CITY OF IRWINDALE

5050 N. IRWINDALE AVE., IRWINDALE CA 91706 • PHONE: (626) 430-2200

NOTICE AND AGENDA FOR THE *AMENDED* SPECIAL AND REGULAR MEETING OF THE

CITY COUNCIL

SUCCESSOR AGENCY TO THE IRWINDALE COMMUNITY REDEVELOPMENT AGENCY

HOUSING AUTHORITY

April 24, 2024

SPECIAL MEETING – 5:30 PM
REGULAR MEETING – 6:30 PM

CLOSED SESSION – CONFERENCE ROOM
OPEN SESSION – CITY COUNCIL CHAMBER

ALBERT F. AMBRIZ - Mayor

LARRY G. BURROLA - Mayor Pro Tem

MARK A. BRECEDA - Councilmember

MANUEL R. GARCIA - Councilmember

H. MANUEL ORTIZ - Councilmember

Via Zoom Webinar: https://us02web.zoom.us/j/87104592389
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Spontaneous Communications: The public is encouraged to address the City Council on any matter listed on the agenda or on any other matter within its jurisdiction. The City Council will hear public comments on items listed on the agenda during discussion of the matter and prior to a vote. The City Council will hear public comments on matters not listed on the agenda during the Spontaneous Communications period.

Pursuant to provisions of the **Brown Act**, no action may be taken on a matter unless it is listed on the agenda, or unless certain emergency or special circumstances exist. The City Council may direct staff to investigate and/or schedule certain matters for consideration at a future City Council meeting.

Americans with Disabilities Act: In compliance with the ADA and Government Code section 54953(g), the City Council has adopted a reasonable accommodation policy to swiftly resolve accommodation requests. The policy can be found on the City's website: https://www.irwindaleca.gov/DocumentCenter/View/8075/AB-2449-Reasonable-Accommodation-Policy. If you need special assistance to participate in a City Council or Commission meeting or other services offered by this City, including an electronic or printed copy of the City's reasonable accommodation policy, please contact City Hall at (626) 430-2200. Notification of at least 48 hours prior to the meeting or time when services are needed will assist the City staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service.

Note: Staff reports are available for inspection at the office of the Chief Deputy City Clerk, City Hall, 5050 N. Irwindale Avenue, during regular business hours (8:00 a.m. to 6:00 p.m., Monday through Thursday).

Compensation for Board Members: Compensation for the members of the Irwindale City Council is $750.16 a month. In accordance with Government Code Section 54952.3, Councilmembers will not receive any additional compensation or stipend for the convening of the regular meetings of the Successor Agency to the Irwindale Community Redevelopment Agency. Councilmembers will receive additional compensation of $50/meeting, not to exceed $150 per month, for the convening the regular meetings of the Irwindale Housing Authority and an additional compensation of $300/meeting for convening the regular meetings of the Irwindale Reclamation Authority.

Code of Ethics

As City of Irwindale Council Members, our fundamental duty is to serve the public good. We are committed to the principle of an efficient and professional local government. We will be exemplary in obeying the letter and spirit of Local, State and Federal laws and City policies affecting the operation of the government and in our private life. We will be independent and impartial in our judgment and actions.

We will work for the common good of the City of Irwindale community and not for any private or personal interest. We will endeavor to treat all people with respect and civility. We will commit to observe the highest standards of morality and integrity, and to faithfully discharge the duties of our office regardless of personal consideration. We shall refrain from abusive conduct, personal charges or verbal attacks upon the character or motives of others.

We will inform ourselves on public issues, listen attentively to public discussions before the body, and focus on the business at hand. We will base our decisions on the merit and substance of that business. We will be fair and equitable in all actions, claims or transactions. We shall not use our official position to influence government decisions in which we have a financial interest or where we have a personal relationship that could present a conflict of interest, or create a perception of a conflict of interest.

We shall not take advantage of services or opportunities for personal gain by virtue of our public office that are not available to the public in general. We shall refrain from accepting gifts, favors or promises of future benefit that might compromise our independence of judgment or action or give the appearance of being compromised.

We will behave in a manner that does not bring discredit or embarrassment to the City of Irwindale. We will be honest in thought and deed in both our personal and official lives.

Ultimate responsibility for complying with this Code of Ethics rests with the individual elected official. In addition to any other penalty as provided by law, violation of this Code of Ethics may be used as a basis for disciplinary action or censure of a Council Member.

These things we hereby pledge to do in the interest and purposes for which our government has been established.

