrow. Within five (5) days following the Effective Date, the parties shall open an escrow with Escrow Holder for the conveyance of the Site by CDC to Developer by causing an executed copy of this Agreement to be deposited with Escrow Holder. Escrow shall close on or before the Closing Date. If Escrow is not in a

condition to close by the Outside Closing Date, this Agreement may be terminated in accordance with Section 3.4.5. If this Agreement is not so terminated, Escrow Holder shall close the Escrow as soon as Escrow is in a condition to close.

3.3.2 Escrow Instructions. This Agreement shall constitute the joint escrow instructions of CDC and Developer. Additionally, if the Escrow Holder so requires, CDC and Developer shall execute the form of escrow instructions that Escrow Holder customarily requires in real property transactions of the type contemplated by this Agreement. The Escrow Holder is hereby empowered to act under this Agreement upon indicating its acceptance of Section 3.3 of this Agreement in a writing delivered to CDC and Developer; provided, however, that any undertaking by the Escrow Holder of any of the acts or services set forth in this Agreement shall constitute acceptance of the obligation to perform as Escrow Holder under this Agreement. In the event of any conflict or inconsistency between the additional escrow instructions required by the Escrow Holder and the provisions of this Agreement, the provisions of this Agreement shall supersede and control.

3.3.3 Deliveries by Developer. No later than one (1) business day preceding the Closing Date, Developer shall deposit or cause to be deposited with the Escrow Holder all of the following: (a) the Affordable Housing Regulatory Agreement, executed by Developer and notarized; (b) the Memorandum of AHPDA, executed by Developer and notarized; (c) the CDC Note, executed by Developer; (d) the CDC Deed of Trust, executed by Developer and notarized; (e) the Option Agreement, executed by Developer and notarized, (f) the Notice of Affordability, executed by Developer and notarized, and (g) all other funds and documents Developer is required to deposit with Escrow Holder in order to close the Escrow.

3.3.4 Deliveries by CDC. No later than one (1) business day preceding the Closing Date, CDC shall deposit or cause to be deposited with the Escrow Holder all of the following: (a) the Affordable Housing Regulatory Agreement, executed by CDC and notarized; (b) the Memorandum of AHPDA, executed by CDC and notarized; (c) the Grant Deed, executed by CDC and notarized; (d) the Option Agreement, executed by CDC and notarized; (e) the Notice of Affordability, executed by CDC and notarized; and (f) all other documents CDC is required to deposit with Escrow Holder in order to close the Escrow.

3.3.5 Closing, Recording and Disbursements. On or before the Closing Date, and when all of the CDC Conditions to Closing and Developer Conditions to Closing set forth in Section 3.4 of this Agreement have been satisfied, or waived in writing by the appropriate party, Escrow Holder shall take the actions set forth in this Section 3.3.5.

(a) *Recording*. Escrow Holder shall cause the Grant Deed, the Memorandum of AHPDA, the CDC Deed of Trust, the Option Agreement, and the Affordable Housing Regulatory Agreement to be recorded in the Official Records of Los Angeles County, California.

(b) *Credit of Purchase Price*. Escrow Holder shall record the amount of the CDC Note as Developer's receipt of the Purchase Price for the Property on the Closing Settlement Statement, thereby acknowledging that payment of the Purchase Price is being made by delivery of the CDC Note, and that upon the

Closing the CDC will be deemed to have provided the CDC Financial Assistance to Developer.

(c) *Developer Title Policy.* Escrow Holder shall deliver to Developer the Developer Title Policy referred to in Section 3.4.2(c) of this Agreement.

(d) *CDC Title Policy.* Escrow Holder shall deliver to CDC the CDC Title Policy referred to in Section 3.8 of this Agreement.

(e) *Delivery of Documents to CDC.* Escrow Holder shall deliver to CDC the original CDC Note, and the original recorded Memorandum of AHPDA, CDC Deed of Trust, Option Agreement, and Affordable Housing Regulatory Agreement. In addition, Escrow Holder shall deliver to CDC a conformed copy of the Grant Deed, and any other documents (or copies thereof) deposited by Developer with Escrow Holder pursuant to this Agreement.

(f) *Delivery of Documents to Developer.* Escrow Holder shall deliver to Developer the original recorded Grant Deed. In addition, Escrow Holder shall deliver to Developer a conformed copy of each of the Memorandum of AHPDA, CDC Deed of Trust, Option Agreement, and Affordable Housing Regulatory Agreement, and any other documents (or copies thereof) deposited by CDC with Escrow Holder pursuant to this Agreement.

3.3.6 Property Taxes. CDC is exempt from the payment of property taxes and will not be required to pay any taxes for the Site. Developer shall pay all property taxes and assessments for the Site from and after the Close of Escrow.

3.3.7 Payment of Costs. Developer shall pay all of the Escrow fees, all documentary transfer taxes for the transfer of title to the Site to Developer, and all title insurance premiums for the Developer Title Policy and CDC Title Policy. CDC and Developer shall each be responsible for their respective attorneys' fees and costs. All other costs of Escrow not specifically allocated in this Agreement shall be paid by Developer.

3.4 Conditions to Closing.

3.4.1 Conditions to CDC's Obligations. CDC's obligation to convey the Site to Developer and close the Escrow shall be subject to the satisfaction, or written waiver by CDC, of each of the conditions precedent set forth in this Section 3.4.1 (collectively, the "CDC Conditions to Closing").

(a) *Execution and Delivery of Documents and Funds.* Developer has deposited with Escrow Holder all sums and documents required of Developer by (i) this Agreement, including, without limitation, the documents and funds listed in Section 3.3.3, and (ii) the City HOME Agreement.

(b) *Evidence of Financing.* CDC shall have approved Developer's evidence of financial capability to develop the Project in accordance with Section 4.8 of this Agreement.

(c) *CDC Title Policy.* The Title Company has irrevocably committed to issue the CDC Title Policy to CDC.

~~(d) *Completion Guarantee.* Habitat shall have executed a completion guarantee, guaranteeing the lien-free completion of the Project within the time set forth in the Schedule of Performance, in a form acceptable to legal counsel to CDC.~~

(d) *Construction Security.* Developer shall have obtained and delivered to CDC Construction Security.

(e) *Insurance.* Developer shall have submitted to the Executive Director the evidence of insurance required pursuant to Section 4.9 of this Agreement and the Executive Director shall have approved the same.

(f) *City HOME Agreement Conditions.* Developer shall have satisfied all of the conditions precedent to the Close of Escrow in the City HOME Agreement.

(g) *No Default.* Developer shall not be in material default of any of its obligations set forth in this Agreement or in the City HOME Agreement, and all representations and warranties made by Developer in this Agreement shall be true and correct as of the Closing as though made at that time.

3.4.2 Conditions to Developer's Obligations. Developer's obligation to acquire the Site from CDC and close the Escrow shall be subject to the satisfaction, or written waiver by Developer, of each of the conditions precedent set forth in this Section 3.4.2 (collectively, the "Developer Conditions to Closing").

(a) *Execution and Delivery of Documents and Funds.* CDC has deposited with Escrow Holder all funds and documents required of CDC by (i) this Agreement, including, without limitation, the documents and funds listed in Section 3.3.4, and (ii) the City HOME Agreement.

(b) *Developer Title Policy.* The Title Company has irrevocably committed to issue to Developer a CLTA standard, or at Developer's election, an extended coverage owner's policy of insurance, with liability in the amount of the Purchase Price, showing fee title to the Site vested in Developer in the Condition of Site Title approved by Developer pursuant to Section 3.7 hereof (the "Developer Title Policy").

(c) *No Default.* CDC shall not be in material default of any of its obligations set forth in this Agreement or in the City HOME Agreement and all representations and warranties made by CDC in this Agreement shall be true and correct as of the Closing as though made at that time.

3.4.3 Satisfaction of Conditions. Where satisfaction of any of the foregoing conditions requires action by CDC or Developer, each party shall use its commercially reasonable diligent efforts, in good faith, and at its own cost, to satisfy such condition.

3.4.4 Waiver. CDC may at any time or times, at its election, waive any of the CDC Conditions to Closing set forth in Section 3.4.1 above to its obligations hereunder, but any such waiver shall be effective only if contained in a writing signed by CDC and delivered to Developer. Developer may at any time or times, at its election, waive any of the Developer Conditions to Closing set forth in Section 3.4.2 above to its obligations hereunder, but any such waiver shall be effective only if contained in a writing signed by Developer and delivered to CDC. Upon the Close of Escrow all conditions not satisfied or waived in a writing shall be deemed waived.

3.4.5 Termination. In the event each of the CDC Conditions to Closing set forth in Section 3.4.1 is not satisfied by the Outside Closing Date or waived by CDC pursuant to Section 3.4.4, and provided CDC is not in default of this Agreement, CDC may at its option terminate this Agreement and the Escrow opened hereunder by delivery of written notice to Developer and Escrow Holder. In the event that each of the Developer Conditions to Closing set forth in Section 3.4.2 is not satisfied by the Outside Closing Date or waived by Developer pursuant to Section 3.4.4, and provided Developer is not in default of this Agreement, Developer may at its option terminate this Agreement and the Escrow opened hereunder by delivery of written notice to CDC and Escrow Holder. In the event this Agreement is terminated, all documents and funds delivered by Developer to CDC or Escrow Holder shall be returned immediately to Developer and all documents and funds delivered by CDC to Developer or Escrow Holder shall be returned immediately to CDC. Nothing in this Section 3.4.5 shall be construed as releasing either party from liability for any default of its obligations hereunder or breach of its representations and warranties under this Agreement.

3.5 Representations and Warranties.

3.5.1 CDC's Representations and Warranties. CDC hereby makes the following representations and warranties to Developer, each of which is material and relied upon by Developer in making its determination to enter into this Agreement:

(a) The execution of this Agreement by CDC is authorized pursuant to the approval of the CDC Board of Directors at a regularly scheduled meeting. CDC has the legal power, right and authority to execute, deliver and enter into this Agreement and any and all other agreements and documents required to be executed and delivered by CDC in order to carry out, give effect to, and consummate the transactions contemplated by this Agreement, and to perform and observe the terms and provisions of all of the above. The parties who have executed this Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement are authorized to execute and deliver the same on behalf of CDC and all actions required under CDC's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement and all

other documents or instruments executed and delivered, or to be executed and delivered pursuant hereto, have been duly taken.

(b) This Agreement and all other documents or instruments which have been executed and delivered pursuant to or in connection with this Agreement constitute or, if not yet executed or delivered, will constitute when so executed and delivered, legal, valid and binding obligations of CDC enforceable against it in accordance with their respective terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws and court decisions or general principles of equity.

(c) There are no pending or, to CDC's knowledge, threatened, actions, suits, writs, injunctions, decrees, legal proceedings or governmental investigations against or affecting the Site or relating to the ownership, maintenance, use or operation of the Site.

(d) To CDC's knowledge, CDC's execution and delivery of this Agreement and any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to this Agreement, and the performance of any provision, condition, covenant or other term hereof or thereof, do not or will not conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency whatsoever binding on CDC, or any provision of the organizational documents of CDC, or will result in the creation or imposition of any lien upon any assets or property of CDC, other than liens established pursuant hereto.

(e) No attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization, receivership or other proceedings are pending or, to CDC's knowledge, threatened against CDC, nor are any of such proceedings contemplated by CDC.

(f) No action, suit or proceedings are pending or, to CDC's knowledge, threatened before any governmental department, commission, board, bureau, agency or instrumentality to which CDC is or may be made a party or to which any of its property is or may become subject, which could materially adversely affect the ability of the CDC to carry out its obligations hereunder.

(g) CDC is the owner of the fee simple title to the Site free and clear of all recorded and unrecorded monetary liens, encumbrances, easements, leases, covenants, conditions, restrictions, and other exceptions to or defects in title, excepting only the following: (a) the title exceptions listed in the Preliminary Title Report issued by the Title Company on June 17, 2015, as its Order No. 305-1672653-19; (b) current taxes not yet delinquent; and (c) those additional title exceptions as may be approved in writing by Developer in its sole and absolute discretion. The Site is not subject to any outstanding contract of sale, right of first refusal or purchase option, in favor of any person or entity, except Developer. Prior to Closing, CDC will not sell, lease,

sublease, assign, mortgage or otherwise encumber the Site without Developer's prior written approval, which may be withheld in Developer's sole discretion.

(h) Upon the Closing, the Site will be conveyed to Developer with fee simple marketable title free and clear of all recorded and unrecorded monetary liens, encumbrances, easements, leases, covenants, conditions, restrictions, and other exceptions to or defects in title, excepting only the following: (a) the title exceptions listed in the Developer Title Policy; (b) current taxes not yet delinquent; and (c) those additional title exceptions as may be approved in writing by Developer in its sole and absolute discretion..

(i) To CDC's knowledge, CDC has not received written notice from any governmental authority that the Site or the use or operation thereof are in violation of any Environmental Laws, and to CDC's knowledge, no such written notice has been issued and, to CDC's knowledge, no violation of any Environmental Laws has occurred. To CDC's knowledge, no part of the Site has ever been used by any person or entity to refine, produce, use, store, handle, transfer, process, transport or dispose of any Hazardous Materials.

As used herein, CDC's knowledge shall mean the actual knowledge of the Executive Director, after inquiry of City department heads and the City Attorney, but without the imposition of any duty to make any investigation. If CDC becomes aware of any act or circumstance which would change or render incorrect, in whole or in part, any representation or warranty made by CDC hereunder, whether as of the date given or any time thereafter through the Close of Escrow, CDC shall give immediate notice of such changed fact or circumstance to Developer.

3.5.2 Developer's Representations and Warranties. Developer hereby makes the following representations and warranties to CDC, each of which is material and relied upon by CDC in making its determination to enter into this Agreement:

(a) Developer is a duly organized nonprofit public benefit corporation and in good standing under the laws of the State of California, and is active and qualified to conduct business in the State of California.

(b) The execution of this Agreement by Developer is authorized pursuant to the approval of Developer's board of directors. Developer has the legal power, right and authority to execute, deliver and enter into this Agreement and any and all other agreements and documents required to be executed and delivered by Developer in order to carry out, give effect to, and consummate the transactions contemplated by this Agreement, and to perform and observe the terms and provisions of all of the above. The parties who have executed this Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement are authorized to execute and deliver the same on behalf of Developer and all actions required under Developer's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement and all

other documents or instruments executed and delivered, or to be executed and delivered pursuant hereto, have been duly taken.

(c) This Agreement and all other documents or instruments which have been executed and delivered pursuant to or in connection with this Agreement constitute or, if not yet executed or delivered, will constitute when so executed and delivered, legal, valid and binding obligations of Developer enforceable against it in accordance with their respective terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws and court decisions or general principles of equity.

(d) Developer's execution and delivery of this Agreement and any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to this Agreement, and the performance of any provision, condition, covenant or other term hereof or thereof, do not or will not conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency whatsoever binding on Developer, or any provision of the organizational documents of Developer, or will result in the creation or imposition of any lien upon any assets or property of Developer, other than liens established pursuant hereto.

(e) No attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization, receivership or other proceedings are pending or, to Developer's knowledge, threatened against Developer, nor are any of such proceedings contemplated by Developer.

(f) No action, suit or proceedings are pending or, to Developer's knowledge, threatened before any governmental department, commission, board, bureau, agency or instrumentality to which Developer is or may be made a party or to which any of its property is or may become subject, which could materially adversely affect the ability of Developer to carry out its obligations hereunder.

If Developer becomes aware of any act or circumstance which would change or render incorrect, in whole or in part, any representation or warranty made by Developer hereunder, whether as of the date given or any time thereafter through the Close of Escrow, Developer shall give immediate notice of such changed fact or circumstance to CDC.

3.5.3 Brokerage Commissions. CDC and Developer each represents and warrants to the other that no third party is entitled to a broker's commission and/or finder's fee with respect to the transactions contemplated by this Agreement, and each party shall indemnify and hold harmless the other from and against all liabilities, costs, damages, and expenses, including without limitation, attorneys' fees, resulting from any claims or fees or commissions, based upon agreements by it to pay a broker's commission and/or finder's fee.

3.6 Physical Condition of Site.

3.6.1 Developer's Investigations of Site. CDC shall permit Developer and Developer's representatives and agents to enter onto the Site from the Effective Date through the date that is ~~sixty (60)~~ fourteen (14) days after the Effective Date ("Due Diligence Period"), for purposes of examining, inspecting and investigating the Site including the site work, any foundations, soil, subsurface soils, drainage, seismic and other geological and topographical matters, location of asbestos, toxic substances, Hazardous Materials, if any, and, at Developer's sole and absolute discretion, determining whether the Site is acceptable to Developer; provided, however, in no event shall Developer conduct any intrusive testing procedures on the Site without the prior written consent of CDC, which consent may not be unreasonably withheld or delayed. Developer shall provide to CDC a copy of all reports, studies and test results prepared by Developer's consultants. Developer shall notify CDC, in writing, at least forty-eight (48) hours prior to any entry by Developer or Developer's representatives on the Site. CDC shall have the right, but not the obligation, to accompany Developer during such investigations. As a condition of such entry, Developer shall (i) conduct all work or studies in a diligent, expeditious, and safe manner and not allow any dangerous or hazardous conditions to occur on the Site during or after the investigation, (ii) comply with all applicable laws and governmental regulations; (iii) keep the Site free and clear of all materialmen's liens, lis pendens and other liens arising out of the entry and work performed under this paragraph; (iv) maintain or assure maintenance of workers' compensation insurance (or state approved self-insurance) on all persons entering the property in the amounts required by the State of California; (v) provide to CDC prior to initial entry a certificate of insurance evidencing that Developer and/or the persons entering the Site have procured and has in effect commercial general liability insurance that satisfies the requirements set forth in Attachment No. 12 to this Agreement. Any preliminary work undertaken pursuant to this Section 3.6.1 shall be undertaken only after securing any necessary permits from the appropriate governmental agencies. Developer shall, in a timely manner, repair any and all damage to the Site caused by such inspections or investigations and shall indemnify and defend CDC for any liability arising from the entries of Developer and its representatives and agents on the Site pursuant to this Section 3.6.1. Developer shall notify CDC in writing on or before the expiration of the Due Diligence Period of Developer's approval or disapproval of the physical and environmental condition of the Site and Developer's investigations with respect thereto. Developer's disapproval shall constitute Developer's election to terminate this Agreement and cancel the Escrow. Developer's failure to deliver notice to CDC on or before the expiration of the Due Diligence Period shall be conclusively deemed Developer's approval thereof and Developer shall be deemed to have waived its termination/cancellation right set forth in this Section 3.6.1.

Developer acknowledges that prior to the Effective Date, CDC provided Developer with copies of the following environmental studies and reports relating to the Site: (i) Phase I report, dated June 11, 2007, prepared by Ocean Blue Engineers, Inc.; and (ii) Lead-Based Paint Survey, dated May 23, 2007, prepared by Lead Tech Environmental.

~~Lead Tech Environmental: Lead Based Paint Survey, dated May 23, 2007;~~

3.6.2 Disclaimer of Warranties; "AS-IS" Sale. Developer acknowledges and agrees that Developer is experienced in the acquisition and development of land similar to the Site and that as of the Close of Escrow, it has been given an adequate opportunity to review and inspect, and has approved all aspects of, the Site. Except as otherwise expressly provided in this

Agreement, CDC makes no representation or warranty of any kind as to the physical or environmental condition of the Site or in connection with any matter, report or information relating to the condition of the Site, its value, fitness, use, zoning, entitlements, the existence of Hazardous Materials thereon, moratoriums, economic feasibility, developability or any other matter relating to Developer's proposed use or development of the Site. Except as otherwise expressly provided in this Agreement, Developer shall, upon the Close of Escrow, be deemed to have disclaimed and waived any and all objections to the physical and environmental characteristics and conditions of the Site, including, without limitation, any Hazardous Materials located thereon and the condition of title thereto, whether or not such conditions would be disclosed by reasonable and diligent inspection. Developer acknowledges and agrees that the purchase of the Site will be on the basis of Developer's own investigation of the physical and environmental condition of the Site, including subsurface conditions, and Developer's investigation of the status of zoning, maps and all other matters relating to entitlements. Except as otherwise expressly provided in this Agreement, the foregoing disclaimers and waivers include, without limitation, topography, climate, air, water rights, utilities, present and future zoning, governmental restrictions, entitlement rights and obligations, and governmental conditions or development, soil, subsoil, environmental contamination, the purpose to which the property is suited, drainage, access to public roads, proposed routes or roads or extensions thereof or the availability of governmental permits or approvals of any kind. Developer agrees that CDC shall have no responsibility for any patent or latent defect or physical or environmental condition of the Site, whether or not known or discovered, and Developer accepts all such responsibility. Except as otherwise expressly provided in this Agreement, the Site is being transferred and sold "AS-IS," "WHERE-IS," "WITH ALL FAULTS" without representation or warranty expressed or implied by CDC or by operation of law.

3.6.3 Developer Indemnity. Upon the Close of Escrow, Developer shall indemnify, defend, and hold CDC harmless from and against any and all claims, suits, penalties, expenses, losses, damages, attorney's fees, judgments, or any other action or damage of any kind or nature arising out of or related to any of the matters described in Section 3.6.2, except for the presence on the Site or any portion thereof of Hazardous Materials placed or otherwise caused to be placed thereon by CDC. Subject to the foregoing limitation, notwithstanding any other provision of this Agreement to the contrary, Developer's indemnification as set forth in this Section 3.6.3 shall survive any termination of this Agreement and the Close of Escrow and shall continue in perpetuity; provided, however, that CDC shall cooperate, at no cost to CDC, in Developer's defense under this Section 3.6.3.

3.6.4 Materiality. Developer acknowledges and agrees that the defense, indemnification, protection and hold harmless obligations of Developer for the benefit of CDC set forth in this Agreement are a material element of the consideration to CDC under this Agreement, and that CDC would not have entered this Agreement unless Developer's obligations were as provided for herein.