IRWINDALE CITY COUNCIL

SPECIAL MEETING

1. CALL TO ORDER

2. ROLL CALL: Councilmembers: Mark A. Breceda, Manuel R. Garcia, H. Manuel Ortiz; Mayor Pro Tem Larry G. Burrola; Mayor Albert F. Ambriz

3. AB 2449 DISCLOSURES

Remote participation by a member of the legislative body for just cause or emergency circumstances

4. SPONTANEOUS COMMUNICATIONS

Spontaneous communications are limited to the special meeting agenda items only.

5. RECESS TO CLOSED SESSION

A. Conference with Labor Negotiator
Pursuant to California Government Code Section 54957.6

Agency Designated Representatives: Julian A. Miranda, City Manager; Adrian Guerra, Legal Counsel; Kambiz Borhani, Finance Director; Mary Hull, Human Resources Manager

Employee Organizations: IMEA, ICEA, IPOA, and Unrepresented Employees

B. Conference with Real Property Negotiator
Pursuant to California Government Code Section 54956.8

Property: Portion of 198 S. Peckham Road
(APN 8533-011-039)
Agency Negotiator: Julian A. MIranda, City Manager
Negotiating Parties: Martins Trucking
Under Negotiation: Price and terms of payment
Successor Agency Item

Property: 16249 Arrow Highway
Negotiating Parties: Marta McBride and Julian A. Miranda, City Manager
Under Negotiation: Price and terms of payment

C. Conference with Legal Counsel - Existing Litigation
Pursuant to Government Code Sections 54954.5(c), 54956.9(d)(1)

Name of Case: Five Points, LP vs. City of Irwindale
Case Number: 22STCV01394

D. ***Conference with Legal Counsel – Existing Litigation***
Pursuant to California Government Code Section 54956.9

Name of Case: Mariela Isabel Avila vs. City of Irwindale
Case Number: 23STCV0093

Name of Case: Robert Avila vs. City of Irwindale
Case Number: 23STCV05559

Amended on Monday, April 22, 2024 to include Item 5D

6. RECONVENE IN OPEN SESSION

7. REPORT FROM CLOSED SESSION

8. ADJOURNMENT

REGULAR MEETING

9. CALL TO ORDER

10. PLEDGE OF ALLEGIANCE

11. INVOCATION

12. ROLL CALL: Councilmembers: Mark A. Breceda, Manuel R. Garcia, H. Manuel Ortiz; Mayor Pro Tem Larry G. Burrola Mayor Albert F. Ambriz

13. AB 2449 DISCLOSURES
Remote participation by a member of the legislative body for just cause or emergency circumstances

14. CHANGES TO THE AGENDA

15. COUNCIL MEMBER TRAVEL REPORTS

16. COUNCILMEMBER COMMENTS

17. INTRODUCTION OF NEW EMPLOYEES/PROMOTIONS

18. PROCLAMATIONS / PRESENTATIONS / COMMENDATIONS

A. San Gabriel Valley Council of Governments presentation on coyotes

B. Irwindale Chamber of Commerce Quarterly Update

C. Proclamation - Autism Awareness Month

D. Proclamation - DMV/Donate Life Month

E. Proclamation - National Library Week

F. Proclamation - National Public Telecommunicators Week

G. Proclamation - Denim Day

19. CONSENT CALENDAR

A. Special and Regular Minutes of the Meeting held April 10, 2024
Department: City Clerk

Recommendation: Approve

B. Warrants / Demands / Payroll
Department: Finance

Recommendation: Approve.

C. Rejection of Claim - Jenny Chavez vs. City of Irwindale
Department: City Clerk

Recommendation: (1) Reject the claim of Jenny Chavez vs. City of Irwindale; and (2) Direct staff to send a letter of rejection.

D. Investment Quarterly Report for Fiscal Quarter Ending March 31, 2024.
Department: Finance

Recommendation: That the City Council, Successor Agency Board, and Housing Authority Board receive and file the Investment Quarterly Report for the fiscal quarter ending March 31, 2024.

20. SPONTANEOUS COMMUNICATIONS

This is the time set aside for members of the audience speak on items not on this agenda that are within the City Council's subject matter jurisdiction. State law prohibits any Council discussion or action on such communications unless 1) the Council by majority vote finds that a catastrophe or emergency exists; or 2) the Council by at least four votes finds that the matter (and need for action thereon) arose within the last five days. Since the Council cannot participate (except as stated), it is requested that all such communications be made in writing to be included on the next agenda for full discussion and action

All members of the public are asked to observe the City's Rules of Procedure and Public Meeting Decorum. The City's Rules of Procedure and Public Meeting Decorum can be found on the City's website, and Chapter 2.40 of the Irwindale Municipal Code. You may also contact the City Clerk's Office for copies.

Each speaker will be limited to 3 minutes unless such time limits are extended. If a member of the public wishes to donate their time to another speaker, both persons must be physically present and in attendance of the meeting. The Presiding Officer may, in his or her discretion, extend the 3-minute time limitation for the particular subject for all speakers. Organized groups of persons wishing to address the Council on the same subject should select a spokesperson to represent the group, so as to avoid unnecessary repetition. In no event shall the total amount of speaking time for exceed 6 minutes per person for the subject under discussion.

The Council may regulate a speaker who is speaking too long or out of order, being unduly repetitious, discussing irrelevancies, or extending to items not within its subject matter jurisdiction. Please be reminded that discrimination, abusive use of profanity, unruly disruption, and violent or physically threatening conduct is discouraged. Members of the public shall not disrupt the orderly conduct of the meeting. The Presiding Officer will request that a person cease any disruptive conduct, and if not immediately stopped, will direct the person to be removed from the meeting.

Public Comments will be heard in the following order:

1: In-person attendees

2: Teleconference attendees

3: In-person and teleconference attendees who have not previously provided comments on the matter(s) being discussed by the legislative body

21. NEW BUSINESS

At this time, members of the audience may ask to be heard regarding an item on New Business.

A. Verbal Update on Irwindale Park Improvements Projects, Phases IV and V
Department: Engineering

Recommendation: Receive the verbal update.

22. PUBLIC HEARINGS

At this time, members of the audience may ask to be heard regarding an item on Public Hearings.

23. CITY MANAGER'S REPORT

24. FUTURE AGENDA ITEMS REQUESTED BY COUNCIL MEMBERS

At this time, the City Council will deliberate and discuss whether these items should be placed on a future agenda. In order for any listed item to be placed on a future agenda for substantive discussion or action, the City Council must act by formal motion to direct the City Manager to place the item on a future agenda.

A. Request by Mayor Ambriz regarding the plans and visions for the Arrow Highway Corridor from Azusa Cayon Road, east to Vincent Avenue
Department: City Clerk

Recommendation: Discuss.

B. Request by Mayor Pro Tem Burrola on the Zoning Status for the Ten-Acre Site
Department: Administration

Recommendation: Discuss.

C. Request by Councilmember Ortiz related to the current situation with unhoused individuals
Department: City Clerk

Recommendation: Discuss.

25. ADJOURN

SUCCESSOR AGENCY TO THE IRWINDALE COMMUNITY REDEVELOPMENT AGENCY

26. AB 2449 DISCLOSURES

Remote participation by a member of the legislative body for just cause or emergency circumstances

27. CONSENT CALENDAR

A. Regular Minutes of the Meeting held April 10, 2024
Department: City Clerk

Recommendation: Approve

B. Warrants / Demands / Payroll
Department: Finance

Recommendation: Approve.

C. Investment Quarterly Report for Fiscal Quarter Ending March 31, 2024.
Department: Finance

Recommendation: That the City Council, Successor Agency Board, and Housing Authority Board receive and file the Investment Quarterly Report for the fiscal quarter ending March 31, 2024.

28. SPONTANEOUS COMMUNICATIONS

This is the time set aside for members of the audience to speak on items not on this agenda. Spontaneous Communications for the Successor Agency are subject to the same State prohibitions and City guidelines as cited on the City Council agenda.

29. NEW BUSINESS

At this time, members of the audience may ask to be heard regarding an item on New Business.

30. PUBLIC HEARINGS

At this time, members of the audience may ask to be heard regarding an item on Public Hearings.

31. ADJOURN

HOUSING AUTHORITY

32. AB 2449 DISCLOSURES

Remote participation by a member of the legislative body for just cause or emergency circumstances

33. CONSENT CALENDAR

A. Regular Minutes of the Meeting held April 10, 2024
Department: City Clerk

Recommendation: Approve

B. Investment Quarterly Report for Fiscal Quarter Ending March 31, 2024.
Department: Finance

Recommendation: That the City Council, Successor Agency Board, and Housing Authority Board receive and file the Investment Quarterly Report for the fiscal quarter ending March 31, 2024.