3.7 Review of Title of Site. Prior to the Effective Date, ~~CDC has caused~~ the Title Company ~~to deliver~~ has delivered to Developer a standard preliminary title report dated ~~_____~~ June 17, 2015 (the "Preliminary Title Report") with respect to the title to the Site, together with legible copies of the documents underlying the exceptions ("Title Exceptions") set forth in the Preliminary Title Report. Developer shall have the right to approve

or disapprove the Title Exceptions and any proposed encumbrances to the Site in the exercise of its sole discretion; provided, however, that Developer hereby approves the following Title Exceptions:

(a) The standard printed exceptions and exclusions contained in the Preliminary Title Report.

(b) The lien of any non-delinquent property taxes and assessments (to be prorated at close of Escrow).

(c) All documents to be recorded at the Close of Escrow pursuant to this Agreement.

Developer shall have ~~thirty~~ fourteen (~~30~~ 14) days after the ~~later of (i) the date of its receipt of the Preliminary Title Report, or (ii) the date Developer receives the documents underlying the Title Exceptions, Effective Date~~ to give written notice to CDC and Escrow Holder of Developer's approval or disapproval of any of such Title Exceptions. Developer's failure to give written disapproval of any of the Title Exceptions in the Preliminary Title Report within such time limit shall be deemed Developer's approval of the Preliminary Title Report. If Developer notifies CDC of its disapproval of any Title Exceptions in the Preliminary Title Report, CDC shall have the right, but not the obligation, to remove any such disapproved Title Exceptions ~~within thirty (30) days after receiving written notice of Developer's disapproval~~ or provide assurances satisfactory to Developer that such disapproved Title Exception(s) will be removed on or before the Closing. If CDC cannot or does not agree to remove any of the disapproved Title Exceptions before the Closing, Developer shall have ~~fifteen (15) days after the expiration of such thirty (30) day period to either give~~ the election of either giving CDC written notice that Developer elects to proceed with the purchase of the Site subject to the disapproved Title Exceptions or to ~~give~~ giving CDC written notice that Developer elects to terminate this Agreement. Developer's failure to give written notice of its election ~~within such fifteen (15) day period prior to the Closing~~ shall be deemed to be an election to proceed with the purchase of the Site subject to the disapproved Title Exceptions. The condition of title, including all of the Title Exceptions approved (or deemed approved) by Developer as provided herein shall hereinafter be referred to as the "Condition of Site Title." From and after the Effective Date hereof, and continuing until the earlier of (i) the Close of Escrow, or (ii) termination of this Agreement, CDC shall not further encumber the Site with additional Title Exceptions without Developer's prior written consent. Developer shall have the right to approve or disapprove any further Title Exceptions reported by the Title Company after Developer has approved the Condition of Site Title (which are not created by Developer). Developer and the Executive Director, on behalf of CDC, shall have the authority to extend the foregoing fifteen (15) day period by written agreement.

3.8 Title Insurance. As one of the CDC's Conditions to Closing, CDC shall obtain from the Title Company an ALTA lender's policy of title insurance, together with such endorsements as may be reasonably requested by CDC with liability in the amount of the CDC Note, covering the Site, showing title vested in Developer, and insuring the validity and priority of, respectively, the CDC Regulatory Agreement, CDC Deed of Trust, Option Agreement, and Notice of Affordability Restrictions, and subject only to those Schedule B Exceptions as approved by CDC in its sole and absolute discretion (the "CDC Title Policy").

4. DEVELOPMENT OF THE SITE

4.1 Scope of Development. Developer shall develop the Project on the Site in a manner consistent with the Scope of Development attached hereto as Attachment No. 2 and in strict accordance with the plans and drawings approved by CDC. If Developer desires to make any change in any development or building plans after the same have been approved, the proposed change shall be submitted to the appropriate body for approval. Developer shall be responsible for all construction and installation and for obtaining all necessary permits. Developer acknowledges that the design and quality of construction of the Project, including the landscaping, paving, fencing, lighting, and architecture, are of particular concern to CDC. Developer further acknowledges that CDC desires to enhance the attractiveness and desirability of the Site and the neighborhood of which the Site is a part and that the Project shall be subject to the design and construction standards imposed by CDC designed to achieve that objective.

4.2 Development Approvals and Permits.

4.2.1 Land Use Approvals. Within ~~_____~~ sixty (60) days after the Effective Date, Developer shall submit to CDC and the City applications for all land use and other entitlements, permits and approvals that may be required for development of the Project,

4.2.2 Architectural Plans. Within ~~_____~~ one hundred eighty (180) days after the Effective Date, Developer shall prepare and submit to CDC and the City for review and approval the architectural plans and related documents for the Project, and Developer shall exercise commercially reasonable diligence to obtain approval of same. The architectural plans shall include the sizes, heights, and locations of all buildings; building elevations; construction materials; construction colors; site plan configuration/dimensions; parking; conceptual landscape and irrigation plan; and lighting concept.

4.2.3 Final Construction Drawings. Within ~~_____~~ sixty (60) days after CDC's approval of the architectural plans for the Project, Developer shall submit to CDC and the City for review and approval a complete set of final construction drawings, plans and specifications for the Project, in conformity with the previously approved architectural plans. The final plans and drawings shall contain all information required to obtain all necessary building permits required for the Project. CDC shall exercise reasonable diligence to complete its review, and to cause City to complete City's review, of the final plans within forty-five (45) days after Developer's complete submittal.

4.2.4 Other Governmental Permits. Before commencement of construction of the Project or other work on the Site or such earlier period of time as provided for herein, Developer shall, at its own expense, secure or cause to be secured any and all permits which may be required by CDC, the City, or any other governmental agency having jurisdiction over the Site and the Project.

4.3 Schedule of Performance; Progress Reports. Developer shall submit its applications for building permits, and commence and complete construction of the Project within the times specified in the Schedule of Performance. Once construction is commenced, it shall be continuously and diligently pursued to completion, and shall not be abandoned for more than

five (5) consecutive days, except when due to causes beyond the control and without the fault of Developer, as set forth in Section 8.6 of this Agreement. During the course of construction, and prior to CDC's issuance of its Release of Construction Covenants for the Project pursuant to Section 4.12, Developer shall, if requested by CDC, provide to CDC monthly written reports on the progress of construction.

4.4 Local, State and Federal Laws. Developer shall carry out the construction of the Project in conformity with all applicable laws, regulations, and rules of the governmental agencies having jurisdiction, including without limitation the City of Downey zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City of Downey Municipal Code, and all applicable disabled and handicapped access requirements, including without limitation the Americans With Disabilities Act, 42 U.S.C. Section 12101, et seq., Government Code Section 4450, et seq., Government Code Section 11135, et seq., the Unruh Civil Rights Act, Civil Code Section 51, et seq., and the California Building Standards Code, Health and Safety Code Section 18900, et seq., and all federal, state, and local labor laws and regulations, including, without limitation, if applicable, the requirements to pay prevailing wages under federal law (the Davis Bacon Act, 40 U.S.C. Section 3141, et seq., and the regulations promulgated thereunder set forth at 29 CFR Part 1 (collectively, "Davis Bacon")) and California law (Labor Code Section 1720, et seq.). The parties acknowledge that a financing structure utilizing certain federal and/or state funding sources and financing scenarios may trigger compliance with applicable state and federal prevailing wage laws and regulations.

Developer shall be solely responsible, expressly or impliedly, and legally and financially, for determining and effectuating compliance with all applicable federal, state and local public works requirements, prevailing wage laws, and labor laws and standards, and CDC makes no representation, either legally and/or financially, as to the applicability or non-applicability of any federal, state and local laws to the Project, either onsite or offsite. Developer expressly, knowingly and voluntarily acknowledges and agrees that neither CDC nor the City has previously represented to Developer or to any representative, agent or affiliate of Developer, or its contractor or any subcontractor(s) for the construction or development of the Project, in writing or otherwise, in a call for bids or otherwise, that the work and construction undertaken pursuant to this Agreement is (or is not) a "public work," as defined in Section 1720 of the Labor Code or under Davis Bacon.

Developer knowingly and voluntarily agrees that Developer shall have the obligation to provide any and all disclosures or identifications as required by Labor Code Section 1781 and/or by Davis Bacon, as the same may be amended from time to time, or any other similar law or regulation. In addition to any other Developer indemnifications of CDC and the City set forth in this Agreement, Developer shall indemnify, protect, pay for, defend (with legal counsel reasonably acceptable to CDC) and hold harmless CDC and the City; and their respective officers, officials, members, employees, agents, representatives, and volunteers (collectively "the Released/Indemnified Parties") from and against any and all loss, liability, damage, claim, cost, expense and/or "increased costs" (including reasonable attorney's fees, court and litigation costs, and fees of expert witnesses) which, in connection with the development, construction (as defined by applicable law) and/or operation of the Project, including, without limitation, any and all public works (as defined by applicable law), results or arises in any way from any of the

following: (i) the noncompliance by Developer with any applicable local, state and/or federal law or regulation, including, without limitation, any applicable federal and/or state labor laws or regulations (including, without limitation, if applicable, the requirement to pay state and/or federal prevailing wages); (ii) the implementation of Section 1781 of the Labor Code and/or of Davis Bacon, as the same may be amended from time to time, or any other similar law or regulation; and/or (iii) failure by Developer to provide any required disclosure or identification as required by Labor Code Section 1781 and/or by Davis Bacon, as the same may be amended from time to time, or any other similar law or regulation. It is agreed by the parties that, in connection with the development and construction (as defined by applicable law or regulation) of the Project, including, without limitation, any and all public works (as defined by applicable law or regulation), Developer shall bear all risks of payment or non-payment of prevailing wages under applicable federal, state and local law or regulation and/or the implementation of Labor Code Section 1781 and/or by Davis Bacon, as the same may be amended from time to time, and/or any other similar law or regulation. "Increased costs," as used in this Section 4.4, shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be amended from time to time. The foregoing indemnity shall survive termination of this Agreement and shall continue after completion of the construction and development of the Project by Developer.

CDC acknowledges and agrees that Developer's business model utilizes volunteer labor, and that not all parties engaged in the development and construction of the Project will be compensated because they have elected to donate their time, materials and/or labor.

4.5 Anti-discrimination During Construction. Developer, for itself and its successors and assigns, agrees, that in the construction of the Project on the Site or other performance under this Agreement, Developer shall not discriminate against any employee or applicant for employment because of marital status, familial status, race, color, creed, religion, sex, sexual orientation, age, ancestry, or national origin.

4.6 Cost of Development; Development Fee.

4.6.1 Cost of Development. Developer shall be responsible for all costs of developing the Project, including but not limited to predevelopment costs, all costs incurred in planning and processing all development applications required for the Project, all development and building fees, costs for insurance and bonds and all on-site and off-site construction costs.

4.6.2 Developer Fee. Developer shall be entitled to a development fee of not more than Two Hundred Ten Thousand Dollars (\$210,000), which fee and the timing for disbursement thereof shall be set forth in the Project Budget.

4.7 Project Budget. The anticipated sources and uses of funds for development of the Project are set forth in the Project Budget. The Project Budget may not be materially changed without the prior written approval of the Executive Director (a material change shall include a change that causes the total Project costs to increase or decrease from what is shown in the Project Budget or that causes any line item in the Project Budget to increase or decrease by more than five percent (5%)). Developer shall notify the Executive Director of any nonmaterial change to the Project Budget (a non-material change is a change that causes any line items in the Project Budget to increase or decrease by five percent (5%) or less).

4.8 Evidence of Financial Capability. Within the time set forth in the Schedule of Performance, Developer shall submit to the Executive Director evidence reasonably satisfactory to the Executive Director that Developer has the financial capability necessary for the development of the Project on the Site pursuant to this Agreement and the Project Budget. Such evidence of financial capability shall include the following:

(a) Evidence that Developer has obtained bona fide commitments for all of the capital, services, and materials necessary to complete the Project; and

(b) If the total costs set forth in the Project Budget for the Project exceed the amount of financing commitments received pursuant to subparagraph (a) above, a financial statement and/or other documentation reasonably satisfactory to CDC sufficient to demonstrate that Developer has adequate funds available and committed to cover such difference, and/or that Developer has sufficient commitments for donations of labor and materials to cover such difference; and

The Executive Director shall complete his or her review of and approve or disapprove Developer's evidence of financial capability within the time set forth in the Schedule of Performance. If the Executive Director shall disapprove such evidence of financing, he or she shall do so by written notice to Developer stating the reasons for such disapproval. In such event, Developer shall promptly resubmit its evidence of financial capability not less than thirty (30) days after receipt of the Executive Director's disapproval. The Executive Director shall reconsider such resubmittal within the same number of days allowed for the initial submittal. CDC's approval of Developer's evidence of financial capability for the Project shall be one of the CDC Conditions to Closing.

4.9 Insurance Requirements. Commencing on the Close of Escrow and continuing until Developer sells the last Condominium in the Project to a Low Income Household, Developer shall maintain, at its sole cost and expense, and shall cause any contractors or consultants with whom Developer has contracted to construct the Project or otherwise enter the Site to maintain, the policies of insurance set forth in Attachment No. 12 to this Agreement ("Insurance Requirements") and shall otherwise comply with the Insurance Requirements set forth therein. Developer shall submit to CDC evidence of the insurance required by this Section 4.9 no later than ten (10) days prior to the anticipated Closing Date. Nothing in this Section 4.9 shall in any way limit Developer's indemnity obligations set forth in this Agreement.

4.10 Relocation. Within ~~thirty~~ thirty (30) days after the Close of Escrow, Developer shall ~~prepare and submit~~ cause to be prepared and submitted to CDC a draft of the Relocation Plan for approval by CDC. Developer shall relocate the Tenant in accordance with the terms and provisions of the Relocation Plan. Subject to any reimbursement that may be provided by the City pursuant to the City HOME Agreement, Developer shall be solely responsible for the cost of all activities required under the Relocation Plan (collectively, the "Relocation Activities"). In carrying out the Relocation Activities, Developer shall timely comply with the Relocation Laws. Developer shall defend, reimburse, indemnify, protect, and hold harmless CDC, the City, and their respective officers, officials, employees, agents, representatives and volunteers on demand for, any and all claims, including claims for injunctive, equitable, or declaratory relief, losses,

costs, liabilities of any kind (including strict liability), including liability for damage to property or injuries to persons, including accidental death, damages, expenses (including reasonable attorneys' fees incurred in connection with any of the foregoing and incurred in connection with enforcing this provision), penalties or fines, of any kind whatsoever, paid, incurred, or suffered by or asserted against any of the CDC, the City, or their respective officers, officials, employees, agents, representatives and volunteers by any person, in connection with, arising out of or resulting in any way whatsoever from Developer's performance of the Relocation Activities. Developer's obligation to indemnify, defend and hold harmless CDC is in addition to, and in no way shall be construed to limit or replace, any other obligation or liabilities which Developer may have to CDC in this Agreement, at common law, or otherwise.

4.11 Rights of Access. For the purpose of assuring compliance with this Agreement, representatives of CDC shall have the reasonable right of access to the Site, without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including but not limited to the inspection of the work being performed by Developer in constructing the Project so long as they comply with all safety rules. CDC shall repair any damage caused by CDC or its representatives in their exercise of this right of access; provided that it is understood that CDC does not by this Section 4.11 assume any responsibility or liability for a negligent inspection or failure to inspect.

4.12 Release of Construction Covenants. Promptly after completion of construction of the Project by Developer in conformity with this Agreement, CDC shall furnish Developer with a Release of Construction Covenants upon written request therefor by Developer. CDC shall not unreasonably withhold or delay such Release of Construction Covenants. Such Release of Construction Covenants shall be a conclusive determination of satisfactory completion of the construction required by this Agreement and the Release of Construction Covenants shall so state. The Release of Construction Covenants shall be substantially in the form attached hereto as Attachment No. 10 or such other similar form as to permit it to be recorded in the Recorder's Office of Los Angeles County, California. If CDC refuses or fails to furnish a Release of Construction Covenants for the Project after written request from Developer, CDC shall, within ten (10) days of written request therefor, provide Developer with a written statement of the reasons CDC refused or failed to furnish the requested Release of Construction Covenants. The statement shall also contain CDC's opinion of the actions Developer must take to obtain the Release of Construction Covenants. If the reason for such refusal is confined to the immediate unavailability of specific items of materials for landscaping or other minor "punch list" items, CDC shall issue its Release of Construction Covenants upon the posting of cash, a bond, or other security acceptable to CDC, in CDC's sole discretion, by Developer with CDC in an amount representing the fair value of the work not yet completed, and Developer shall thereafter complete the "punch list" work within sixty (60) days of issuance of the Release of Construction Covenants. A Release of Construction Covenants shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any holder of any mortgage or any insurer of a mortgage securing money loaned to finance the improvements, or any part of this Agreement, or a release of any obligations under this Agreement or the Affordable Housing Regulatory Agreement which survive issuance of the Release of Construction Covenants. A Release of Construction Covenants is not a notice of completion as referred to in the California Civil Code Section 3093.

5. USE OF THE SITE

5.1 Use, Operation and Maintenance; General. Developer and its successors and assigns shall use, operate, and maintain the Site as an affordable housing project in accordance with the provisions of this Agreement and the Affordable Housing Regulatory Agreement.

5.2 Initial Sale of Condominiums to Low Income Households. No later than ninety (90) days after completion of the Project, Developer shall sell and transfer title to the Condominiums in the Project to Low Income Households at an Affordable Sales Price in accordance with the procedures set forth in this Section 5.2; provided, however, that if Developer has located a Low Income Household that wishes to purchase a Condominium from Developer, but said Low Income Household has not yet satisfied all of Developer's program requirements, or, despite reasonable efforts, has been unable to timely close its third party financing for the purchase of the Condominium, Developer shall not be in default of this Section 5.2 if (i) Developer has entered into a lease agreement with said Low Income Household (an "Interim Lease"); (ii) the term of the Interim Lease is not longer than one (1) year; (iii) during the term of the Interim Lease Developer and the Low Income Household are diligently proceeding with the satisfaction by the Low Income Household of all of Developer's program requirements and the Low Income Household's purchase of the Condominium; (iv) prior to, or concurrent with the expiration of the term of the Interim Lease, Developer and the Low Income Household complete the sale and transfer of title of the Condominium to the Low Income Household; and (v) said Low Income Household receives mortgage payment credit for all lease payments made by the Low Income Household during the term of the Interim Lease. The procedures for the subsequent sale of Condominiums by the Low Income Households shall be as set forth in the Affordable Housing Regulatory Agreement.

5.2.1 Conditions to Transfer. Developer shall not transfer title to any Condominium unless all of the following conditions are satisfied: (a) a certificate of occupancy has been issued by the City's building department for the Condominium; (b) Developer has obtained all approvals required of the California Bureau of Real Estate including the issuance of the public report; (c) the Condominium Plan has been recorded against the Site; (d) the Association has been established; (e) Developer has prepared the Association CC&Rs, CDC has approved the Association CC&Rs, and the Association CC&Rs have been recorded against the Site; (f) Developer has determined that the proposed buyer of the Condominium is a Low Income Household; (g) Developer has determined that the purchase price for the Condominium is an Affordable Sales Price; and (h) all other conditions and approvals required for the transfer shall have been satisfied or obtained.

5.2.2 Marketing Condominiums. Not later than ~~ninety-one hundred twenty (90) days prior to completion of construction of the Project~~ 120) days after the Close of Escrow, Developer shall prepare and submit to CDC for approval a marketing plan for the Project (the "Marketing Plan"). The Marketing Plan shall require Developer to market the Condominiums to Low Income Households who live and/or work in the City of Downey, and to establish a list of qualified Low Income Households. ~~5.2.3 — Preference.~~ To the extent permitted by law, Developer shall offer Condominiums to eligible (economically and otherwise, including eligibility under Developer's selection criteria) Low Income Households in the following order of priority: (i) have been displaced by a City or CDC activity or an activity of any other public

agency with jurisdiction in all or any portion of the City of Downey; or (ii) who live and/or work in the City of Downey. Subject to the immediately preceding sentences, should multiple buyers be equally eligible for a Condominium, Developer shall offer the Condominium on a first-qualified, first served basis or a lottery system established by Developer and approved by CDC.

5.2.3 ~~5.2.4~~ Determining Low Income Household Status. Developer shall not sell or otherwise transfer a Condominium until such time as Developer has satisfied the conditions set forth in Section 5.2.1 of this Agreement, including the requirement that the proposed buyer is a Low Income Household. Developer shall be responsible to determine whether a proposed buyer is a Low Income Household. In order to verify the buyer's status as a Low Income Household, Developer shall obtain the identity of the proposed buyer and adequate information evidencing the income of the proposed buyer and the buyer's status as a Low Income Household. Said information shall be obtained not less than thirty (30) days prior to the proposed transfer and shall include original or true copies of pay stubs, income tax records or other financial documents. Said information shall be sufficient for Developer to verify the household income and eligibility of the proposed buyer as a Low Income Household, and to perform a calculation as to whether the Condominium is available to such buyer at an Affordable Sales Price. Developer shall request any additional information reasonably required to verify the proposed buyer's Low Income Household status. For each buyer whom Developer has determined constitutes a Low Income Household, Developer shall submit to CDC a completed Request for Verification of Proposed Buyer, substantially in the form attached to the Affordable Housing Regulatory Agreement as Exhibit C (or, if Developer uses forms that contain all of the same information as the Request for Verification of Proposed Buyer, Developer may submit to CDC such forms in lieu thereof). If Developer is unable to verify a proposed buyer's income as provided herein, then the buyer's income shall be deemed to exceed the maximum allowable income limit for Low Income Household status.

5.2.4 ~~CDC/CDC/City~~ Buyer Affordable Housing Documents. Prior to or at the close of escrow pursuant to which Developer shall transfer to a Low Income Household title to a Condominium, Developer shall provide to said Low Income Household a complete set of ~~CDC/CDC/City~~ Buyer Affordable Housing Documents and require said Low Income Household to execute the same. The executed ~~5.2.5—CDC/CDC/City~~ Buyer Affordable Housing Documents shall be recorded (as applicable) against the Condominium at the close of escrow for the Condominium.

5.2.5 ~~5.2.6~~ Partial Reconveyance of CDC Deed of Trust. Provided that all of the conditions to the transfer of a Condominium are satisfied, upon the transfer of title to a Condominium to a Low Income Household, (i) one-seventh (1/7th) of the CDC Financial Assistance shall be deemed to (a) have been repaid by Developer, such that the outstanding principal balance of the CDC Note shall be reduced accordingly, and (b) be provided to the Low Income Household purchasing the Condominium, and (ii) CDC shall partially reconvey the CDC Deed of Trust as to that Condominium.

5.2.6 ~~5.2.7~~ Delivery of Documents. Upon the transfer of title to a Condominium to a Low Income Household, Developer shall provide CDC with a certified copy of the recorded documents (including the ~~CDC/CDC/City~~ Buyer Affordable Housing Documents), a copy of the

final sales contract, settlement statement, escrow instructions, and any other documents which CDC may request.

5.3 Homeowners Association.

5.3.1 Establishment of Association. By the time set forth in the Schedule of Performance, Developer shall establish a homeowners association for the purpose of maintaining the Association Area of the Project (“Association”). The Association shall be incorporated as a nonprofit mutual benefit corporation. Developer shall, at its sole cost and expense, prepare and obtain approval of the Condominium Plan, obtain a public report and all other approvals required from the Bureau of Real Estate, and shall comply with all Bureau of Real Estate requirements and the Subdivided Lands Act (Business & Professions Code §§ 11000, *et seq.*). In the event Developer is unable to establish the Association or obtain the required approvals therefor, Developer shall be responsible for maintaining the Association Area.

5.3.2 Association CC&Rs. Not less than ninety (90) days prior to the date Developer anticipates selling the first Condominium to a Low Income Household, Developer shall have prepared and submitted to CDC for its reasonable approval a form of declaration of covenants, conditions and restrictions for the Site (“Association CC&Rs”). The Association CC&Rs shall comply with all statutory requirements governing common interest developments and shall require the owners of all Condominiums constructed on the Site to be members of the Association. Subject to the following sentence, the Association CC&Rs shall (i) clearly set forth the respective maintenance responsibilities of the owners of the Condominiums and the Association; (ii) entitle each owner use of the Association Area and facilities to be constructed on the Site; (iii) set forth an equitable apportionment of the costs of maintaining and operating the Association Area and facilities located thereon; and (iv) reserve, for the benefit of the Association, easements for access, maintenance, drainage and other similar purposes over the Association Area. Notwithstanding the above, each owner of a Condominium shall have the exclusive use of the yard attached to the Condominium. Any substantive amendments to the Association CC&Rs shall require the consent of the CDC, which consent shall not unreasonably be withheld. The Association CC&Rs shall be approved by legal counsel to the CDC prior to the CDC’s issuance of a certificate of occupancy for any Condominium on the Site, and the Association CC&Rs shall be recorded against the Site prior to the sale of any Condominium. The Association CC&Rs shall specifically state that CDC and the City are each intended third party beneficiaries of the Association CC&Rs with the ability, but not the duty, to enforce all of the obligations set forth therein, including, without limitation, the ability to cause any and all maintenance and repair obligations to be performed or to otherwise undertake such maintenance and/or repair subject to reimbursement for the costs incurred in connection with such maintenance and/or repair secured by a lien on the property affected by the maintenance/repair. The Association CC&Rs shall be enforceable by CDC in perpetuity subject to rules and regulations of the Bureau of Real Estate.

5.3.3 Conveyance of Association Property to Association. Prior to or concurrently with the close of escrow for Developer’s first sale of a Condominium to a Low Income Household, Developer shall convey to the Association the Association Area, and the Association shall thereafter be responsible to maintain the Association Area. The conveyance to the Association of the Association Area shall not, however, release Developer from the

obligations in the Affordable Housing Regulatory Agreement to qualify proposed buyers and ensure the continued affordability of the Condominiums.

5.4 Nondiscrimination. In addition to any other nondiscrimination provisions applicable to the Site under federal, state or local law, Developer covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person, or group of persons on any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, or any part thereof, nor shall Developer, or any person claiming under or through him or 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 Site, or any part thereof. The foregoing covenants shall run with the land.

Developer agrees for itself and any successor in interest that Developer shall refrain from restricting the rental, sale, or lease of any portion of the Site, or contracts relating to the Site, on the basis of race, color, creed, religion, sex, marital status, 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:

1. *In deeds*: “The grantee herein covenants by and for himself or herself, his or 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 any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any 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 premises herein conveyed. The foregoing covenants shall run with the land.”

2. *In leases*: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: “That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or 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 in the premises herein leased. The foregoing covenants shall run with the land”

3. *In contracts pertaining to the Site:* “There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this agreement, nor shall the grantee or any person claiming under or through him or her, establish or permit any 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 premises herein conveyed. The foregoing covenants shall run with the land.”

5.5 Effect of Covenants. The covenants established in this Agreement shall, without regard to technical classification and designation, be binding for the benefit and in favor of CDC, the City and CDC’s and City’s successors and assigns, and any successor in interest to the Site, together with any property acquired by Developer pursuant to this Agreement, or any part thereof. The covenants against discrimination shall remain in effect in perpetuity.

5.6 Taxes and Assessments. Developer shall pay prior to delinquency all real estate taxes and assessments on the Site, so long as Developer retains any ownership interest therein. Developer shall remove or have removed any levy or attachment made on the Site or any part thereof, or assure the satisfaction thereof within a reasonable time but in any event prior to any sale or transfer of all or any portions thereof. Notwithstanding the above, Developer shall have the right to contest the validity or amounts of any tax, assessment, or encumbrance available to Developer in respect thereto, and nothing herein shall limit the remedies available to Developer in respect thereto.

5.7 Indemnification. Developer shall defend, indemnify, assume all responsibility for, and hold CDC and the Released/Indemnified Parties harmless from all claims, demands, damages, defense costs or liability of any kind or nature relating to any damages to property or death or injuries to persons (including attorneys’ fees and costs and expert witness fees), which may be caused by any acts or omissions of Developer under this Agreement, whether such activities or performance of this Agreement be by Developer or by anyone directly or indirectly employed or contracted with by Developer and whether such damage shall accrue or be discovered before or after termination of this Agreement, except to the extent such matters are caused by the sole negligence or willful misconduct of CDC, or any of the Released/Indemnified Parties acting in an official capacity.

6. RIGHTS OF HOLDERS OF APPROVED SECURITY INTERESTS IN SITE

6.1 No Encumbrances Except Mortgages, Deeds of Trust, or Sale and Lease-Back for Development. Mortgages, deeds of trust, and sales and leases-back or any other method of financing shall be permitted before the completion of the Project and the sale of the last Condominium on the Site to a Low Income Household only for the purpose of securing loans of funds to be used for financing the construction of the Project, if necessary, and only with CDC’s prior written approval, which shall not be unreasonably withheld or delayed. Developer shall notify CDC in advance of any mortgage, deed of trust, sale and lease-back or other form of conveyance for financing if Developer proposes to enter into the same before the sale of the last

Condominium on the Site to a Low Income Household. Developer shall not enter into any such conveyance for financing without the prior written approval of CDC, which approval CDC agrees to give if any such conveyance is given to a responsible financial or lending institution or other acceptable person or entity reasonably acceptable to CDC.

6.2 Holder Not Obligated to Construct Project. The holder of any mortgage or deed of trust authorized by this Agreement shall not be obligated by the provisions of this Agreement to construct or complete the Project or any portion thereof, or to guarantee such construction or completion; nor shall any covenant or any other provision in this Agreement be construed so to obligate such holder. Nothing in this Agreement shall be deemed to construe, permit or authorize any such holder to devote the Site to any uses or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

6.3 Notice of Default to Mortgagee or Deed of Trust Holders; Right to Cure. With respect to any mortgage or deed of trust granted by Developer as provided herein, whenever CDC may deliver any notice or demand to Developer with respect to any breach or default by Developer in completion of construction of the Project, CDC shall at the same time deliver a copy of such notice or demand to each holder of record of any mortgage or deed of trust authorized by this Agreement who has previously requested such notice in writing. Each such holder shall (insofar as the rights granted by CDC are concerned) have the right, at its option, within thirty (30) days after the receipt of the notice, to cure or remedy or commence to cure or remedy and thereafter to pursue with due diligence the cure or remedy of any such default and to add the cost thereof to the mortgage debt and the lien of its mortgage. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction or completion of the Project, or any portion thereof (beyond the extent necessary to conserve or protect the improvements or construction already made) without first having expressly assumed Developer's obligations to CDC by written agreement satisfactory to CDC. The holder, in that event, must agree to complete, in the manner provided in this Agreement, the improvements to which the lien or title of such holder relates. Any such holder properly completing such improvement shall be entitled, upon compliance with the requirements of this Section 6.3, to a Release of Construction Covenants. It is understood that a holder shall be deemed to have satisfied the thirty (30) day time limit set forth above for commencing to cure or remedy a Developer default which requires title and/or possession of the Site (or portion of this Agreement) if and to the extent any such holder has within such thirty (30) day period commenced proceedings to obtain title and/or possession and thereafter the holder diligently pursues such proceedings to completion and cures or remedies the default.

6.4 Failure of Holder to Complete Project. In any case where, thirty (30) days after the holder of any mortgage or deed of trust creating a lien or encumbrance upon the Site or any part thereof receives a notice from CDC of a default by Developer in completion of construction of the Project under this Agreement, and such holder has not exercised the option to construct as set forth in Section 6.3 of this Agreement, or if it has exercised the option but has defaulted hereunder and failed to timely cure such default, CDC may purchase the mortgage or deed of trust from the holder of the mortgage or deed of trust, by payment to the holder of the amount of the unpaid debt, plus any accrued and unpaid interest. If the ownership of the Site has vested in the holder, CDC, if it so desires, shall be entitled to a conveyance of the Site from the holder to CDC upon payment to the holder of an amount equal to the sum of the following: (a) the unpaid

mortgage, deed of trust or other security interest debt at the time title became vested in the holder (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings); (b) all expenses with respect to foreclosure, including reasonable attorneys' fees and trustee's fees; (c) the net expenses, if any (exclusive of general overhead), incurred by the holder as a direct result of the subsequent management of the Site or part thereof; and (e) the costs of any authorized improvements made by such holder.

6.5 Right of CDC to Cure Mortgage or Deed of Trust Default. In the event of a mortgage or deed of trust default or breach by Developer prior to the completion of construction of the Project or any part of this Agreement, Developer shall immediately deliver to CDC a copy of any mortgage holder's notice of default. If the holder of any mortgage or deed of trust has not exercised its option to construct, CDC shall have the right but no obligation to cure the default. In such event, CDC shall be entitled to reimbursement from Developer of all proper costs and expenses incurred by CDC in curing such default. CDC shall also be entitled to a lien upon the Site to the extent of such costs and disbursements. Any such lien shall be junior and subordinate to the mortgages or deeds of trust permitted pursuant to Section 6.1.

6.6 Right of CDC to Satisfy Other Liens on the Site. After the Close of Escrow and prior to the completion of construction, and after Developer has had written notice and has failed, after a reasonable time, to challenge, cure, or satisfy any liens or encumbrances on the Site, CDC shall have the right but no obligation to satisfy any such liens or encumbrances.

7. DEFAULTS AND REMEDIES

7.1 Defaults. Subject to the extensions of time set forth in Section 8.6 of this Agreement, failure by either party to perform any action or covenant required by this Agreement within the time periods provided herein constitutes a "default" under this Agreement. A party claiming a default shall give written notice of the default to the other party specifying the default complained of. Except as otherwise expressly provided in this Agreement, and except as may be required to protect against irreparable injury, the claimant shall not institute any proceeding against any other party, if such party (a) cures, corrects, or remedies such default within thirty (30) days after receipt of a notice from the other party specifying such failure or delay, or (b) for defaults that cannot reasonably be cured, corrected, or remedied within such time period, if such party commences to cure, correct, or remedy such failure or delay immediately after receipt of a notice from the other party specifying such failure or delay, and diligently prosecutes such cure, correction or remedy to completion.

7.2 Institution of Legal Actions. In addition to any other rights or remedies and subject to the restrictions set forth in this Agreement, either party may institute an action at law or equity to seek specific performance of the terms of this Agreement, or to cure, correct or remedy any default, to recover damages for any default (subject to the restriction on recovery of special damages set below), 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, or in the United States District Court for the Central District of California. Notwithstanding the foregoing, neither Developer nor CDC shall in any event be entitled to, and each hereby waives, any right to seek loss of profits or any special, incidental or

consequential damages of any kind or nature from the other party arising out of or in connection with this Agreement or the termination hereof, and in connection with such waiver each party is familiar with and hereby waives the provision of Section 1542 of the California Civil Code which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

7.3 CDC Option to Acquire the Site. The parties acknowledge that the primary objectives of CDC in entering this transaction are to encourage new investment in the City of Downey, to maximize the use of real property within the City of Downey, and provide for the development of affordable housing in the City of Downey. Accordingly, Developer acknowledges that CDC has certain options to acquire the Site from Developer pursuant to the terms and conditions set forth in the Option Agreement upon the occurrence of certain events more particularly described in the Option Agreement, including without limitation, Developer’s failure to timely develop the Project on the Site and transfer the Condominiums to Low Income Households.

7.4 Assignment of Plans to CDC. If this Agreement is terminated for any reason prior to the completion of construction or if CDC acquires the Site or any portion thereof pursuant to the Option Agreement, upon request by CDC, Developer shall deliver to CDC an executed assignment in a form reasonably acceptable to CDC of Developer’s rights and interest, to the extent that it has any such rights or interest, in all plans, blueprints, drawings, sketches, specifications, landscape plans, utilities plans, soils reports, noise studies, environmental assessment reports, grading plans and any other materials relating to the construction of the Project on the Site (collectively, the “Plans”), together with copies of all of the Plans, as have been prepared for the development of the Site to date of the termination. Notwithstanding the foregoing, however, Developer does not covenant to convey to CDC the copyright or other ownership rights of third parties. CDC’s acquisition or use of the Plans or any of them shall be without any representation or warranty by Developer as to the accuracy or completeness of any such Plans, and CDC shall assume all risks in the use of the Plans.

7.5 Rights and Remedies are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of its 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.

7.6 Attorneys’ Fees. If either party to this Agreement is required to initiate or defend litigation in any way connected with this Agreement, the prevailing party in such litigation, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to reasonable attorneys’ fees and costs. If either party to this Agreement is required to initiate or defend litigation with a third party because of the violation of any term or provision of this Agreement by the other party, then the party so litigating shall be entitled to reasonable

attorneys' fees and costs from the other party to this Agreement. Attorneys' fees shall include attorney's fees on any appeal, and in addition a party entitled to attorney's fees shall be entitled to all other reasonable costs for investigating such action, retaining expert witnesses, taking depositions and discovery, and all other necessary costs incurred with respect to such litigation. All such fees shall be deemed to have accrued on commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment.

8. GENERAL PROVISIONS

8.1 Notices. All notices required to be delivered under this Agreement to the other party must be in writing and shall be effective (a) when personally delivered by the other party or messenger or courier thereof; (b) three (3) business days after deposit in the United States mail, registered or certified; (c) twenty-four (24) hours after deposit before the daily deadline time with a reputable overnight courier or service that provides a receipt with the time and date of delivery; or (d) upon receipt of a telecopy or fax transmission, provided a hard copy of such transmission shall be thereafter delivered in one of the methods described in the foregoing (a) through (c); in each case postage fully prepaid and addressed to the respective parties as set forth below or to such other address and to such other persons as the parties may hereafter designate by written notice to the other party hereto:

To CDC: Community Development Commission
 of the City of Downey
 11111 Brookshire Avenue
 Downey, CA 90241
 Attn: Executive Director
 Facsimile No.: (213) _____

Copy to: Rutan & Tucker, LLP
 611 Anton Boulevard, Suite 1400
 Costa Mesa, CA 92626
 Attn: William H. Ihrke, Esq.
 Facsimile No.: (714) 546-9035

To Developer: Partnership Housing, Inc., Inc.
 8739 Artesia Boulevard
 Bellflower, CA 90706
 Attn: Executive Director
 Facsimile No.: (213) _____

Copy to: Leibold, McClendon & Mann, PC
 23422 Mill Creek Drive, Suite 105
 Laguna Hills, CA 92675
 Att: Joy Heuser Otsuki, Esq.
 Facsimile No.: (949) 457-6305

8.2 Assignment of Agreement and Transfer of Site. Developer shall have no right to assign or transfer this Agreement, by operation of law or otherwise, without the prior written consent of CDC, which consent may be withheld in CDC's sole and absolute discretion. Any

attempt by Developer to make an assignment other than with the prior written consent of CDC shall be null and void. In addition, Developer shall have no right to transfer any interest in the Site with the exception of the transfer of the Condominiums to Low Income Households and the conveyance of the Association Property to the Association in accordance with the terms of this Agreement, except for a conveyance approved by CDC for the purpose of financing the development of the Project as set forth herein.

8.3 Binding on Successors and Assigns. All of the terms, covenants and conditions of this Agreement shall be binding upon the parties and their permitted successors and assigns.

8.4 Nonliability of Officials and Employees.

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

8.4.2 No member, official, employee, or contractor of Developer shall be personally liable to CDC in the event of any default or breach by Developer or for any amount which may become due to CDC or on any obligations under the terms of this Agreement.

8.5 Entire Agreement, Waivers and Amendments. This Agreement integrates all of the terms and conditions mentioned herein, or incidental hereto, and supersedes all negotiations and previous agreements between the parties with respect to all or any part of the subject matter hereof. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the party to be charged. All amendments, including those authorized to be approved by the Executive Director pursuant to Section 8.8, shall be in writing and shall be signed by authorized representatives of CDC and Developer.

8.6 Enforced Delay; Extension of Times of Performance. In addition to specific provisions of this Agreement, and except as expressly set forth this Section 8.6, performance by either party hereunder shall not be deemed to be in default and such party shall be entitled to an extension of time to perform its obligations hereunder where delays in performance are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; supernatural causes; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; litigation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor or supplies; acts of the other party; acts or the failure to act of CDC or any other public or governmental agency or entity (except that any act or failure to act of or by CDC shall not excuse performance by CDC), or any other similar acts by unaffiliated third parties or causes beyond the control or without the fault of the party claiming an extension of time to perform. Notwithstanding the foregoing, Developer's inability to secure satisfactory financing, interest rates, and market and economic conditions shall not entitle Developer to an extension of time to perform, though the inability of a Low Income Household to secure satisfactory financing to purchase a Condominium shall entitle Developer to an extension of time to perform. An extension of time for any cause permitted under this Section 8.6 shall be limited to the period of the enforced delay and shall commence to run from the time

of the commencement of the cause, if 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 be extended by mutual written agreement of CDC and Developer. The Executive Director shall have the authority on behalf of CDC to approve extensions of time, with the exception of any extension that would result in the Outside Closing Date, the date to commence construction of the Project (or any portion thereof), or the date to complete construction of the Project (or any portion thereof), being extended by more than one hundred twenty (120) days.

8.7 Applicable Law. The internal laws of the State of California shall govern the interpretation and enforcement of this Agreement.

8.8 CDC Approvals and Actions. CDC shall maintain authority of this Agreement and the authority to implement this Agreement through the Executive Director (or his or her duly authorized representative). The Executive Director shall have the authority to make approvals, issue interpretations, execute documents, waive provisions, and/or enter into certain amendments of this Agreement (including to the attachments hereto) on behalf of CDC so long as such actions do not materially or substantially change the basic business terms hereof, change the uses or development permitted on the Site, add to the costs incurred or to be incurred by CDC as specified herein, or decrease the revenues or other compensation to be received by CDC, and such approvals, interpretations, waivers and/or amendments may include extensions of time to perform as set forth in Section 8.6. All other material and/or substantive interpretations, waivers, or amendments shall require the consideration, action and written consent of the CDC Council.

8.9 Severability. If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of this Agreement shall not be affected thereby to the extent such remaining provisions are not rendered impractical to perform taking into consideration the purposes of this Agreement.

8.10 Third Party Beneficiaries. Notwithstanding any other provision of this Agreement to the contrary, and excepting only the rights of CDC as expressly set forth in this Agreement, nothing herein is intended to create any third party beneficiaries to this Agreement, and no person or entity other than CDC and Developer, and the permitted successors and assigns of either of them, shall be authorized to enforce the provisions of this Agreement.

8.11 Execution in Counterpart. This Agreement may be executed in several counterparts, and all so executed shall constitute one agreement binding on both parties hereto, notwithstanding that both parties are not signatories to the original or the same counterpart.

8.12 Attachments. Attachment Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, ~~13~~, and ~~14~~13 are attached to this Agreement and are incorporated herein by this reference. Said Attachments are identified as follows:

- 1 LEGAL DESCRIPTION OF SITE
- 2 SCOPE OF DEVELOPMENT
- 3 SCHEDULE OF PERFORMANCE
- 4 GRANT DEED

- 5 PROMISSORY NOTE SECURED BY DEED OF TRUST
- 6 DEED OF TRUST
- 7 OPTION AGREEMENT
- 8 AFFORDABLE HOUSING AGREEMENT AND DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
- 9 PROJECT BUDGET
- 10 RELEASE OF CONSTRUCTION COVENANTS
- 11 MEMORANDUM OF AFFORDABLE HOUSING AND PROPERTY DISPOSITION AGREEMENT
- 12 INSURANCE REQUIREMENTS
- ~~13 BUYER AFFORDABLE HOUSING DOCUMENTS~~
- 1413 NOTICE OF AFFORDABILITY RESTRICTIONS ON TRANSFER OF PROPERTY

[signatures on next page]

IN WITNESS WHEREOF, CDC and Developer have entered into this Agreement as of the Effective Date.

“City”

COMMUNITY DEVELOPMENT
COMMISSION OF THE CITY OF
DOWNEY,
a public body, corporate and politic

Executed at _____, California
this _____ day of _____, 2015

By: _____
Gilbert A. Livas, Executive Director

ATTEST:

Adria M. Jimenez, CDC Secretary

APPROVED AS TO FORM
RUTAN & TUCKER, LLP

William H. Ihrke, Counsel to the CDC

“Developer”

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

Executed at _____, California
this _____ day of _____, 2015

By: _____

Executed at _____, California
this _____ day of _____, 2015

By: _____

ATTACHMENT NO. 1

LEGAL DESCRIPTION OF SITE

All that certain property located in the City of Downey, County of Los Angeles, State of California, described as follows:

THE EASTERLY 60 FEET OF THE WESTERLY 128.2 FEET OF THE PORTION OF THE NORTH 339.73 FEET OF THE SOUTH 1019.21 FEET OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 3 SOUTH, RANGE 12 WEST, IN THE RANCHO SANTA GERTRUDES, AS PER MAP RECORDED IN BOOK 1, PAGE 502, OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING EASTERLY OF A STRAIGHT LINE CONNECTING THE MID-POINTS OF THE NORTH AND SOUTH LINES OF SAID NORTH 339.73 FEET OF THE SOUTH 1019.21 FEET.

EXCEPT THE SOUTH 30.00 FEET OF SAID LAND.

ATTACHMENT NO. 2

SCOPE OF DEVELOPMENT

[EDIT AS NECESSARY TO DESCRIBE THE PROJECT]

The Project includes the relocation of the existing commercial tenant, the demolition of all existing structures on the Site, and the development of seven (7) attached, for-sale condominiums containing three (3) bedrooms and two (2) baths, with each available to Low Income Households at an Affordable Sales Price.

All of the residential dwelling units in the Project will comply with all required City of Downey development standards, including, but not limited to, parking, landscaping, open space, and setbacks. The construction of all required public improvements associated with the development will also be the responsibility of the Developer.

The two (2) buildings comprising the Project will be designed in a _____ architectural style. Materials to be incorporated are ~~concrete~~ asphalt tile roofs, simulated wood siding, concrete paving surfaces, adequate security lighting, and professionally designed defensible landscaping. The design will also incorporate features that will enhance the livability and promote a pedestrian-friendly neighborhood atmosphere.

The Project will be constructed with energy efficient materials and equipped and furnished with energy efficient appliances and fixtures such that the Condominiums meet the California Energy Commission's standards for "Net Zero Energy" and a platinum LEED standard. Not by way of limitation of the foregoing, the Project will be developed in accordance with all of the following standards:

Property

- Provide bicycle storage
- Provide smart weather based irrigation controllers
- Recycle not less than 50% of construction materials during construction
- Minimize turf
- Specify drought tolerant plants that require minimal shearing

Water Efficiency

- Low-flow fixtures
- Dual-flush toilets
- Water-efficient dishwashers and laundry appliances
- Drip Irrigation
- Hot Water recirculation system in condominiums

Energy Efficiency and Renewable Energy

- Programmable thermostats
- Natural ventilation

- Ceiling fans in all bedrooms and living rooms
- High efficiency appliances (energy star)
- Radiant barrier roof sheeting or cool roof technology
- Low-e windows

Durability and Resource-Efficiency

- Maximum use of locally-sourced materials
- Drain or automatic shutoff valves in all laundry areas

Indoor Environmental Health

- Non-toxic, low/no-VOC wood composites, adhesives, paints and finishes
- Formaldehyde free cabinets, shelving and trim

Operations

- Operation and maintenance manuals for residents
- Green and sustainable education for residents

The Executive Director or designee shall have authority to approve a substitution to any of the specific standards set forth above if he or she determines, in his or her sole and absolute discretion, that a substitute standard would provide the same environmental benefits as the original standard.

ATTACHMENT NO. 3

SCHEDULE OF PERFORMANCE

ITEM OF PERFORMANCE		TIME FOR PERFORMANCE
<u>1.</u>	<u>Developer executed and delivers to CDC Affordable Housing and Property Disposition Agreement.</u>	<u>Within 5 days after the Effective Date.</u>
12.	Developer and CDC open Escrow (§ 3.3.1).	Within 10 <u>5</u> days after the Effective Date.
2.	Developer conducts its inspections of the physical and environmental condition of the Site and procures commercial general liability insurance (§ 3.6.1).	During the 60-day Due Diligence Period after the Effective Date. The insurance shall be obtained prior to entry on the Site.
63.	Developer submits evidence of insurance (§ 4.9).	Not less than 10 days prior to the anticipated Closing Date <u>but prior to any entry onto the Site by Developer.</u>
74.	Developer submits evidence of financial capability to develop the Project (§ 4.8).	Not less <u>more</u> than 30 days prior to the anticipated Closing after Effective Date.
85.	CDC approves (or disapprove) Developer's evidence of financial capability (§ 4.8).	Within 20 days after submittal.

ITEM OF PERFORMANCE		TIME FOR PERFORMANCE
<u>96.</u>	Developer executes and deposits into Escrow the CDC Deed of Trust, CDC Note, Affordable Housing Regulatory Agreement, Option Agreement, Notice of Affordability, Memorandum of AHPDA, and all additional funds and documents required under this Agreement in order to close Escrow, including all escrow and closing costs (§ 3.3.3).	At least 1 day prior to the scheduled Closing Date.
107.	CDC executes and deposits into Escrow the Grant Deed, Affordable Housing Regulatory Agreement, Option Agreement, Notice of Affordability, Memorandum of AHPDA and all additional documents required under this Agreement in order to close Escrow (§ 3.3.4).	At least 1 day prior to the scheduled Closing Date.
118.	Escrow closes and Developer acquires fee title to the Site (§ 3.3.1).	After the completion of Items 1-7 <u>1-7</u> and the satisfaction, or waiver by the appropriate party, of all CDC Conditions to Closing and Developer Conditions to Closing, but in no event later than the Outside Closing Date.
<u>9.</u>	<u>Developer enters into contract with Relocation Consultant.</u>	<u>Within 21 days after Effective Date.</u>

ITEM OF PERFORMANCE		TIME FOR PERFORMANCE
<u>10.</u>	<u>Developer causes Relocation Consultant to prepare Relocation Plan.</u>	<u>Within 30 days after Close of Escrow.</u>
<u>11.</u>	Developer submits to the City and CDC applications and materials required to obtain all land use and other entitlements, permits, and approvals required for the Project (§ 4.2.1).	Within == <u>60</u> days after the Effective Date.
<u>12</u>	<u>Developer implements Relocation Plan.</u>	<u>In accordance with timelines set forth in Relocation Plan.</u>
12 <u>13.</u>	Developer submits to the City and CDC architectural plans for the Project (§ 4.2.3).	Within == <u>180</u> days after the Effective Date.
13 <u>14.</u>	Developer submits to the City and CDC final construction drawings for the Project and exercises exercised reasonable diligence to obtain approval (§ 4.2.4).	Within 60 days after CDC 's / <u>City's</u> approval of the architectural plans for the Project.
14 <u>15.</u>	CDC approves (or disapprove) final construction drawings for the Project and uses commercially reasonable efforts to obtain City approval <u>of final construction drawings for the Project</u> (§ 4.2.4).	Within 30 days after complete submittal.

ITEM OF PERFORMANCE		TIME FOR PERFORMANCE
<u>16.</u>	<u>Developer obtains building permits.</u>	<u>Within 30 days after City approved final construction drawings.</u>
<u>17.</u>	Developer commences construction of the Project (§ 4.3).	By the earlier of (i) within <u>Within</u> 30 days after Developer obtains building permits, and (ii) within _____ months after the Close of Escrow.
<u>18.</u>	<u>Developer submits Association CC&Rs to CDC for approval.</u>	<u>Not less than 60 days prior to Developer's sale of any Condominium.</u>
<u>19.</u>	<u>CDC reviews Association CC&Rs.</u>	<u>Within 30 days after submittal.</u>
15 <u>20.</u>	Developer obtains CDC approval of the Association CC&Rs (§ 5.3.2).	Prior to and as a condition of the CDC's issuance of a Certificate of Occupancy for any Condominium on the Site.
16 <u>21.</u>	Developer establishes the Association (§ 5.3.1)	Prior to and as a condition of CDC's <u>City's</u> issuance of a Certificate of Occupancy for any Condominium on the Site.
17 <u>22.</u>	Developer records the Association CC&Rs and the Condominium Plan (§ 5.3.2).	Prior to or concurrently with Developer's first sale of a Condominium to a Low Income Household.
18 <u>23.</u>	Developer conveys Association Area to Association (§ 5.3.3).	Prior to or concurrently with Developer's first sale of a Condominium to a Low Income Household.
19 <u>24.</u>	Developer completes construction of the Project (§ 4.3).	By the earlier of (i) within <u>Within</u> 18 months after commencement of construction; or (ii) _____.
20 <u>25.</u>	CDC issues Release of Construction Covenants (§ 4.11).	Upon satisfactory completion of construction of the Project, within 10 days of written request of Developer.
21 <u>26.</u>	Developer transfers fee title to the Condominiums to Low Income Households (§ 5.2).	No later than 90 <u>120</u> days after Developer's completion of the Project, <u>subject to the extensions set forth in Section 5.2.</u>

It is understood that the foregoing Schedule is subject to all of the terms and conditions of the text of the Agreement, including, without limitation, extensions of times of performance under Section 8.6 thereof. The summary of items of performance in the Schedule is not intended to supersede or modify any more complete description in the text; in the event of any conflict or inconsistency between this Schedule and text of the Agreement, the text of the Agreement shall govern. Times of performance under this Agreement may be extended by mutual written agreement of CDC and Developer. The Executive Director shall have the authority on behalf of CDC to approve extensions of time, with the exception of any extension that would result in the Outside Closing Date, the date to commence construction of the Project, or the date to complete construction of the Project, being extended by more than one hundred twenty (120) days.

ATTACHMENT NO. 4

GRANT DEED

[Attached]

When Recorded Mail To:

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

(Space Above for Recorder's Use)
Exempt from Recordation Fee per Gov. Code § 27383

DOCUMENTARY TRANSFER TAX IS \$ _____
_____ Computed on the consideration or value of
property conveyed, OR
_____ Computed on the consideration or value less liens
or encumbrances remaining at time of sale.

GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF DOWNEY, a public body, corporate and politic, organized and existing under the California Community Development Commission Law (Health & Safety Code Section 34100, *et seq.*) (the "**Grantor**"), hereby grants to PARTNERSHIP HOUSING, INC., a California nonprofit public benefit corporation ("**Grantee**"), that certain real property ("**Property**") located in the City of Downey, County of Los Angeles, State of California, described in the legal description attached hereto as Exhibit "A" and incorporated herein by this reference, subject to all matters of record, and further subject to the following:

A. Non-Discrimination. The Property and Grantee and its successors and assigns shall be subject to the following non-discrimination provisions:

1. Obligation to Refrain from Discrimination. There shall be no discrimination against, or segregation of, any persons, or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code in the sale, lease, or rental or in the use, occupancy, or enjoyment of the Property, nor shall Grantee 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, lessees, subtenants, sublessees, or vendees of the Property or any portion thereof. The foregoing covenants shall run with the land and shall remain in effect in perpetuity.

2. Form of Nondiscrimination and Nonsegregation Clauses. All deeds, leases or contracts for the Property shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

i. In deeds: “The grantee herein covenants by and for himself or herself, his or 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 any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee himself or herself, or any person claiming under or through him or 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 premises herein conveyed. The foregoing covenants shall run with the land.”

ii. In leases: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, +12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or 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 in the premises herein leased. The foregoing covenants shall run with the land.”

iii. In contracts: “There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, transfer, use, occupancy, tenure, or enjoyment of the land, nor shall the contracting party 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, lessees, subtenants, sublessees, or vendees of land. The foregoing provisions shall be binding upon and shall obligate the contracting party or parties and any subcontracting party or parties, or other transferees under the contract.

The foregoing nondiscrimination covenants shall remain in effect in perpetuity.

B. Covenants Run With The Land. All covenants contained in this Grant Deed shall be covenants running with the land.

C. Covenants for Benefit of Grantor. All covenants set forth in this Grant Deed, without regard to technical classification or designation, shall be binding for the benefit of the Grantor, and such covenants shall run in favor of Grantor for the entire period during which such

covenants shall be in force and effect, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. Grantor, in the event of any breach of any such covenants, shall have the right to exercise all the rights and remedies and to maintain any actions at law or equity or other property proceedings to enforce the curing of such breach.

“Grantor”

COMMUNITY DEVELOPMENT
COMMISSION OF THE CITY OF
DOWNEY, a public body, corporate and
politic

Executed at _____, California By: _____
this _____ day of _____, 2015 Gilbert Al Livas, Executive Director

ATTEST:

Adria M. Jimenez, CDC Secretary

[end of signatures]

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Los Angeles)

On _____, before me, _____,
(insert name and title of the officer)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT "A" TO GRANT DEED

LEGAL DESCRIPTION OF PROPERTY

That certain real property located in the City of Downey, County of Los Angeles, State of California, described as follows:

THE EASTERLY 60 FEET OF THE WESTERLY 128.2 FEET OF THE PORTION OF THE NORTH 339.73 FEET OF THE SOUTH 1019.21 FEET OF THE SOUTHWEST QUARTER OF THE NORTH-EAST QUARTER OF SECTION 10, TOWNSHIP 3 SOUTH, RANGE 12 WEST, IN THE RANCHO SANTA GERTRUDES, AS PER MAP RECORDED IN BOOK 1, PAGE 502, OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING EASTERLY OF A STRAIGHT LINE CONNECTING THE MID-POINTS OF THE NORTH AND SOUTH LINES OF SAID NORTH 339.73 FEET OF THE SOUTH 1019.21 FEET.

EXCEPT THE SOUTH 30.00 FEET OF SAID LAND.

ATTACHMENT NO. 5

PROMISSORY NOTE SECURED BY DEED OF TRUST

[Attached]

PROMISSORY NOTE SECURED BY DEED OF TRUST

_____, 2015 (“Note Date”)

FOR VALUE RECEIVED, the undersigned, PARTNERSHIP HOUSING, INC., a California nonprofit public benefit corporation (“Borrower”), promises to pay to the COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF DOWNEY, a public body, corporate and politic, organized and existing under the California Community Development Commission Law (Health & Safety Code Section 34100, *et seq.*) (“CDC”), the principal sum of Seven Hundred Fifty Thousand Dollars (\$750,000.00) (“Note Amount”), plus accrued interest (if applicable), and other charges owing hereunder, or such lesser amount which shall from time to time be owing hereunder pursuant to the terms of this Note.

Reference is made to:

- (a) The Affordable Housing and Property Disposition Agreement between Borrower and CDC dated July ___ 2015, as may be amended from time to time (“AHPDA”), which sets forth terms and conditions for Borrower’s redevelopment of that certain real property located in the City of Downey, County of Los Angeles, State of California, more particularly described in the AHPDA as the “Site.” All terms not otherwise defined herein shall have the meaning given in the AHPDA.
- (b) The Affordable Housing Agreement and Declaration of Covenants, Conditions and Restrictions between CDC and Borrower, recorded against the Site 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 CDC, recorded against the Site 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”).
- (d) The Option Agreement between CDC and Borrower recorded against the Site in the Office of the Los Angeles County Recorder on or about the date hereof, as may be amended from time to time (“Option Agreement”).

The AHPDA, Affordable Housing Regulatory Agreement, Deed of Trust, and Option Agreement are collectively referred to herein as the “CDC Agreements.” The CDC Agreements are incorporated herein as though set forth in full.

1. Note Amount; Interest.

(a) **Note Amount.** The principal amount of CDC’s loan to Borrower is Seven Hundred Fifty Thousand Dollars (\$750,000) (“Note Amount”). The Note Amount represents the purchase price for the Site and constitutes the financial assistance provided by CDC to Borrower to enable Borrower to develop the Project on the Site.

(b) Interest. No interest shall 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 shall 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 pursuant to this Section 2 shall 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:

(1) Borrower shall not be required to make any payments of principal or interest on this Note for a period of ~~_____~~ (~~eighteen (18)~~ months following the Note Date (the "Grace Period").

(2) Borrower shall repay the Note Amount and interest thereon (at the rate specified in Paragraph (1) in one (1) payment on the first day of the first month following the Grace Period if Borrower has not at or prior to that time, completed construction of the Project, as evidenced by CDC's issuance to Borrower of a Release of Construction Covenants for the Project.

(b) Notwithstanding anything to the contrary in this Note:

(1) Upon Borrower's sale of a Condominium to a Low Income Household at an Affordable Sales Price and said Low Income Household's execution of a complete set of ~~CDC/CDC/City~~ Buyer Affordable Housing Documents, the Note Amount shall be reduced by one seventh (1/7) of the amount thereof, and such amount shall be deemed to (i) have been repaid by Borrower, and (ii) provided to the Low Income Household. At such time, the portion of the Note Amount that has been reduced shall be deemed transferred to said Low Income Household, in the form of a trust deed loan. This Note shall be automatically cancelled, as evidenced by CDC's return to Borrower of the original of this Note marked "cancelled," and the Deed of Trust shall no longer secure the obligations under it, at such time that Borrower has sold all of the Condominiums to Low Income Households and said Low Income Households have each executed a complete set of ~~CDC/CDC/City~~ Buyer Affordable Housing Documents.

(2) In the event CDC exercises its rights under the Option Agreement to acquire the Site, this Note shall be cancelled and the Deed of Trust reconveyed.

(3) In the event CDC exercises its rights under the Option Agreement to purchase one or more Condominiums (i) the Note Amount shall be reduced by one seventh (1/7) for each Condominium CDC purchases, and (ii) the Deed of Trust shall be reconveyed for each such Condominium.

(4) Upon CDC's issuance of the Release of Construction Covenants, the CDC's loan evidenced by this Note shall constitute a nonrecourse obligation of Borrower,

and neither Borrower nor any partner, member, or shareholder thereof shall have any personal liability for repayment. However, nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement against all such security for this Note of all the rights and remedies of CDC, or (b) be deemed in any way to impair the right of CDC 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 CDC 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 CDC 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 shall have 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 shall 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 shall 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 CDC 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 CDC 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) shall 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 shall become immediately due and payable.

4. Collection Costs; Attorneys' Fees. If the Note Amount becomes due and is not paid, Borrower shall pay all costs of collection, including, but not limited to, attorneys' fees and all expenses incurred in connection with the protection or realization of the collateral securing the payment hereof or enforcement of any guarantee, incurred by CDC on account of such collection, whether or not suit is filed hereon.

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 CDC 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. Severability; Governing Law; Amendment. The unenforceability or invalidity of any provision or provisions of this Note as to any persons or circumstances shall 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, shall 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 shall any waiver of any provision hereof be effective except by an instrument in writing signed by Borrower and CDC.

7. No Waiver by CDC. 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 shall be implied from any failure of CDC to take, nor shall any delay be implied from any failure by CDC in taking, action with respect to such breach, default, or failure from any prior waiver of any similar or unrelated breach, default, or failure.

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

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

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

“Borrower”

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

Executed at _____, California
this _____ day of _____, 2015

By: _____
_____, _____

Executed at _____, California
this _____ day of _____, 2015

By: _____

ATTACHMENT NO. 6

DEED OF TRUST

[Attached]

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Community Development Commission
of the City of Downey
11111 Brookshire Avenue
Downey, CA 90241
Attention: CDC Executive Director

(Space Above for Recorder's Use)
Exempt from Recordation Fee per Gov. Code § 27383

DEED OF TRUST

This DEED OF TRUST (“Deed of Trust”) is made as of the _____ day of _____, 2015, by and among PARTNERSHIP HOUSING, INC., a California nonprofit public benefit corporation (“Trustor”), whose address is 8739 Artesia Boulevard, Bellflower, CA 90706 (“Trustor”), Stewart Title Company, a California corporation (“Trustee”), and the COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF DOWNEY, a public body, corporate and politic (“Beneficiary”), whose address is 11111 Brookshire Avenue, Downey, CA 90241.

1. Grant in Trust. Trustor grants to Trustee in trust, with power of sale and right of entry and possession, that certain property in the City of Downey, County of Los Angeles, State of California, described in Exhibit “A” attached hereto and incorporated herein by reference (“Property”), together with rents, issues and profits thereof.

2. Obligations Secured. Trustor makes this grant and assignment for the purpose of securing the following obligations: (a) payment of the sum of Seven Hundred Fifty Thousand Dollars (\$750,000.00) (“Note Amount”), with interest thereon according to the terms of a promissory note or notes of even date herewith made to Trustor, payable to order of Beneficiary, and modifications, extensions or renewals thereof (“Note”); (b) performance of all obligations of Trustor under the Note, the Affordability Housing and Property Disposition Agreement between Trustor and Beneficiary dated July ___, 2015 (“AHPDA”), the Affordable Housing Agreement and Declaration of Covenants, Conditions and Restrictions between Trustor and Beneficiary, recorded against the Property on or about the date of recordation hereof (“Affordable Housing Regulatory Agreement”), the Option Agreement between Trustor and Beneficiary, recorded against the Property on or about the date of recordation hereof (“Option Agreement”), this Deed of Trust, and each agreement of Trustor incorporated by reference or contained herein, as such agreements may be amended from time to time (collectively, the “CDC Agreements”); and (c) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or its 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 shall: (a) directly or indirectly, voluntarily, or involuntarily, sell, assign, transfer, dispose of, alienate, encumber, lease, or agree 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 AHPDA and the Affordable Housing Regulatory Agreement); (b) fail to complete construction of the Project, as evidenced by Beneficiary's issuance to Trustor of a Release of Construction Covenants, within ~~_____~~ eighteen (18) months following the Note Date; or (c) default on any of its obligations set forth in the Note, AHPDA, Affordable Housing Regulatory Agreement, Option 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 FORTY-FIVE 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 CDC Agreements, upon the initial transfer of title of each Condominium on the Property by Trustor to a Low Income Household at an Affordable Sales Price in accordance with the AHPDA, this Deed of Trust shall be partially reconveyed (with a corresponding reduction in the Note Amount in accordance with Section 2(b) of the Note) as to that Condominium. All terms not otherwise defined in this Section 7 shall have the meaning given in the AHPDA.

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, except as provided below, 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, and 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	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Kings	858	713	Placer	1028	379	Sierra	38	187
Alpine	3	130-31	Lake	437	110	Plumas	166	1307	Siskiyou	506	762
Amador	133	438	Lassen	192	367	Riverside	3778	347	Solano	1287	621
Butte	1330	513	Los Angeles	T-3878	874	Sacramento	5039	124	Sonoma	2067	427
Calaveras	185	338	Madera	911	136	San Benito	300	405	Stanislaus	1970	56
Colusa	323	391	Marin	1849	122	San Bernardino	6213	768	Sutter	655	585
Contra Costa	4684	1	Mariposa	90	453	San Francisco	A-804	596	Tehama	457	183
Del Norte	101	549	Mendocino	667	99	San Joaquin	2855	283	Trinity	108	595
El Dorado	704	635	Merced	1660	753	San Luis Obispo	1311	137	Tulare	2530	108
Fresno	5052	623	Modoc	191	93	San Mateo	4778	175	Tuolumne	177	160
Glenn	469	76	Mono	69	302	Santa Barbara	2065	881	Ventura	2607	237
Humboldt	801	83	Monterey	357	239	Santa Clara	6626	664	Yolo	769	16
Imperial	1189	701	Napa	704	742	Santa Cruz	1638	607	Yuba	398	693
Inyo	165	672	Nevada	363	94	Shasta	800	633			
Kern	3756	690	Oranges	7182	18	San Diego	SERIES 5 Book 1964, Page 149774				

shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivision A and B (identical in all counties, and printed on pages 5 and 6 hereof) are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as if set forth at length herein, and

Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge therefore does not exceed the maximum allowed by law.

Notwithstanding the incorporation herein of subdivision A and Subdivision B of the fictitious deed of trust referenced above (the "Fictitious Deed of Trust"):

(a) In the event of a fire or other casualty for which Trustor has procured insurance, if, upon Trustor's receipt of the insurance proceeds thereunder, Trustor will be financially, and in all other respects, capable of rebuilding the Project on the Property, as reasonably determined by Beneficiary, Trustor shall be entitled to retain the insurance proceeds for the sole purpose of rebuilding the Project.

(b) In the event of a condemnation of any portion of the Property, if, upon Trustor's receipt of the condemnation award in connection therewith, Trustor will be financially, and in all other respects, capable of rebuilding the Project on the Property, as reasonably determined by Beneficiary, Trustor shall be entitled to retain the condemnation award for the sole purpose of rebuilding the Project.

(c) Partial reconveyances under this Deed of Trust are permitted.

(d) To the extent the provisions set forth in paragraph 5 of Subdivision B of the Fictitious Deed of Trust are inconsistent with the provisions in Section 5 and/or Section 6 in this Deed of Trust, the provisions in Section 5 and Section 6 in this Deed of Trust shall prevail.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the date set forth above.

"BORROWER"

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

Executed at _____, California
this _____ day of _____, 2015

By: _____

Executed at _____, California
this _____ day of _____, 2015

By: _____

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Los Angeles)

On _____, before me, _____,
(insert name and title of the officer)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Los Angeles)

On _____, before me, _____,
(insert name and title of the officer)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

DO NOT RECORD

The following is a copy of Subdivisions A and B of the fictitious Deed of Trust recorded in each county in California as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as if set forth at length therein.

A. To protect the security of this Deed of Trust, Trustor agrees:

1) To keep said property in good condition and repair, not to remove or demolish any building thereon; to complete or restore promptly and in a good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

2) To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at the option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

4) To pay: at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary of Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from the date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

B. It is mutually agreed:

1) That any award in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

2) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

3) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon, or join in any extension agreement or any agreement subordinating the lien or charge hereof.

4) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The Grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

5) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in the performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or be a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collecting of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

6) That upon default by Trustor in payment of any indebtedness secured hereby or in the performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said

property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

7) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

8) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

9) That Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

DO NOT RECORD

REQUEST FOR FULL RECONVEYANCE

TO FIRST AMERICAN TITLE INSURANCE COMPANY, TRUSTEE:

The undersigned is the legal owner and holder of the note or notes and of all indebtedness secured by the foregoing Deed of Trust. Said note or notes, together with all other indebtedness secured by said Deed of Trust, have been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note or notes above mentioned, an all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you under the same.

Dated _____

Please mail Deed of Trust,
Note and Reconveyance to _____

Do not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both must be delivered to the Trustee for cancellation before reconveyance will be made.

EXHIBIT "A" TO DEED OF TRUST

LEGAL DESCRIPTION OF PROPERTY

All that certain property located in the City of Downey, County of Los Angeles, State of California, described as follows:

THE EASTERLY 60 FEET OF THE WESTERLY 128.2 FEET OF THE PORTION OF THE NORTH 339.73 FEET OF THE SOUTH 1019.21 FEET OF THE SOUTHWEST QUARTER OF THE NORTH-EAST QUARTER OF SECTION 10, TOWNSHIP 3 SOUTH, RANGE 12 WEST, IN THE RANCHO SANTA GERTRUDES, AS PER MAP RECORDED IN BOOK 1, PAGE 502, OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING EASTERLY OF A STRAIGHT LINE CONNECTING THE MID-POINTS OF THE NORTH AND SOUTH LINES OF SAID NORTH 339.73 FEET OF THE SOUTH 1019.21 FEET.

EXCEPT THE SOUTH 30.00 FEET OF SAID LAND.

ATTACHMENT NO. 7

OPTION AGREEMENT

[Attached]

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Community Development Commission
of the City of Downey
11111 Brookshire Avenue
Downey, CA 90241
Attention: Executive Director

(Space Above for Recorder's Use)
Exempt from Recordation Fee per Gov. Code § 27383

OPTION AGREEMENT

This OPTION AGREEMENT is entered into as of this ___ day of July, 2015, by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF DOWNEY, a public body, corporate and politic, organized and existing under the California Community Development Commission Law (Health & Safety Code Section 34100, *et seq.*) (“CDC”), and PARTNERSHIP HOUSING, INC., a California nonprofit public benefit corporation (“Developer”).

R E C I T A L S

A. On or about July __, 2015, CDC and Developer entered into that certain Affordable Housing and Property Disposition Agreement (“AHPDA”), pursuant to which CDC conveyed, on the date of recordation hereof, to Developer fee title to that certain real property located in the City of Downey, County of Los Angeles, State of California, more particularly described in the legal description attached hereto as Exhibit “A” (“Site”). All terms not defined herein shall have the meaning given in the AHPDA unless expressly provided to the contrary.

B. Pursuant to the AHPDA, Developer agreed to construct on the Site an owner-occupied common interest subdivision affordable housing project (“Project”) consisting of seven (7) attached Condominiums, with each of the Condominiums restricted for sale to Low Income Households at a restricted sales price, all as more particularly described in the AHPDA. Pursuant to the AHPDA, CDC agreed to provide certain financial assistance to Developer to enable Developer to develop the Project on the Site.

C. As a condition to CDC selling the Site to Developer, CDC requires Developer to grant to CDC an option to acquire the Site upon the occurrence of certain events, including Developer’s failure to timely develop the Project or to timely transfer the Condominiums to Low Income Households.

A G R E E M E N T

Based upon the foregoing Recitals, which are incorporated herein by this reference, and for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged by CDC and Developer, the parties hereto agree as follows:

1. Grant of Option. Developer hereby grants to CDC an option to acquire the Site (“Option”), upon all of the terms and conditions set forth in this Option Agreement. The Option created hereby shall be irrevocable by Developer and shall be binding upon the successors and assigns of Developer. For purposes of this Option Agreement, the term “Site” shall be deemed to include any and all improvements located on the real property, and all of Developer’s right, title and interest in and to any and all easements, rights of way, licenses, permits, applications, reports or other personal property utilized in conjunction with or in any way related to or appurtenant to such real property and improvements (but excluding Developer’s trade fixtures and equipment).

2. Consideration for Option. Developer’s granting of the Option to CDC shall be in consideration of CDC’s performance of its obligations under the AHPDA. CDC shall not be required to pay any option fee, or pay or provide any other consideration or purchase price for the Option.

3. Condominiums Released from Option Upon Sale to Low Income Households. The provisions of this Option Agreement shall terminate with respect to any individual Condominium and such Condominium shall be released from CDC’s Option and shall no longer be subject to this Option Agreement (without the execution or recordation of any further document or the taking of any further action) upon the transfer of title to the Condominium to a Low Income Household at an Affordable Sales Price in compliance with Section 5.2 of the AHPDA. Upon the release of a Condominium from this Option Agreement pursuant to this Section 3, the references in this Option Agreement to the term “Site” shall be deemed to exclude that Condominium.

4. Option Events. CDC shall be permitted to exercise the Option only upon the occurrence of one or more of the following events (each, an “Option Event”): (a) subject to Section 8.6 of the AHPDA, Developer fails to complete an item of performance by the time set forth in the Schedule of Performance after thirty (30) days written notice from CDC; (b) [subject to Section 8.6 of the AHPDA](#), after commencement of development, Developer abandons or substantially suspends development of the Project for a period of forty-five (45) days, after thirty (30) days written notice thereof from CDC; (c) the transfer of all or any part of the Site and/or the Project which is not permitted under the AHPDA, and has not been reversed or cured within thirty (30) days after written notice from City; or (d) [subject to Section 8.6 of the AHPDA](#), Developer fails to transfer the Condominiums to Low Income Households within the time required in the AHPDA.

5. Manner of Exercise of Option. In the event CDC elects to exercise the Option to acquire the Site upon the occurrence of an Option Event, CDC shall exercise the Option by delivering written notice to Developer within ninety (90) days after the occurrence of the applicable Option Event. CDC’s failure to exercise the Option within the ninety (90) day period after the occurrence of the Option Event shall constitute a waiver by CDC of the right to exercise the Option as to that particular Option Event, but shall not preclude CDC from exercising the Option as to any subsequent Option Event. The rights established in this Option Agreement are to be interpreted in light of the fact that CDC agreed to cause the Site to be conveyed to Developer only for development of the Project and sale of the completed Condominiums to Low Income Households and not for speculation or for conversion of the Site to some other type of

use. CDC's right to exercise the Option upon an Option Event is a cumulative remedy and CDC's failure to exercise the Option upon the occurrence an Option Event shall not constitute a waiver by CDC of the default that constitutes the Option Event or preclude CDC from exercising any other remedy.

6. Document to Remove Cloud to Title. If CDC does not exercise the Option in the manner provided in Section 5 above within the ninety (90) day period after the occurrence of an Option Event, CDC shall execute, acknowledge, and deliver to Developer upon Developer's request therefore, a quitclaim deed or such other document(s) required by a reputable title company to remove any cloud from Developer's title to the Site that might arise as a result of the Option herein granted for that Option Event.

7. Right of Entry; Inspections and Review. Upon the occurrence of an Option Event and continuing until the close of escrow pursuant to which CDC acquires fee title to the Site after exercising the Option, CDC shall be permitted to enter the Site for purposes of examining, inspecting, investigating, and testing the physical and environmental condition of the Site. CDC's obligation to close the Escrow shall be subject to CDC's approval of any environmental and other site testing conducted by CDC in CDC's sole and absolute discretion.

8. Escrow. The provisions of this Section 8 shall apply in the event CDC exercises the Option upon the occurrence of an Option Event.

8.1 Opening of Escrow. Within ten (10) business days after CDC exercises the Option to acquire the Site, Developer and CDC shall cause an escrow ("Escrow") to be opened with ~~_____ Stewart Title Company~~, whose offices are located at ~~_____ 525 North Brand Boulevard, Glendale, California _____ 91203~~, or such other escrow company as may be mutually approved in writing by Developer and CDC ("Escrow Holder") for the conveyance of the Site by Developer to CDC. Escrow shall be deemed opened on the date that a fully executed copy of this Option Agreement is delivered to Escrow Holder ("Opening of Escrow"). Escrow Holder shall notify Developer and CDC in writing of the date of the Opening of Escrow promptly following the opening of Escrow.

8.2 Close of Escrow; Closing Date. Escrow shall close on or before the date that is sixty (60) days after the Opening of Escrow ("Closing Date"). The terms "Close of Escrow" and/or the "Closing" shall mean the date the "Grant Deed" (as that term is defined in Section 8.6 hereof) conveying fee title to the Site to CDC is recorded in the Office of the County Recorder of Los Angeles County, California. Possession of the Site shall be delivered to CDC at the Close of Escrow free and clear of all tenancies, lessees, occupants, and all possessory rights of any kind or nature.

8.3 Escrow Instructions. This Option Agreement, together with any standard instructions of Escrow Holder, shall constitute the joint escrow instructions of Developer and CDC to Escrow Holder as well as an agreement between Developer and CDC. In the event of any conflict between the provisions of this Option Agreement and Escrow Holder's standard instructions, this Option Agreement shall prevail.

8.4 Condition of Title. Developer shall convey and CDC shall accept fee simple title to the Site free and clear of all recorded and unrecorded monetary liens, encumbrances, easements, leases, covenants, conditions, restrictions, and other exceptions to or defects in title, excepting only the following: (a) the title exceptions listed in the title policy issued to Developer in connection with Developer's purchase of the Site pursuant to Section 3.4 of the AHPDA; (b) current taxes not yet delinquent; and (c) those additional title exceptions as may be approved in writing by CDC in its sole and absolute discretion.

8.5 Escrow Fees, Title Charges, and Closing Costs. Developer shall be responsible for all of the escrow fees, recording fees, documentary transfer taxes, and any other costs and expenses of escrow, and any property taxes and assessments and all costs required to place title in the condition described in Section 8.4. Concurrently with the conveyance of the Site to CDC, and as a condition to CDC's acceptance of said conveyance, Developer shall cause Stewart Title Company, or such other title company as may be selected by Developer and CDC ("Title Company"), to deliver to CDC a CLTA standard owner's policy of title insurance showing title vested in CDC in the condition described in Section 8.4 with insurance coverage in the amount of the fair market value of the Site as reasonably determined by CDC ("Title Policy"). Developer shall pay the premium for the Title Policy. CDC shall pay for any additional coverage or endorsements to the Title Policy.

8.6 Deposits into Escrow. On or before 1:00 p.m. on the last business day preceding the scheduled Closing Date, CDC shall deposit or cause to be deposited with Escrow Holder the following: any and all additional instruments or other documents required from CDC (executed and acknowledged if appropriate) as may be necessary in order to effect the transfer of the Site to CDC. On or before 1:00 p.m. on the last business day preceding the scheduled Closing Date, Developer shall deposit or cause to be deposited with Escrow Holder the following: (a) an executed and acknowledged grant deed conveying the Site to CDC substantially in the form of the grant deed by which CDC conveyed the Site to Developer, attached to the AHPDA as Attachment No. 4 ("Grant Deed"); (b) all escrow fees and closing costs; and (c) any and all additional funds, instruments, or other documents required from Developer (executed and acknowledged if appropriate), as may be necessary in order to effect the transfer of the Site to CDC.

8.7 Closing, Recording and Disbursement. On or before the Closing Date, and when Escrow Holder has received all of the documents and funds listed in Section 8.6, and Escrow Holder is in a position to cause the Title Policy referred to in Section 8.5 to be issued to CDC, and provided CDC has approved the physical condition of the Site, Escrow Holder shall close the Escrow by recording the Grant Deed in the Office of the Official Records of Los Angeles County, California, and delivering the recorded Grant Deed to CDC, and causing the Title Policy to be issued to CDC.

9. Cancellation of CDC Note. If CDC exercises the Option, upon the Close of Escrow, CDC shall (i) forgive and discharge Developer's obligation to repay any portion of the CDC Financial Assistance that has not been deemed repaid and provided to a Low Income Household who has acquired fee title to a Condominium at an Affordable Sales Price, and (ii) shall cancel the CDC Note and reconvey the Deed of Trust. CDC shall not be required to pay any purchase price or provide any other consideration for the Site.

10. Miscellaneous.

10.1. Notices. All notices required to be delivered under this Option Agreement to the other party must be in writing and shall be effective (a) when personally delivered by the other party or messenger or courier thereof; (b) three (3) business days after deposit in the United States mail, registered or certified; (c) upon receipt if delivered by a reputable overnight courier or service that provides a receipt showing time and date of delivery; or (d) upon receipt of a telecopy or fax transmission, provided a hard copy of such transmission shall be thereafter delivered in one of the methods described in the foregoing (a) through (c); in each case postage fully prepaid and addressed to the respective parties as set forth below or to such other address and to such other persons as the parties may hereafter designate by written notice to the other party hereto:

To CDC: Community Development Commission
of the City of Downey
1111 Brookshire Avenue
Downey, CA 90241
Attn: Executive Director
Facsimile No.:

With a copy to: Rutan & Tucker, LLP
611 Anton Blvd., Suite 1400
Costa Mesa, CA 92626
Attn: William H. Ihrke, Esq.
Facsimile No.: (714) 546-9035

To Developer: Partnership Housing, Inc., Inc.
8739 Artesia Boulevard
Bellflower, CA 90706
Attn: Executive Director
Facsimile No.: (213) _____

With a copy to: Leibold, McClendon & Mann, PC
23422 Mill Creek Drive, Suite 105
Laguna Hills, CA 92675
Att: Joy Heuser Otsuki, Esq.
Facsimile No.: (949) 457-6305

10.2 Broker's Fee. Each party agrees to indemnify and hold the other harmless from and against all liabilities, costs, damages and expenses, including, without limitation, attorneys' fees, resulting from any claims or fees or commissions, based upon agreements by it, if any, to pay broker's commissions and/or finder's fees arising from or as a result of this Option Agreement.

10.3 Assignment. Developer shall not, whether voluntarily, involuntarily, or by operation of law, assign all or any part of this Option Agreement or any rights hereunder without CDC's written approval, which approval may be withheld in CDC's sole and absolute discretion.

CDC shall have the right to assign its interest hereunder. In connection with any assignment, any assignee shall execute all documents reasonably necessary to assume all of the obligations imposed under this Option Agreement as if the assignee were the original party to this Option Agreement. CDC shall not assign this Option Agreement unless the assignee also assumed all rights and obligations of CDC under the AHPDA and the other documents entered into between Developer and CDC in connection therewith.

10.4 Attorney's Fees. If either party commences an action against the other party to enforce any of the terms of this Option Agreement or because of the breach by either party of any of the terms of this Option Agreement, the losing party shall pay to the prevailing party its expert witness fees and its reasonable attorneys' fees, costs and expenses incurred in connection with the prosecution or defense of such action, including appeal of and/or enforcement of a judgment.

10.5 Binding Effect. This Option Agreement shall be binding upon and inure to the benefit of the heirs, personal representatives, successors and assigns of the respective parties hereto.

10.6 Entire Agreement, Waivers and Amendments. This Option Agreement incorporates all of the terms and conditions mentioned herein, or incidental hereto, and supersedes all negotiations and previous agreements between the parties with respect to the Option, with the exception of the AHPDA and its Attachments. All waivers of the provisions of this Option Agreement must be in writing and signed by the appropriate authorities of the party to be charged. A waiver of the breach of the covenants, conditions or obligations under this Option Agreement by either party shall not be construed as a waiver of any succeeding breach of the same or other covenants, conditions or obligations of this Option Agreement. Any amendment or modification to this Option Agreement must be in writing and executed by the appropriate authorities of CDC and Developer.

10.7 Severability. If any term, provision, covenant, or condition of this Option Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of this Option Agreement shall continue in full force and effect, unless and to the extent the rights and obligations of one or both parties has been materially altered or abridged by such holding.

10.8 Applicable Law. This Option Agreement shall be construed and enforced in accordance with the internal laws of the State of California without regard to conflicts of law principles.

10.9 CDC Approvals and Actions. CDC shall maintain authority of this Agreement and the authority to implement this Option Agreement through the Executive Director (or his or her duly authorized representative). The Executive Director shall have the authority to make approvals, issue interpretations, execute documents, waive provisions, and/or enter into certain amendments of this Option Agreement on behalf of CDC so long as such actions do not materially or substantially alter the business terms hereof, change the uses or development permitted on the Site, add to the costs incurred or to be incurred by CDC as specified herein, or decrease the revenues or other compensation to be received by CDC, and

such approvals, interpretations, waivers and/or amendments may include extensions of time to perform. All other material and/or substantive interpretations, waivers, or amendments shall require the consideration, action and written consent of the CDC Board of Directors.

10.10 Authority to Execute. The person(s) executing this Option Agreement on behalf of the parties hereto warrant that (a) such party is duly organized and existing, (b) they are duly authorized to execute and deliver this Option Agreement on behalf of said party, (c) by so executing this Option Agreement, such party is formally bound to the provisions of this Option Agreement, and (d) the entering into this Option Agreement does not violate any provision of any other agreement to which said party is bound.

10.11 Counterparts. This Option Agreement may be executed in several counterparts, and all so executed shall constitute one agreement binding on both parties hereto, notwithstanding that both parties are not signatories to the original or the same counterpart.

[signatures on next page]

IN WITNESS WHEREOF, Developer and CDC have entered into this Option Agreement as of the date first set forth above.

“Developer”

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

Executed at _____, California
this _____ day of _____, 2015

By: _____
_____, _____

Executed at _____, California
this _____ day of _____, 2015

By: _____
_____, _____

“CDC”

COMMUNITY DEVELOPMENT
COMMISSION OF THE CITY OF
DOWNEY, a public body, corporate and
politic

Executed at _____, California
this _____ day of _____, 2015

By: _____
Gilbert A. Livas, Executive Director

ATTEST:

Adria M. Jimenez, CDC Secretary

APPROVED AS TO FORM
RUTAN & TUCKER, LLP

William H. Ihrke, Counsel to the CDC

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Los Angeles)

On _____, before me, _____,
(insert name and title of the officer)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Los Angeles)

On _____, before me, _____,
(insert name and title of the officer)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT "A" TO OPTION AGREEMENT

LEGAL DESCRIPTION OF SITE

All that certain property located in the City of Downey, County of Los Angeles, State of California, described as follows:

THE EASTERLY 60 FEET OF THE WESTERLY 128.2 FEET OF THE PORTION OF THE NORTH 339.73 FEET OF THE SOUTH 1019.21 FEET OF THE SOUTHWEST QUARTER OF THE NORTH-EAST QUARTER OF SECTION 10, TOWNSHIP 3 SOUTH, RANGE 12 WEST, IN THE RANCHO SANTA GERTRUDES, AS PER MAP RECORDED IN BOOK 1, PAGE 502, OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING EASTERLY OF A STRAIGHT LINE CONNECTING THE MID-POINTS OF THE NORTH AND SOUTH LINES OF SAID NORTH 339.73 FEET OF THE SOUTH 1019.21 FEET.

EXCEPT THE SOUTH 30.00 FEET OF SAID LAND.

ATTACHMENT NO. 8

**AFFORDABLE HOUSING AGREEMENT AND DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS**

[Attached]

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Community Development Commission
of the City of Downey
11111 Brookshire Avenue
Downey, CA 90241
Attention: Executive Director

(Space Above for Recorder's Use)
Exempt from Recordation Fee per Gov. Code § 27383

**AFFORDABLE HOUSING AGREEMENT AND DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS**

THIS AFFORDABLE HOUSING AGREEMENT AND DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR PROPERTY (the "Declaration") is made by and between PARTNERSHIP HOUSING, INC., a California nonprofit public benefit corporation (the "Developer") and the COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF DOWNEY, a public body, corporate and politic (the "CDC") as of the ____ day of _____, 2015.

R E C I T A L S

A. On or about the date of the recordation of this Declaration, CDC conveyed to Developer fee title to that certain real property located in the City of Downey, County of Los Angeles, State of California, legally described in the legal description attached hereto as Exhibit "A" ("Property").

B. This Declaration is part of an affordable housing project described in that certain Affordable Housing and Property Disposition Agreement (the "AHPDA"), entered into by and between Developer and CDC on or about _____, 2015, concerning CDC's conveyance of the Property to Developer and Developer's construction of an owner-occupied common interest subdivision affordable housing project consisting of seven (7) condominiums (the "Condominiums"), with each of the Condominiums restricted for sale to "Low Income Households" at an "Affordable Sales Price" (as those terms are defined in Section 1 herein) (collectively, the "Project"). The Developer will establish the "Association" for purposes of maintaining the "Association Area" (as those terms are defined in Section 1 herein).

C. Pursuant to the AHPDA, and as further described in that certain promissory note attached thereto as Attachment No. 5 (the "CDC Note"), CDC has agreed to provide Developer with certain financial assistance, in the form of a loan, to enable Developer to acquire the Property and construct the Project (the "CDC Loan"). Upon Developer's sale of a Condominium to an "Low Income Household" at an "Affordable Sales Price" and said Low Income Household's execution of a complete set of ~~"CDC/~~"CDC/City Buyer Affordable Housing Documents" (as those terms are described in Section 1 hereof), a portion of the outstanding principal balance of the CDC Loan will be deemed (a) repaid by Developer, and (b) provided as

a loan to said Low Income Household, in the form of a trust deed loan, as documented in the ~~CDC/CDC/City~~ Buyer Affordable Housing Documents (each, a “CDC/Buyer Affordable Housing Loan”), all as set forth in the CDC Note.

D. The AHPDA is available for public inspection and copying at City Hall, 11111 Brookshire Avenue, Downey, California 90241. All of the terms, conditions, provisions and covenants of the AHPDA are incorporated in this Declaration by reference as though written out at length herein and the AHPDA and this Declaration shall be deemed to constitute a single instrument or document. Capitalized terms used herein and not otherwise defined shall have the same meaning as set forth in the AHPDA.

E. CDC is a public body, corporate and politic, organized and existing under the California Community Development Commission Law (Health & Safety Code Section 34100, *et seq.*). CDC desires to increase, improve and preserve affordable housing in the City of Downey and this Declaration is in furtherance of CDC’s goal to create long-term affordable housing units. This goal is accomplished through the terms and conditions of this Declaration which restrict the resale price of the Condominiums to be developed on the Property to a level that is affordable to Low Income Households for a period of forty-five (45) years.

NOW, THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein by this reference, and for other valuable consideration, the sufficiency of which is hereby acknowledged, CDC and Developer agree as follows:

1. Definitions.

a. “Affordability Period” shall be, (i) for each Condominium, forty-five (45) years from the date the Condominium is first transferred to a Low Income Household, as evidenced by the recordation of a ~~CDC/CDC/City~~ Buyer Affordable Housing Agreement by said Low Income Household; and (ii) for the Association Area, the date the Affordability Period expires as to the last Condominium.

b. “Affordable Sales Price” shall mean, as to each Condominium, a sales price that would result in an annual Monthly Housing Cost that does not exceed the maximum percentage of income that can be devoted to housing cost by Low Income Households under Section 50052.5 of the California Health and Safety Code. As of the date of this Declaration, the Affordable Sales Price for a Low Income Household means a purchase price that would result in an annual Monthly Housing Cost that is not more than the product of thirty percent (30%) times seventy percent (70%) of the Median Income adjusted for family size appropriate for the property, all as more particularly set forth in Section 50052.5 of the California Health and Safety Code. Pursuant to Section 50052.5 of the California Health and Safety Code, for purposes of calculating the Affordable Sales Price, “adjusted for family size appropriate for the property” shall mean a household of three (3) persons for a two (2) bedroom Condominium, a household of four (4) persons for a three (3) bedroom Condominium, and a household of five (5) persons for a four (4) bedroom Condominium.

c. “Association” shall have the meaning ascribed in Section 8 of this Declaration.

d. “Association CC&Rs” shall have the meaning ascribed in Section 8 of this Declaration.

e. “Association Property” means real or personal property designated by the Developer, as the “Declarant” under the Association CC&Rs or the Board of Directors of the Association as Association Property and therefore made subject to the restrictions on Association Property established in the governing documents. The Association Property consists of all the real property described as Association Property in the Condominium Plan (except for the Units and the Condominium Common Area shown on the Condominium Plan).

f. ~~“CDC/~~“CDC/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 Condominium to assure the affordability of the Condominium to a Low Income Household: (i) an affordable housing agreement that prohibits the resale of the Condominium except to a Low Income Household or to Developer, and grants to Developer a right of first refusal and to each of CDC and the City an option to purchase the Condominium prior to the then-Owner’s sale to a Low Income Household (~~“CDC/~~“CDC/City Buyer Affordable Housing Agreement”); (ii) a promissory note evidencing the portion of the CDC Financial Assistance that is deemed to be provided to said buyer (“CDC/Buyer Promissory Note”); (iii) a deed of trust securing the buyer’s payment obligations under the CDC/Buyer Promissory Note (“CDC/Buyer Deed of Trust”); ~~and~~ (iv) a promissory note evidencing the portion of the City Financial Assistance that is deemed to be provided to said buyer pursuant to the City HOME Agreement (“City/Buyer Promissory Note”); (v) a deed of trust securing the buyer’s payment obligations under the City/Buyer Promissory Note (“City/Buyer Deed of Trust”); and (vi) a disclosure statement acknowledging and consenting to all of the affordability and other restrictions contained in the aforementioned documents (~~“CDC/~~“CDC/City Buyer Disclosure Statement”). ~~A form of each of the CDC/The CDC/City Buyer Affordable Housing Documents is attached to the AHPDA as Attachment No. “13”~~shall be in a form approved by counsel to the CDC.

g. “CDC/Buyer Affordable Housing Loan” shall have the meaning ascribed in Recital C of this Declaration.

h. “CDC Deed of Trust” shall mean the Deed of Trust in favor of CDC recorded against the Property on or about the date of recordation of this Declaration, as may be amended from time to time, which secures, among other things, Developer’s obligations under this Declaration.

i. “City Financial Assistance” shall mean the [REDACTED] (\$ [REDACTED]) in funds the City has agreed to provide Developer pursuant to the City HOME Agreement, which funds the City has received from the United States Department of Housing and Urban Development pursuant to Title II of the Cranston Gonzalez National Affordable Housing Act (42 U.S.C. 12701 12839) and the HOME Program regulations codified at 24 CFR Part 92.

j. “City HOME Agreement” shall mean that certain HOME Loan Agreement between the City and Developer, pursuant to which the City has agreed to provide the City Financial Assistance to Developer.

ik. “Condominium” means an estate in real property as defined in California Civil Code Sections 783 and 4125. A Condominium consists of an undivided fee-simple ownership interest in a portion of the real property described in a recorded condominium plan as “condominium common area,” together with a separate ownership interest in fee in a “Unit” as described in the recorded Condominium Plan and as defined in California Civil Code Section 4125, and any easements appurtenant thereto.

jl. “Condominium Common Area” means the volumes of airspace described in the Condominium Plan, which shall be owned by owners in the Project described in a Condominium Plan as tenants-in-common. The Condominium Common Area constitutes the “undivided interest-in-common in a portion of the real property,” in accordance with California Civil Code Section 4125. Condominium Common Area is not Association Property. The undivided fee simple interest in the Condominium Common Area is one-seventy (1/7), and shall be held by the Low Income Households who have acquired a fee interest in a Condominium.

km. “Condominium Plan” shall mean the Condominium Plan to be recorded for the Project, in accordance with all applicable regulations of the California Bureau of Real Estate. The Condominium Plan shall provide for seven (7) Condominiums to be constructed on the Property.

ln. “Developer” shall mean Developer and any successor in interest of Developer to the Property.

mo. “Low Income Household” shall mean a household whose annual income does not exceed the qualifying limits under California law for “lower income households” as established by the United States Department of Housing and Urban Development, and as published periodically by the State of California Department of Housing and Community Development.

mp. “Median Income” shall mean the Los Angeles County area median income adjusted for family size as established by the United States Department of Housing and Urban Development, and as published periodically by the State of California Department of Housing and Community Development.

eq. “Monthly Housing Cost” shall include all of the following associated with a Condominium, estimated or known as of the date of the proposed sale of the Condominium: (a) principal and interest payments to be paid on one or more mortgage loans secured by an interest in the ~~Condominium~~ Condominium; (b) property taxes and assessments; (c) fire and casualty insurance covering replacement value of property improvements; (d) homeowner association fees; and (e) a reasonable utility allowance. The Monthly Housing Cost of a purchaser shall be an average of estimated costs for the next twelve (12) months.

pr. “Owner” shall mean a Low Income Household to whom Developer has conveyed fee title to one of the Condominiums or any successor in interest to said buyer to all or any portion of the Condominium.

qs. “Project” shall mean the grading of the Site, and the development of the Site with seven (7) owner-occupied residential Condominiums, and all other on-site and off-site

improvements required for development of the Site, as described more fully in the Scope of Development, with all such improvements to be consistent with the development and building plans and permits to be approved by the CDC. In the event of any inconsistency between the description of the Project in this Declaration and the approved plans and permits, the approved plans and permits shall govern.

f. “Proposed Buyer” shall mean a person or family determined to be a Low Income Household to whom the Developer or any successor Owner desires and proposes to Transfer a Condominium.

g. “Sales Price” shall mean all sums paid by a Low Income Household to Developer for, or in conjunction with, the acquisition of a Condominium, including the purchase price designated in any purchase agreement, consideration for personal property and all other costs and fees paid by the Low Income Household, to or for the benefit of the Developer.

h. “Transfer” shall mean (i) any sale, assignment, or transfer of an interest in a Condominium, including, without limitation, a fee simple interest, tenancy in common, joint tenancy, community property, tenancy by the entireties, life estate, or other limited estate, leasehold interest or any rental of the Condominium, or (ii) any interest evidenced by a land contract.

i. “Unit” shall mean a separate interest in space as defined in Section 1351(f) of the California Civil Code. Each Unit is a separate freehold estate, as separately shown, numbered and designated in the Condominium Plan. Each Unit includes the residential element and a garage element as depicted on the Condominium Plan. The Project is comprised of seven (7) Units, each of which shall contain three (3) bedrooms.

2. Sale of Condominiums.

Developer agrees that Developer shall sell the Condominiums to Low Income Households at an Affordable Sales Price and that during the Affordability Period each subsequent resale of a Condominium by the then-Owner thereof shall be to a Low Income Household at an Affordable Sales Price; provided that Developer shall have a right of first refusal to purchase the Condominium for purposes of reselling the Condominium to a Low Income Household at an Affordable Sales Price. Developer agrees to commence to market each Condominium at the earliest feasible time, but not later than the completion of construction of said Condominium. Developer shall use its best efforts to market the Condominiums to residents of the City of Downey. Escrow for the initial Transfer of a Condominium by Developer to a Low Income Household shall not close until after issuance of a certificate of occupancy to be issued by the City of Downey building department for such Condominium.

For purposes of satisfying the requirement that all of the Condominiums shall be occupied by Low Income Households: (a) an individual or family who qualifies as a Low Income Household at the time he or she first takes title to a Condominium will be deemed a Low Income Household as long as he or she continues to hold title to such Condominium even though said buyer subsequently ceases to meet the applicable income requirements, and (b) when an Owner releases title to a Condominium, such Condominium will be considered as occupied by a

Low Income Household if it is held vacant and available for such occupancy until title is transferred to a subsequent buyer that qualifies as a Low Income Household.

3. Restrictions on Transfer by Sale of Any Condominium.

a. General. For the duration of the Affordability Period, Developer, for itself and any subsequent Owner of a Condominium, hereby subjects the Property to certain restrictions and limits the price at which Developer or any Owner of a Condominium may sell and/or resell the Condominium and the persons to whom Developer or any Owner of a Condominium may sell the Condominium.

b. Determination of Sales Price.

DEVELOPER, ON BEHALF OF ITSELF AND EACH OWNER, UNDERSTANDS THAT THE DETERMINATION OF THE SALES PRICE CAN BE MADE ONLY AT THE TIME OF THE PROPOSED TRANSFER, TAKING INTO CONSIDERATION INTEREST RATES, PROPERTY TAXES AND OTHER FACTORS THAT CANNOT BE ACCURATELY PREDICTED AND THAT THE SALES PRICE PERMITTED HEREUNDER MAY NOT INCREASE OR DECREASE IN THE SAME MANNER AS OTHER SIMILAR REAL PROPERTY WHICH IS NOT ENCUMBERED BY THIS RESTRICTION. DEVELOPER, ON BEHALF OF ITSELF AND EACH OWNER, FURTHER ACKNOWLEDGES THAT IN SETTING THE SALES PRICE, THE PRIMARY OBJECTIVE OF CDC AND THIS DECLARATION IS TO PROVIDE HOUSING TO LOW INCOME HOUSEHOLDS AT AN AFFORDABLE SALES PRICE. THE SALES PRICE MAY BE LESS THAN OTHER SIMILAR PROPERTIES WHICH HAVE NO RESTRICTIONS.

Developer's Initials _____

c. Transfer of A Condominium.

Developer may transfer a Condominium only in strict accordance with the provisions of this Declaration. Specifically, during the Affordability Period, Developer may only transfer a Condominium to a Low Income Household. Any such transfer may be made only if (i) the sales price for the Condominium does not exceed an Affordable Sales Price for said buyer; and (ii) the Transfer has previously been approved in writing by CDC.

In order to comply with this Subsection 3(c), Developer must calculate the Affordable Sales Price for the Proposed Buyer of the Condominium in accordance with the definitions set forth in Section 1 of this Declaration. Developer shall obtain final approval from CDC housing staff on any such calculation.

Developer and CDC contemplate that Developer will sell each Condominium pursuant to (i) a purchase and sale agreement ("Developer Purchase Agreement") that includes a ~~Buyer~~-promissory note (the "Developer/Buyer Note") and a deed of trust in favor of Developer (a "Developer/Buyer Deed of Trust"), and an affordable housing agreement (a "Developer Affordable Housing Agreement"). Developer agrees that the Developer/Buyer Deed of Trust and Developer/Buyer Affordable Housing Agreement shall be recorded subsequent, and remain

in a junior position, to each of the ~~CDC~~/CDC/City Buyer Affordable Housing Documents executed by a Proposed Buyer and recorded against a Condominium.

Developer shall provide to CDC, and obtain CDC's approval of, the forms of the Developer Purchase Agreement, the Developer/Buyer Note, the Developer/Buyer Deed of Trust, the Developer/Buyer Affordable Housing Agreement, and any other document Developer requires to be executed and/or recorded by a Proposed Buyer (collectively, the "Developer/Buyer Affordable Housing Documents") prior to Developer's use or recordation of any of the same. Developer acknowledges that a violation by an Owner of any of the provisions set forth in any of the Developer/Buyer Affordable Housing Documents shall constitute a default under the ~~CDC~~/CDC/City Buyer Affordable Housing Documents entitling the CDC, subject to any express limitations set forth herein, to exercise any of its remedies thereunder.

In the event of an uncured default that constitutes a default under both the CDC/Buyer Deed of Trust and the Developer/Buyer Deed of Trust, Developer shall be permitted to commence foreclosure proceedings under the Developer/Buyer Deed of Trust prior to CDC's foreclosure under the CDC/Buyer Deed of Trust, provided, however, that if Developer has not resold the Condominium to a Low Income Household at an Affordable Sales Price within one hundred eighty (180) days after the time Developer commences foreclosure proceedings, CDC may commence foreclosure proceedings under the CDC/Buyer Deed of Trust and purchase the Condominium or resell the Condominium to a Low Income Household at an Affordable Sales Price.

d. Successive Owner's Compliance with this Section. The foregoing provisions will apply to every successive Transfer during the Affordability Period except that in the event of a Transfer for which Developer fails to exercise its right of first refusal with respect to the subject Condominium, the then-Owner shall be responsible for complying with the requirements of the Developer as set forth in this Section 3.

4. Process to Complete Transfer by Sale of Condominiums.

Prior to the Transfer by sale of a Condominium, Developer shall do all of the following:

a. Notice to CDC: Developer shall send to CDC, at 11111 Brookshire Avenue, Downey, CA 90241, the form attached hereto and incorporated herein as Exhibit "B" ("Request for Verification of Proposed Buyer") fully completed and executed by Developer and the Proposed Buyer; provided, however, that if Developer currently uses forms that contain all of the same information as the Request for Verification of Proposed Buyer, Developer may submit to CDC such forms in lieu of the Request for Verification of Proposed Buyer.

b. Qualification of Proposed Buyer. No Transfer shall occur unless and until determination is made based on the Request for Verification of Proposed Buyer that the Proposed Buyer is a Low Income Household who intends to occupy the Condominium as his/her principal residence. Each Request for Verification of Proposed Buyer shall include a statement by the Proposed Buyer certifying its intent with regard to the occupancy of the Condominium and as to the truth and accuracy of all information supplied as to the Gross Income (calculated as set forth in 25 Cal. Code of Regs., Section 6914) of the Proposed Buyer. Developer shall certify

pursuant to the Request for Verification of Proposed Buyer the information provided on said request form. Developer shall be entitled to rely on the information on the Request for Verification of Proposed Buyer and attachments thereto in making the determination required by this subsection 4b unless the Developer has knowledge of, or a reasonable basis for belief as to, the inaccuracy or falsehood of the Request for Verification of Proposed Buyer.

c. Condominium Sales Price. The Sales Price for the Condominium shall not exceed an Affordable Sales Price for the ~~proposed~~ Proposed Buyer. In determining the Affordable Sales Price, the family size of the Proposed Buyer shall be deemed to be 3 persons for each 2 bedroom Condominium, 4 persons for each 3 bedroom Condominium, and 5 persons for each 4 bedroom Condominium.

d. Certificates from Developer and Proposed Buyer. With respect to each initial sale of a Condominium and each subsequent sale effected by or through an Owner, City or Developer, the Owner or Developer shall submit to CDC, not later than four (4) weeks prior to close of escrow on the sale of the Condominium, a certificate that (i) the Owner or Developer has made the affirmative determinations required by Section 4b above and (ii) the Sales Price conforms with Section 4c above. The Owner or Developer shall concurrently submit to CDC the Request for Verification of Proposed Buyer and all attachments thereto and all other documents or material with regard to information required by Section 4a and/or b above, whether or not relied on by Developer. Further, the Owner or Developer and Proposed Buyer each shall certify in writing, in a manner acceptable to CDC, that the Transfer shall be closed in accordance with, and only with, the terms of the sales contract and other documents submitted to and approved by CDC and that all consideration delivered by the Proposed Buyer to the Owner or Developer has been fully disclosed to CDC. The written certificate shall also include a provision that, in the event a Transfer is made in violation of the terms of this Declaration or false or misleading statements are made in any documents or certificate submitted to CDC for its approval of the Transfer, CDC shall have the right to file an action at law or in equity to seek termination and/or rescission of the sales contract and/or declare the sale void, notwithstanding the fact that the Transfer may have closed and become final as between the Owner or Developer and its Proposed Buyer. In the event Developer fails to comply with Sections 4a, 4b or 4c above, any costs, liabilities or obligations incurred by Developer and its Proposed Buyer for the return of any monies paid or received or for any costs and legal expenses, shall be borne jointly and severally by Developer and its Proposed Buyer and such parties shall hold CDC harmless and reimburse their expenses, legal fees and costs for any action CDC takes in enforcing the terms of this Section 4d.

e. Execution of ~~CDC/CDC/City~~ Buyer Affordable Housing Documents. Notwithstanding anything to the contrary in this Agreement, at close of escrow for the initial sale of a Condominium to a Low Income Household, the buyer shall execute a complete set of ~~CDC/CDC/City~~ Buyer Affordable Housing Documents. The ~~CDC/CDC/City~~ Buyer Affordable Housing Documents require, among other things, that during the Affordability Period for said Condominium, (i) the Condominium must be owner-occupied at all times and cannot be rented or leased; (ii) the Condominium may only be Transferred to a Low Income Household at an Affordable Sales Price (provided that Developer shall have a right of first refusal to purchase the Condominium), which may be less than fair market value. For each subsequent transfer of a Condominium to a Low Income Household, said buyer shall execute an assignment and

assumption agreement, in a form approved by CDC, expressly assuming all of the original buyer's obligations under the ~~EDC/CDC/City~~ Buyer Affordable Housing Documents executed by said original buyer. Each buyer shall also be required to execute a disclosure statement, in ~~the form attached to the AHPDA as Attachment No. 14~~ a form approved by counsel to the CDC, concerning the ~~other Developer/CDC/City~~ Buyer Affordable Housing Documents.

f. Delivery of Documents. Upon the close of the proposed Transfer, Developer shall provide CDC with a certified copy of the recorded documents, a copy of the final sales contract, settlement statement, escrow instructions, all certificates required by this Section 4 and any other documents which CDC may request.

DEVELOPER, ON BEHALF OF ITSELF AND EACH OWNER, UNDERSTANDS THAT THE DETERMINATION OF THE AFFORDABLE SALES PRICE CAN BE MADE ONLY AT THE TIME OF THE PROPOSED TRANSFER, TAKING INTO CONSIDERATION INTEREST RATES, THE TERMS OF SALE OFFERED TO, AND THE ECONOMIC CIRCUMSTANCES OF, THE PROPOSED BUYER AND OTHER FACTORS THAT CANNOT BE ACCURATELY PREDICTED, AND THAT THE TRANSFER PRICE PERMITTED HEREUNDER MAY BE LESS THAN THE FAIR MARKET VALUE OF THE PROPERTY AND MAY NOT INCREASE OR DECREASE IN THE SAME MANNER AS OTHER SIMILAR REAL PROPERTY WHICH IS NOT ENCUMBERED BY THIS RESTRICTION. DEVELOPER- ON BEHALF OF ITSELF AND EACH OWNER, FURTHER ACKNOWLEDGES THAT IN SETTING THE TRANSFER PRICE THE PRIMARY OBJECTIVE OF CDC AND THIS DECLARATION IS TO PROVIDE HOUSING TO LOW INCOME HOUSEHOLDS AT AN AFFORDABLE SALES PRICE.

g. CDC's/City Option to Purchase. Notwithstanding anything herein to the contrary and as further set forth in the ~~EDC/CDC/City~~ Buyer Affordable Housing Agreement, during the Affordability Period for each Condominium, commencing on the earlier of the date the then-Owner of a Condominium has notified Developer-, CDC, and ~~EDC-the City~~ of its desire to sell the Condominium or the date the then-Owner places the Condominium for sale ("Option Commencement Date"), and continuing for a period of sixty (60) days after the Option Commencement Date, each of CDC and the City shall have an option to purchase the Condominium from the then-Owner, at the price determined in the ~~EDC/CDC/City~~ Buyer Affordable Housing Agreement, for purposes of locating a Low Income Household and reselling the Condominium to said buyer at an Affordable Sale Price ("CDC's-City Option to Purchase"). CDC shall exercise ~~EDC's-the CDC/City~~ Option to Purchase by delivery of written notice to Developer and to the Owner. ~~EDC's-The CDC/City~~ Option to Purchase shall continue until such time as the Owner enters into a binding purchase and sale agreement to sell the Condominium to a Low Income Household.

5. Nondiscrimination Covenants

In addition to any other nondiscrimination provisions applicable to the Site under federal, state or local law, Developer covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person, or group of persons on any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of

Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, or any part thereof, nor shall Developer, or any person claiming under or through him or 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 Site, or any part thereof. The foregoing covenants shall run with the land.

Developer agrees for itself and any successor in interest that Developer shall refrain from restricting the rental, sale, or lease of any portion of the Site, or contracts relating to the Site, on the basis of race, color, creed, religion, sex, marital status, 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:

1. *In deeds:* “The grantee herein covenants by and for himself or herself, his or 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 any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any 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 premises herein conveyed. The foregoing covenants shall run with the land.”

2. *In leases:* “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: “That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or 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 in the premises herein leased. The foregoing covenants shall run with the land.”

3. *In contracts:* “There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this agreement, nor shall the grantee or any person claiming under or through him or her, establish or permit any 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 premises herein conveyed. The foregoing covenants shall run with the land.”

6. Maintenance of Property

Until such time as the Association Area has been transferred to the Association in accordance with the terms of the Association CC&Rs, Developer shall properly maintain the buildings, landscaping and yard areas on the Property as follows:

(a) No improperly maintained landscaping shall be visible from public rights-of-way, including:

- (1) no lawns with grasses in excess of six (6) inches in height;
 - (2) no untrimmed hedges;
 - (3) no trees, shrubbery, lawns, and other plant life dying from lack of water or other necessary maintenance;
 - (4) no trees and shrubbery grown uncontrolled without proper pruning;
 - (5) no vegetation so overgrown as to be likely to harbor rats or vermin;
- and
- (6) no dead, decayed, or diseased trees, weeds, and other vegetation.

(b) No yard areas shall be left unmaintained, including:

- (1) no broken or discarded furniture, appliances, and other household equipment stored in yard areas for periods exceeding one (1) week;
- (2) no packing boxes, lumber, trash, dirt, and other debris stored in yards for periods exceeding one (1) week in areas visible from public property or neighboring properties;
- (3) no unscreened trash cans, bins, or containers stored for unreasonable periods in areas visible from public property or neighboring properties; and
- (4) no vehicles parked or stored in areas other than approved parking areas.

(c) No buildings may be left in an unmaintained condition, including:

- (1) no violations of state law, Uniform Codes, or City of Downey ordinances;
- (2) no condition that constitutes an unsightly appearance that detracts from the aesthetics or property value of the subject property or constitutes a private or public nuisance;

- (3) no broken windows or chipped, cracked, or peeling paint; and
- (4) no conditions constituting hazards and/or inviting trespassers or malicious mischief; and
- (5) no graffiti.

The provisions of this Section 6 shall not be applicable to individual Condominiums after such time as the Association Area has been transferred to the Association in accordance with the terms of the Association CC&Rs. All Owners shall be obligated to perform all maintenance required of the Owners pursuant to the Association CC&Rs.

7. General Use Provisions.

a. No Renting Condominiums. Each Condominium shall be used as the principal residence of the Condominium's Owner and for no other purpose. No Owner shall be permitted to rent or lease its Condominium.

b. Occupancy Standards. A Condominium may not be occupied by more than the total number of persons allowed pursuant to the general requirements of the United States Department of Housing and Urban Development, which as of the date of this Declaration is equal to the total number of bedrooms in the Condominium multiplied by 2, plus 1 (e.g., a three-bedroom Condominium would be limited to occupancy by 7 persons and a four-bedroom Condominium would be limited to occupancy by 9 persons). Each Owner shall, upon demand by CDC or Developer, be required to submit an affidavit of occupancy verifying the Owner's compliance with this Section 7.

c. Nuisances. No obnoxious, illegal, or offensive activities shall be carried upon or in any Condominium, or upon any part of the Property, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to, or which may in any way interfere with the quiet enjoyment by, each of the Owners of his or her respective Condominium, or which will impair the structural integrity of any building.

8. Conveyance of Association Property to Association.

Within the respective times set forth in the AHPDA, Developer shall (i) establish a homeowners association (the "Association") for the purpose of maintaining the Association Area; (ii) prepare and record covenants, conditions, and restrictions setting forth the respective maintenance obligations of the Owners and the Association (the "Association CC&Rs"); and (iii) convey the Association Property to the Association to enable the Association to perform the maintenance obligations hereunder, and as set forth in the Association CC&Rs. The Association CC&Rs shall expressly state that until such time as Developer conveys the Association Property to the Association, Developer shall be responsible for maintaining the Association Area.

9. Annual Reports.

On or before August 1 of each year, Developer, at its expense, shall assist CDC with CDC's annual report required pursuant to Health and Safety Code Section 33418, by providing

to CDC a report that sets forth the then-Owner of each Condominium, all persons residing in the Condominium, and the income level of ~~the any~~ household that acquired title since the last such annual report.

10. Indemnification.

During such time as Developer owns a fee interest in a Condominium, and solely with respect to and for so long as an individual Condominium is so owned by Developer, Developer shall defend, indemnify and hold harmless CDC and CDC's officers, officials, agents, employees, representatives, and volunteers (collectively, the "Indemnified Parties") from and against any loss, damage, costs, expenses, liability, claim, or judgment relating in any manner to the Property or Developer's performance under this Declaration, except to the extent caused by the sole negligence or willful misconduct of an Indemnified Party.

11. Insurance.

Developer shall procure and maintain the insurance set forth in the AHPDA for the times set forth therein. Upon Developer's Transfer of a Condominium to a Low Income Household, Developer shall require the Low Income Household to procure and maintain an all-risk property insurance policy insuring his or her Condominium in an amount equal to the full replacement value of the structures located thereon, with no coinsurance penalty provision, in a form, content and with companies approved by CDC. CDC shall be a loss payee under such policy or policies and such insurance shall contain a statement of obligation on behalf of the carrier to notify CDC of any material change, cancellation or termination of coverage at least thirty (30) days in advance of the effective date of such material change, cancellation or termination. In no event shall the limits of any policy be considered as limiting the liability of Developer or an Owner, as applicable, hereunder or limiting the indemnity obligation of Developer set forth in Section 11 of this Declaration.

12. Repair of Damage.

If any improvements on the Property shall be totally or partially destroyed or rendered wholly or partly uninhabitable by fire or other casualty, Developer (or the applicable Owner(s) if Developer has transferred the damaged portion of the Property to one or more Low Income Households), shall promptly proceed to obtain insurance proceeds and take all steps necessary to begin reconstruction and, immediately upon receipt of insurance proceeds, to promptly and diligently commence the repair or replacement of the improvements to substantially the same condition as the improvements are required to be maintained in pursuant to this Declaration, whether or not the insurance proceeds are sufficient to cover the actual cost of repair, replacement, or restoration, and Developer (or the applicable Owner(s) if Developer has transferred the damaged portion of the Property to one or more Low Income Households), shall complete the same as soon as possible thereafter so that the Project can continue to be operated and occupied as an affordable housing project in accordance with this Declaration. In no event shall the repair, replacement, or restoration period exceed six (6) months from the date of the destruction unless the Executive Director, in his or her sole and absolute discretion, approves a longer period of time.

13. Defaults and Remedies.

a. Defaults. Failure or delay by any party to perform any term or provision of this Declaration which is not cured within thirty (30) days after receipt of notice from the other party specifying the default (or 5 days with respect to certain defaults regarding inadequate maintenance of the Property described in Section 6) constitutes a default under this Declaration; provided, however, if such default is of the nature requiring more than thirty (30) days to cure, the defaulting party shall avoid default hereunder by commencing to cure within such thirty (30) day period, and thereafter diligently pursuing such cure to completion. Except as required to protect against further damages, the injured party may not institute proceedings against the party in default until thirty (30) days after giving such notice. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default.

b. Institution of Legal Actions. In addition to any other rights or remedies, including without limitation CDC's rights under the CDC Deed of Trust, either party may institute legal action to cure, correct, or remedy any default, or to obtain any other remedy consistent with the purposes of this Agreement; provided, however, that notwithstanding anything in the foregoing to the contrary, in no event shall either party hereto be entitled to obtain monetary damages of any kind from the other party, including but not limited to damages for economic loss, lost profits, or any other economic or consequential damages of any kind. Such legal actions must be instituted and maintained in the Superior Court of the County of Los Angeles, State of California, or in any other appropriate court in that county.

c. Developer's Obligations Secured by CDC Deed of Trust. Until such time as the CDC Deed of Trust is reconveyed in full, Developer's performance of its obligations under this Declaration is secured by the CDC Deed of Trust. The CDC Deed of Trust will be partially reconveyed as to each Condominium upon Developer's initial Transfer of the Condominium to a Low Income Household in accordance with the AHPDA.

d. Rights and Remedies are Cumulative. The rights and remedies of the parties are cumulative, and the exercise by any party of one or more of its 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 any other party.

14. Covenants Do Not Impair Liens.

No violation or breach of covenants, conditions, restrictions, provisions, or limitations contained in this Declaration shall defeat or render invalid or in any way impair the lien or charge of any mortgage or deed of trust or security instrument.

15. Conflict with Other Laws; Severability.

In the event that any provision of this Declaration is found to be contrary to applicable law, then such provisions shall be deemed modified in a manner which is consistent with the goals and intent of this Declaration to provide housing to Low Income Households at an Affordable Sales Price.

Every provision of this Declaration is intended to be severable. In the event any term or provision of this Declaration is declared by a court of competent jurisdiction to be unlawful, invalid or unenforceable for any reason, such determination shall not affect the balance of the terms and provisions of this Declaration, which terms and provisions shall remain binding and enforceable.

16. Covenants for Benefit of CDC.

This Declaration is designed to create equitable servitudes and covenants running with the Property, in accordance with the provisions of Civil Code Section 1468. The covenants, conditions, restrictions, reservations, equitable servitudes, liens and charges set forth herein shall run with the Property and shall be binding upon all persons having any right, title or interest in the Property, or any part thereof, their heirs, successive owners and assigns; shall inure to the benefit of CDC and its successors and assigns, shall be binding upon Developer, its successors and assigns and successors in interest; and may be enforced by CDC and its successors and assigns. Developer hereby declares its understanding and intent that the burden of the covenants set forth herein touch and concern the land and that Developer's interest in the Property is rendered less valuable thereby. Developer hereby further declares its understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Property by Low Income Households, and by furthering the public purposes of CDC.

In amplification and not in restriction of the provisions set forth hereinabove, it is intended and agreed that CDC is deemed a beneficiary of the agreements and covenants provided herein both for and in its own right and also for the purposes of protecting the interests of the community. All covenants without regard to technical classification or designation shall be binding for the benefit of CDC and such covenants shall run in favor of CDC for the entire period during which such covenants shall be in force and effect, without regard to whether CDC is or remains an owner of any land or interest therein to which such covenants relate. However, all such covenants and restrictions shall be deemed to run in favor of all real property owned by

CDC which real property shall be deemed the benefited property of such covenants. CDC shall have the right, in the event of any breach of any such agreement or covenant, to exercise all of the rights and remedies, and to maintain any action at law or suit in equity or other proper proceedings to enforce the curing of such breach of agreement or covenant.

17. Developer's Books and Records.

CDC, upon reasonable notice to Developer, shall have the right at all reasonable times to inspect the books and records of Developer as pertinent to the purposes of this Declaration. Developer agrees to make any and all financial information regarding the Low Income Households to whom it has sold Condominiums available to any person or entity performing an audit of CDC's activities. Developer shall maintain all such financial information for a period of seven (7) years after receipt of the same.

18. Notices, Demands and Communications

Written notices, demands and communications between Developer and CDC shall be sufficiently given if (i) delivered by hand, (ii) delivered by reputable same-day or overnight courier service that provides a receipt showing date and time delivery, or (iii) dispatched by registered or certified mail, postage prepaid, return receipt requested, as follows:

Developer:	Partnership Housing, Inc., Inc. 8739 Artesia Boulevard Bellflower, CA 90706 Attn: Executive Director Facsimile No.: (213) _____
copy to:	Leibold, McClendon & Mann, PC 23422 Mill Creek Drive, Suite 105 Laguna Hills, CA 92675 Attn: Joy Heuser Otsuki, Esq.
CDC:	Community Development Commission of the City of Downey 11111 Brookshire Avenue Downey, CA 90241 Attention Attn: Executive Director
copy to:	Rutan & Tucker, LLP 611 Anton Blvd., Suite 1400 Costa Mesa, CA 92626 Attn: William H. Ihrke, Esq.

Such addresses for notice may be changed from time to time upon notice to the other party.

Any written notice, demand or communication shall be deemed received upon receipt if delivered by hand or by same-day or overnight courier, and shall be deemed received on the third (3rd) calendar day from the date it is postmarked if delivered by registered or certified mail.

19. Expiration Date.

This Declaration shall automatically terminate and be of no further force or effect as to (i) each of the Condominiums as of forty-five (45) years from the date Developer first sells the Condominium to a Low Income Household; and (ii) as to the Association Area, on the date this Declaration terminates as to the last Condominium.

20. Assignment.

a. Assignment by CDC. CDC shall have the right to assign all or part of its interest in this Agreement to a third party for the purpose of ensuring compliance with this Agreement.

b. Assignment by Developer. The qualifications and identity of Developer are of particular concern to CDC. It is because of those qualifications and identity that CDC has provided financial assistance to Developer and entered into the AHPDA and this Declaration with Developer. Accordingly, Developer shall not, whether voluntarily, involuntarily, or by operation of law, and except as permitted in this Section 21.b undergo any significant change in ownership or assign all or any part of its obligations hereunder, without CDC's prior written approval. Developer shall deliver written notice to CDC requesting approval of any assignment. In considering whether it will grant approval to any assignment by Developer, CDC shall consider factors such as the proposed assignee's experience and expertise in the operation of similar projects, and the proposed assignee's financial capability to perform Developer's obligations under this Agreement. CDC's approval of an assignment shall be made in CDC's sole and absolute discretion. If CDC approves an assignment, the assignment shall not be effective unless and until the proposed assignee executes and delivers to CDC an agreement in form satisfactory to CDC's legal counsel assuming the obligations of the assignor which have been assigned. Nothing in this Section 21.b is intended to restrict Developer from transferring a Condominium to a Low Income Household in accordance with the AHPDA and this Declaration.

22. Attorneys' Fees and Costs.

If a party to this Declaration commences an action against the other party to this Declaration arising out of or in connection with this Declaration, the prevailing party shall be entitled to recover reasonable attorneys' fees, expert witness fees, costs of investigation, and costs of suit from the losing party.

23. Entire Agreement, Waivers, and Amendments.

This Declaration, the AHPDA, and the agreements attached to the AHPDA, contain the entire agreement between the parties relating to the subject matter hereof, and supersede all negotiations and previous agreements between the parties with respect to all or part of the subject matter hereof. All waivers of the provisions of this Declaration must be in writing and signed by the appropriate authorities of the party to be charged. A waiver of the breach of the covenants,

conditions or obligations under this Declaration by any party shall not be construed as a waiver of any succeeding breach of the same or other covenants, conditions or obligations of this Declaration. Any amendment or modification to this Declaration must be in writing and executed by the appropriate authorities of CDC and (i) Developer to the extent the modification affects the rights or obligations of Developer under this Declaration, (ii) the Association to the extent the modification affects the rights or obligations of the Association under this Declaration, and (iii) the Owner of any Condominium whose rights or obligations under this Declaration is affected by the modification.

24. Interpretation; Governing Law.

This Declaration shall be construed according to its fair meaning and as if prepared by both of the parties hereto. This Declaration shall be construed in accordance with the internal laws of the State of California.

25. CDC Approvals and Actions.

CDC shall maintain authority of this Declaration and the authority to implement this Declaration through the Executive Director (or his or her duly authorized representative). The Executive Director shall have the authority to make approvals, issue interpretations, execute documents, waive provisions, and/or enter into certain amendments of this Declaration on behalf of CDC so long as such actions do not materially or substantially change the basic business terms hereof, change the uses or development permitted on the Property, or add to the costs incurred or to be incurred by CDC. All other material and/or substantive interpretations, waivers, or amendments shall require the consideration, action and written consent of the CDC Board of Directors.

26. Counterparts

This Declaration may be executed in counterparts each of which, when both Developer and CDC have signed this Declaration, shall be deemed an original and shall constitute one and same instrument.

[end – signature page follows]

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

“CDC”

COMMUNITY DEVELOPMENT
COMMISSION OF THE CITY OF DOWNEY,
a public body, corporate and politic

Executed at _____, California
this _____ day of _____, 2015

By: _____
Gilbert A. Livas, Executive Director

Attest:

Adria M. Jimenez, CDC Secretary

“DEVELOPER”

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

Executed at _____, California
this _____ day of _____, 2015

By: _____
_____, _____

Executed at _____, California
this _____ day of _____, 2015

By: _____
_____, _____

APPROVED AS TO FORM
RUTAN & TUCKER, LLP

William H. Ihrke, Counsel to the CDC

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Los Angeles)

On _____, before me, _____,
(insert name and title of the officer)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Los Angeles)

On _____, before me, _____,
(insert name and title of the officer)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

All that certain property located in the City of Downey, County of Los Angeles, State of California, described as follows:

THE EASTERLY 60 FEET OF THE WESTERLY 128.2 FEET OF THE PORTION OF THE NORTH 339.73 FEET OF THE SOUTH 1019.21 FEET OF THE SOUTHWEST QUARTER OF THE NORTH-EAST QUARTER OF SECTION 10, TOWNSHIP 3 SOUTH, RANGE 12 WEST, IN THE RANCHO SANTA GERTRUDES, AS PER MAP RECORDED IN BOOK 1, PAGE 502, OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING EASTERLY OF A STRAIGHT LINE CONNECTING THE MID-POINTS OF THE NORTH AND SOUTH LINES OF SAID NORTH 339.73 FEET OF THE SOUTH 1019.21 FEET.

EXCEPT THE SOUTH 30.00 FEET OF SAID LAND.

EXHIBIT “B”

REQUEST FOR VERIFICATION OF PROPOSED BUYER

[Attached]

REQUEST FOR VERIFICATION OF PROPOSED BUYER

THIS FORM MUST BE DELIVERED TO THE CDC AND CITY BEFORE PROCEEDING WITH ANY TRANSFER OF A CONDOMINIUM.

Date: _____

City of Downey

Community Development Commission of the City of Downey
11111 Brookshire Avenue
Downey, CA 92040
Attn: Project Officer

Re: Request for Verification of Proposed Buyer

To Whom It May Concern:

Partnership Housing, Inc. ("PHI") desires to transfer the Condominium located at _____ (the "Property") and by this letter is requesting ~~the~~ CDC/City to verify that the proposed buyer is an "Low Income Household" (as that term is defined in the Affordable Housing Agreement and Declaration of Covenants, Conditions and Restrictions).

1. The Proposed Buyer is:

Name: _____

Current Address: _____

Telephone Number: _____

2. The terms of the proposed transfer are

- (a) Sales price of \$_____. This sales price is based on the lesser of
- _____(i) Fair market value; or
 - _____(ii) The maximum price which results in an Affordable Sales Price.

IN ORDER TO ANSWER QUESTION 2(b) YOU MUST CALCULATE THE PROPOSED SALES PRICE BASED ON THE HOUSING COST LIMITATIONS SET FORTH IN CALIFORNIA HEALTH & SAFETY CODE SECTION 50052.5, TAKING INTO CONSIDERATION ALL ITEMS LISTED IN THE DEFINITION OF MONTHLY HOUSING COST.

(b) Price of any personal property being sold by PHI to the proposed buyer: \$_____. (If none, so state.)

(c) The price of \$_____ to be paid by the proposed buyer for any services of PHI. (If none, so state).

(d) All other amounts of money or other consideration, if any, concerning the Property or any other matter to be paid by the proposed buyer to PHI: \$_____. (If none, so state.)

(e) Sources of payment of sales price:

Sales price	\$_____
Cash down payment	\$_____
1st loan	\$_____
2nd loan	\$_____
Other (describe)	\$_____
Total	\$_____

(f) The financing obtained by the proposed buyer to purchase the Property is as follows:

1st Loan:

Loan amount \$_____

Monthly payments: \$_____

Interest rate _____

If variable interest, describe adjustment mechanism:

Due date: _____

Balloon payment amount: _____

Points and fees: _____

Lender: _____

Lender's address: _____

2nd Loan:

Loan amount: \$ _____

Monthly payments: \$ _____

Interest rate _____

If variable interest, describe adjustment mechanism:

Due date: _____

Balloon payment amount: _____

Points and fees: _____

Lender: _____

Lender's address: _____

Other Loans: (describe, if none, so state)

(g) The Monthly Housing Cost to be paid by the proposed transferee:

1st loan monthly payment: \$ _____

2nd loan monthly payment: \$ _____

Other loans monthly payment: \$ _____

Taxes and assessments (1/12 of yearly taxes and assessments): \$ _____

Insurance (1/12 of yearly premium): \$ _____

Homeowner's dues: \$ _____

Total: \$ _____

3. The proposed buyer represents, warrants and covenants the following:

(a) The Property will be the principal residence of the proposed transferee.

(b) The combined maximum annual income for all household members of the proposed buyer is \$_____. (This figure must include all sources of income.)

(c) The proposed buyer will deliver to the CDC a signed financial statement on a form acceptable to the CDC.

4. The proposed buyer's household consists of the following persons who will reside in the Property:

Adults (18 or over) - [name of each]:

Minors (under 18) [name of each]:

5. The proposed transferee must submit to PHI, on a form available from PHI, an income certification so PHI may determine if the proposed buyer is a Low Income Household.

6. A true and correct copy of the purchase and sale or other agreement between PHI and the proposed buyer is attached hereto.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

PARTNERSHIP HOUSING, INC.:

Date

signature

signature

print name

print name

street address telephone

city state zip code

PROPOSED BUYER:

Date

signature

signature

print name

print name

street address telephone

city state zip code

Partnership Housing, Inc. Certification

Based on the Proposed Buyer's Certificate above, and all documents attached hereto, PHI hereby certifies that:

- (1) Proposed Buyer is a Low Income Household; and
- (2) The purchase price to be paid by the Proposed Buyer is an Affordable Sales Price.

[Capitalized terms used above are defined in the Agreement to which this certificate is attached.]

OWNER:

[Name]

Date: _____

ATTACHMENT NO. 9

PROJECT BUDGET

[To be inserted]

ATTACHMENT NO. 10

RELEASE OF CONSTRUCTION COVENANTS

[Attached]

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Community Development Commission
of the City of Downey
11111 Brookshire Avenue
Downey, CA 92040
Attn: CDC Secretary

(Space above for Recorder's use)
Exempt from Recording Fee Per Gov. Code § 27383

RELEASE OF CONSTRUCTION COVENANTS

This RELEASE OF CONSTRUCTION COVENANTS ("Release") is made this ____ day of _____, 20__, by the COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF DOWNEY, a public body, corporate and politic, organized and existing under the California Community Development Commission Law (Health & Safety Code Section 34100, *et seq.*) ("CDC"), in favor of PARTNERSHIP HOUSING, INC., a California nonprofit public benefit corporation ("Developer")."

R E C I T A L S

A. Developer is the owner of that certain real property located in the City of Downey, County of Los Angeles, State of California, more particularly described in the legal description attached hereto as Exhibit "A" ("Site").

B. On or about _____, 2015, CDC and Developer entered into that certain Affordable Housing and Property Disposition Agreement ("AHPDA") which provides for Developer to develop an owner-occupied common interest subdivision affordable housing project on the Site, more particularly described therein as the "Project."

C. Pursuant to the AHPDA, CDC is required to furnish Developer with this Release upon request by Developer after completion of construction of the Project.

D. The issuance by CDC of this Release shall be conclusive evidence that Developer has complied with the terms of the AHPDA pertaining to the construction of the Project.

NOW, THEREFORE:

1. As provided in the AHPDA, CDC does hereby certify that the construction of the Project has been satisfactorily performed and completed, and that such development and construction work complies with the AHPDA.

2. This Release does not constitute evidence of compliance with or satisfaction of any obligation of Developer to any holder of a mortgage or any insurer of a mortgage security money loaned to finance the work of construction of improvements and development of the Site, or any part of thereof.

3. This Release is not a notice of completion as referred to in Section 3093 of the California Civil Code.

IN WITNESS WHEREOF, CDC has executed this Release as of the date set forth above.

“CDC”

COMMUNITY DEVELOPMENT
COMMISSION OF THE CITY OF
DOWNEY, a public body, corporate and
politic

Executed at _____, California
this _____ day of _____, 2015

By: _____
Gilbert A. Livas, Executive Director

ATTEST:

Adria M. Jimenez, CDC Secretary

CONSENT TO RECORDATION

PARTNERSHIP HOUSING, INC., a California nonprofit public benefit corporation, owner of the Site described herein, hereby consents to the recordation of this Release against the Site.

“DEVELOPER”

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

Executed at _____, California
this _____ day of _____, 2015

By: _____
_____, _____

Executed at _____, California
this _____ day of _____, 2015

By: _____
_____,

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Los Angeles)

On _____, before me, _____,
(insert name and title of the officer)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Los Angeles)

On _____, before me, _____,
(insert name and title of the officer)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT "A" TO RELEASE OF CONSTRUCTION COVENANTS

LEGAL DESCRIPTION OF SITE

That certain real property located in the City of Downey, County of Los Angeles, State of California, described as follows:

THE EASTERLY 60 FEET OF THE WESTERLY 128.2 FEET OF THE PORTION OF THE NORTH 339.73 FEET OF THE SOUTH 1019.21 FEET OF THE SOUTHWEST QUARTER OF THE NORTH-EAST QUARTER OF SECTION 10, TOWNSHIP 3 SOUTH, RANGE 12 WEST, IN THE RANCHO SANTA GERTRUDES, AS PER MAP RECORDED IN BOOK 1, PAGE 502, OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING EASTERLY OF A STRAIGHT LINE CONNECTING THE MID-POINTS OF THE NORTH AND SOUTH LINES OF SAID NORTH 339.73 FEET OF THE SOUTH 1019.21 FEET.

EXCEPT THE SOUTH 30.00 FEET OF SAID LAND.

ATTACHMENT NO. 11

**MEMORANDUM OF AFFORDABLE HOUSING
AND PROPERTY DISPOSITION AGREEMENT**

[Attached]

RECORDED AT THE REQUEST OF
AND WHEN RECORDED RETURN TO:

Community Development Commission
of the City of Downey
11111 Brookshire Avenue
Downey, CA 92040
Attn: CDC Secretary

(Space Above For Recorder's Use)

This Memorandum of Affordable Housing and Property Disposition Agreement is recorded at the request and for the benefit of the Community Development Commission of the City of Downey and is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

**MEMORANDUM OF AFFORDABLE HOUSING
AND PROPERTY DISPOSITION AGREEMENT**

This MEMORANDUM OF AFFORDABLE HOUSING AND PROPERTY DISPOSITION AGREEMENT ("Memorandum") is entered into as of this _____ day of _____, 2015, by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF DOWNEY, a public body, corporate and politic, organized and existing under the California Community Development Commission Law (Health & Safety Code Section 34100, *et seq.*) ("CDC"), and PARTNERSHIP HOUSING, INC., a California nonprofit public benefit corporation ("Developer").

This Memorandum is made with reference to the following:

1. Developer is the owner in fee of that certain real property located in the City of Downey, County of Los Angeles, State of California, more particularly described in the legal description attached hereto as Exhibit "A" and incorporated herein by this reference ("Property").

2. On or about July ___, 2015, CDC and Developer entered into that certain Affordable Housing and Property Disposition Agreement ("AHPDA") which provides for, among other things, Developer to develop an owner-occupied common interest subdivision affordable housing project on the Property, and to sell the housing units to low income households at an affordable sales price.

3. The AHPDA provides for CDC and Developer to enter into this Memorandum and to record the same in the Official Records of Los Angeles County, California, to provide notice to all persons of the existence of said AHPDA, which AHPDA is binding on Developer and Developer's successors-in-interest as to the Property.

4. This Memorandum may be executed in several counterparts, and all so executed shall constitute one agreement binding on both parties hereto, notwithstanding that both parties are not signatories to the original or the same counterpart.

[signatures on next page]

IN WITNESS WHEREOF, CDC and Developer have entered into this Memorandum as of the date first set forth above.

“CITY”

COMMUNITY DEVELOPMENT
COMMISSION OF THE CITY OF DOWNEY,
a public body, corporate and politic

Executed at _____, California
this _____ day of _____, 2015

By: _____
Gilbert A. Livas, Executive Director

ATTEST:

Adria M. Jimenez, CDC Secretary

APPROVED AS TO FORM:
RUTAN & TUCKER, LLP

William H. Ihrke, Counsel to the CDC

“DEVELOPER”

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

Executed at _____, California
this _____ day of _____, 2015

By: _____
_____r

Executed at _____, California
this _____ day of _____, 2015

By: _____

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Los Angeles)

On _____, before me, _____,
(insert name and title of the officer)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

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State of California)
County of Los Angeles)

On _____, before me, _____,
(insert name and title of the officer)

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

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the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

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State of California)
County of Los Angeles)

On _____, before me, _____,
(insert name and title of the officer)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT "A" TO MEMORANDUM

LEGAL DESCRIPTION OF PROPERTY

All that certain property located in the City of Downey, County of Los Angeles, State of California, described as follows:

THE EASTERLY 60 FEET OF THE WESTERLY 128.2 FEET OF THE PORTION OF THE NORTH 339.73 FEET OF THE SOUTH 1019.21 FEET OF THE SOUTHWEST QUARTER OF THE NORTH-EAST QUARTER OF SECTION 10, TOWNSHIP 3 SOUTH, RANGE 12 WEST, IN THE RANCHO SANTA GERTRUDES, AS PER MAP RECORDED IN BOOK 1, PAGE 502, OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING EASTERLY OF A STRAIGHT LINE CONNECTING THE MID-POINTS OF THE NORTH AND SOUTH LINES OF SAID NORTH 339.73 FEET OF THE SOUTH 1019.21 FEET.

EXCEPT THE SOUTH 30.00 FEET OF SAID LAND.

ATTACHMENT NO. 12
INSURANCE REQUIREMENTS

[Attached]

ATTACHMENT NO. 12

INSURANCE REQUIREMENTS

1. Insurance. Developer and its successors and assigns shall procure and keep in full force and effect or cause to be procured and kept in full force and effect for the mutual benefit of Developer and CDC, the insurance policies required by this Agreement with respect to the Property and the ownership, use, and operation of the Site by or on behalf of Developer and the performance of any construction work thereon. The insurance limits are subject to such increases in amount as CDC may reasonably require from time to time but not more frequently than every 24 months; provided, that the percentage increase in coverage shall not be required to exceed the percentage increase in the Consumer Price Index published by the United States Department of Labor, Bureau of Labor Statistics, for Urban Wage Earners and Clerical Workers, Los Angeles-Long Beach-Anaheim Average, All Items (1984 = 100) (the "Index"), from and after the date of this Agreement, or if said Index is discontinued, such official index as may then be in existence and which is most nearly equivalent to said Index. In no event shall the limits of any policy be considered as limiting the liability of Developer hereunder or limiting the indemnity obligation set forth in the Agreement.

2. Scope and Limits of Insurance: The insurance policies required to be maintained by Developer pursuant to this Agreement are as follows:

a. *Commercial General Liability Insurance* in a form at least as broad as ISO Form #CG 0001 11/88, with a limit of not less than Three Million Dollars (\$3,000,000) each occurrence. If such insurance contains a general aggregate limit, it shall apply separately to this Agreement or shall be twice the required occurrence limit.

b. *Business Automobile Liability Insurance* including coverage for owned, hired and non-owned automobiles in a form at least as broad as ISO Form #CA 0001 6/92, with a limit of not less than Three Million Dollars (\$3,000,000) each accident.

c. *Workers' Compensation Insurance* as required by the State of California and *Employer' Liability Insurance* with limits of not less than One Million Dollars (\$1,000,000) each accident.

d. *All Risk Property Insurance* with a minimum limit equal to the full actual replacement cost of the improved Site, as approved by CDC, as the same may change from time to time, and with no coinsurance penalty provision.

3. Deductibles and Self-Insured Retentions. Any deductible or self-insured retention must be declared to and approved by CDC.

4. Additional Insurance Provisions. The insurance policies required to be carried by Developer pursuant to this Agreement shall contain or be endorsed to contain the following provisions:

a. *Commercial General Liability and Business Automobile Liability*. CDC, the City of Downey, and their respective officials, officers, employees, agents, representatives,

and volunteers are to be covered as additional insureds with respect to liability arising out of work or operations performed by or on behalf of Developer, including materials, parts or equipment furnished in connection with such work or operations; or with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of Developer; or with respect to liability arising out of Developer's operation, ownership, maintenance, occupancy, or use of the Site. Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnify the additional insured would be invalid under Civil Code Section 2782(b). The coverage shall contain no special limitations on the scope of its protection afforded to CDC, the City of Downey, or their respective officials, officers, employees, agents, representatives, and volunteers. This insurance shall be primary insurance with respect to CDC and the City of Downey and their respective officers, officials, employees, agents, representatives, and volunteers and shall apply separately to each insured against whom a suit is brought or a claim is made. Any insurance or self-insurance maintained by CDC, the City of Downey, or their respective officers, officials, employees, agents, representatives, and volunteers shall be in excess of this insurance and shall not contribute with it.

b. *All Risk Property.* CDC and the City of Downey shall each be named as a loss payee.

c. *Workers' Compensation/ Employers' Liability Insurance.* A waiver by the insurer of any right to subrogation against CDC, the City of Downey, and their respective officials, officers, employees, agents, representatives, and volunteers.

d. *All Insurance Policies.* Each insurance policy required by this Agreement shall be endorsed to state that coverage shall not be cancelled or materially altered in a manner adverse to the insured without first giving CDC a minimum of thirty (30) days' prior written notice by certified mail, return receipt requested.

5. Acceptability of Insurers. All policies of insurance required to be carried by Developer shall be written by responsible and solvent insurance companies with a "Best" rating of not less than B+, Class X. Workers' compensation insurance may be placed with the California State Compensation Insurance Fund. All insurers shall be licensed by or hold admitted status in the State of California. At the sole discretion of CDC, insurance provided by non-admitted or surplus carriers with a Best's rating of no less than A- Class X may be accepted if Developer evidences the requisite need to the sole satisfaction of CDC.

6. Verification of Coverage. Developer shall furnish CDC with certificates of insurance which bear original signatures of authorized agents and which reflect insurers' names and addresses, policy numbers, coverage, limits, deductibles, and self-insured retentions. In addition, Developer shall provide CDC with certified copies of all policy endorsements required under this Agreement. All certificates and endorsements must be received and approved by CDC prior to the date of this Agreement. CDC reserves the right to require at any time complete, certified copies of any or all required insurance policies and endorsements.

ATTACHMENT NO. 13

BUYER AFFORDABLE HOUSING DOCUMENTS

~~13-1. BUYER AFFORDABLE HOUSING AGREEMENT~~

~~13-2. BUYER PROMISSORY NOTE~~

~~13-3. BUYER DEED OF TRUST~~

~~13-4. BUYER DISCLOSURE STATEMENT~~

~~ATTACHMENT NO. 14~~

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Community Development Commission
of the City of Downey
11111 Brookshire Avenue
Downey, California 90241
Attn: Executive Director

Exempt From Recording Fee Pursuant to Government Code § 27383

NOTICE OF AFFORDABILITY RESTRICTIONS ON TRANSFER OF PROPERTY

Important notice to owners, purchasers, tenants, lenders, brokers, escrow and title companies, and other persons, regarding affordable housing restrictions on the real property described in this Notice: Affordable housing restrictions have been recorded with respect to the property described below (referred to in this Notice as the “Property”) which require owner occupancy of the Property and restrict the price and terms at which the Property may be sold. These restrictions may limit the sales price of the Property to an amount which is less than the fair market value of the Property. These restrictions limit the income of persons and households who are permitted to purchase the Property.

Title of Document Containing Affordable Housing Restrictions: Affordable Housing Agreement and Declaration of Covenants, Conditions and Restrictions (“Affordable Housing Agreement”).

Parties to Affordable Housing Agreement: Community Development Commission of the City of Downey, a public body corporate and politic, organized and existing under the California Community Development Commission Law (Health & Safety Code Section 34100, et seq.) (“CDC”), and Partnership Housing, Inc., a California nonprofit public benefit corporation (“Owner”).

The Affordable Housing Agreement is recorded concurrently with this Notice, in the Official Records of Los Angeles County.

Legal Description of Property: See Exhibit “A” attached hereto and incorporated herein by this reference.

Street Addresses of Property: 9303-9309 Elm Vista Drive, Downey, California, 90241.

Assessor's Parcel Numbers of Property: 6284-020-013.

Summary of Affordable Housing Agreement:

- The Affordable Housing Agreement requires the Owner to develop the Property with seven (7) single family condominium units and to sell all of the units to households whose annual income does not exceed the qualifying limits under California law for “lower income households” as established by the United States Department of Housing and Urban Development (“HUD”), and as published periodically by the State of California Department of Housing and Community Development (“HCD”). All of the units are required to be sold at a restricted sales price that results in the buyer paying no more than an “affordable housing cost” as that term is defined in Health and Safety Code Section 50052.5.
- The Affordable Housing Agreement imposes the same income and price restrictions on all subsequent resales of each unit during the term thereof.
- The term of the Affordable Housing Agreement with respect to each unit is 45 years, commencing on the date of the first sale by Owner to a qualified buyer and terminating 45 years from said date.

This Notice does not contain a full description of the details of all of the terms and conditions of the Affordable Housing Agreement. You will need to obtain and read the Affordable Housing Agreement to fully understand the restrictions and requirements which apply to the Property.

This Notice is being recorded and filed in compliance with Health and Safety Code Section 33334.3(f)(3) and (4), and shall be indexed against the CDC and the Owner of the Property.

“CDC”

COMMUNITY DEVELOPMENT
COMMISSION OF THE CITY OF
DOWNEY, a public body, corporate and
politic

Date: _____, 20__

By: _____
Executive Director

ATTEST:

CDC Secretary

APPROVED AS TO FORM:
RUTAN & TUCKER, LLP

Counsel to the CDC

State of California)
County of _____)

On _____, before me, _____, Notary Public,
(here insert name and title of the officer)

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

I certify under PENALTY OF PERJURY under the laws of the State of California
that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(seal)

EXHIBIT "A" TO NOTICE

LEGAL DESCRIPTION OF PROPERTY

All that certain property located in the City of Downey, County of Los Angeles, State of California, described as follows:

THE EASTERLY 60 FEET OF THE WESTERLY 128.2 FEET OF THE PORTION OF THE NORTH 339.73 FEET OF THE SOUTH 1019.21 FEET OF THE SOUTHWEST QUARTER OF THE NORTH-EAST QUARTER OF SECTION 10, TOWNSHIP 3 SOUTH, RANGE 12 WEST, IN THE RANCHO SANTA GERTRUDES, AS PER MAP RECORDED IN BOOK 1, PAGE 502, OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING EASTERLY OF A STRAIGHT LINE CONNECTING THE MID-POINTS OF THE NORTH AND SOUTH LINES OF SAID NORTH 339.73 FEET OF THE SOUTH 1019.21 FEET.

EXCEPT THE SOUTH 30.00 FEET OF SAID LAND.

CONSENT TO RECORDATION

PARTNERSHIP HOUSING, INC., a California nonprofit public benefit corporation (“Owner”), owner of the fee interest in the real property legally described in Exhibit “A” hereto, hereby consents to the recordation of the foregoing Notice of Affordability Restrictions on Transfer of Property against said real property.

“Owner”

By: _____

By: _____

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Los Angeles)

On _____, before me, _____,
(insert name and title of the officer)

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

I certify under PENALTY OF PERJURY under the laws of the State of
California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Los Angeles)

On _____, before me, _____,
(insert name and title of the officer)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

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ATTACHMENTS

ATTACHMENT NO. 1	LEGAL DESCRIPTION OF SITE
ATTACHMENT NO. 2	SCOPE OF DEVELOPMENT
ATTACHMENT NO. 3	SCHEDULE OF PERFORMANCE
ATTACHMENT NO. 4	GRANT DEED
ATTACHMENT NO. 5	PROMISSORY NOTE SECURED BY DEED OF TRUST
ATTACHMENT NO. 6	DEED OF TRUST
ATTACHMENT NO. 7	OPTION AGREEMENT
ATTACHMENT NO. 8	AFFORDABLE HOUSING AGREEMENT AND DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
ATTACHMENT NO. 9	PROJECT BUDGET
ATTACHMENT NO. 10	RELEASE OF CONSTRUCTION COVENANTS

ATTACHMENT NO. 11 MEMORANDUM OF AFFORDABLE HOUSING AND
PROPERTY DISPOSITION AGREEMENT
ATTACHMENT NO. 12 INSURANCE REQUIREMENTS
ATTACHMENT NO. 13 ~~BUYER AFFORDABLE HOUSING
DOCUMENTS ATTACHMENT NO. 14~~ NOTICE OF
AFFORDABILITY RESTRICTIONS ON TRANSFER OF
PROPERTY