34. SPONTANEOUS COMMUNICATIONS

This is the time set aside for members of the audience to speak on items not on this agenda. Spontaneous Communications for the Housing Authority are subject to the same State prohibitions and City guidelines as cited on the City Council agenda.

35. NEW BUSINESS

At this time, members of the audience may ask to be heard regarding an item on New Business.

A. Acquisition of Las Casitas Senior Apartment Leasehold Interest
Department: Administration

Recommendation: That the Housing Authority Board authorize the Acquisition of Las Casitas Senior Apartment Leasehold Interest and **adopt Resolution No. HA-2024-03-141** entitled, "A RESOLUTION OF THE IRWINDALE HOUSING AUTHORITY APPROVING THE ACQUISITION OF THE LEASEHOLD INTEREST OF LAS CASITAS SENIOR APARTMENTS LOCATED AT 5164 AYON AVENUE AND AUTHORIZING THE TERMINATION OF THE ATTENDANT DISPOSITION AND DEVELOPMENT AGREEMENT AND REGULATORY AGREEMENT AND DECLARATION OF COVENANTS AND RESTRICTIONS WITH THE NORTHRIDGE GROUP, INC., AND FINDING THE ACTIONS EXEMPT FROM CEQA"

B. Presentation on Policy Change Regarding the Regulatory Agreement for the Substantial Home Rehabilitation Loan Program
Department: Administration

Recommendation: Receive presentation and provide direction to staff.

36. PUBLIC HEARINGS

At this time, members of the audience may ask to be heard regarding an item on Public Hearings.

37. ADJOURN

AFFIDAVIT OF POSTING

I, Laura M. Nieto, Chief Deputy City Clerk, certify that I caused the agenda for the regular meeting of the City Council, Irwindale Successor Agency to the Irwindale Community Redevelopment Agency and Housing Authority, to be held on April 24, 2024, be posted at the City Hall, Library, and Post Office on April 18, 2024.

Laura M. Nieto

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Laura M. Nieto, MMC
Chief Deputy City Clerk

IRWINDALE CITY COUNCIL CHAMBERS **APRIL 10, 2024**
5050 N. IRWINDALE AVENUE **WEDNESDAY**
IRWINDALE, CALIFORNIA 91706 **5:17 P.M.**

The Irwindale **CITY COUNCIL** and **HOUSING AUTHORITY** met in special joint meeting at the above time and place.

ROLL CALL: Present: Councilmembers Manuel R. Garcia, H. Manuel Ortiz; Mayor Pro Tem Larry G. Burrola; Mayor Albert F. Ambriz

Absent: Councilmember Mark A. Breceda

Also Present: Julian A. Miranda, City Manager; Adrian Guerra, City Attorney; and Laura Nieto, Chief Deputy City Clerk

AB 2449 DISCLOSURES None.

SPONTANEOUS COMMUNICATIONS None.

CONSENT CALENDAR

MOTION A motion was made by Mayor Pro Tem Burrola, seconded by Councilmember to approve the Consent Calendar. The motion was unanimously approved; Councilmember Breceda absent at the time.

ITEM NO. 4A
AMENDMENT NO. 2 TO CONTRACT WITH ITERIS, INC.

AMENDMENT NO. 2 TO CONTRACT SERVICES AGREEMENT WITH ITERIS, INC. FOR PROFESSIONAL DESIGN SERVICES FOR RELIANCE II PHASE I OFFSITE IMPROVEMENTS PROJECT; P-1014

The City Council approved Amendment No. 2 to Contract Services Agreement with Iteris, Inc. (Iteris) for Professional Design Services pertaining to the preparation of the Plans, Specifications, and Estimate (PS&E) for the Reliance II Phase I Offsite Improvements Project (P-1014), increasing the contract amount from $121,870.00 to $171,335.00 (an increase of $49,465.00), and a 20% project contingency in the amount of $34,267.00 was approved to cover any unforeseeable changes that may arise during design.

END OF CONSENT CALENDAR

RECESS TO CLOSED SESSION At 5:21 p.m., the City Council met in Closed Session to discuss the following:

Conference with Real Property Negotiator
Pursuant to California Government Code Section 54956.8

Property: 16124 Calle de Paseo
Agency Negotiator: Julian A. Miranda, Executive Director
Parties: Valerie R. Sanchez, Leonard B. Aguayo, and Kenneth Aguayo, each as 1/3 as tenants in common

Under Negotiation: Price and terms of payment
*Housing Authority Item

ACTION: Board Member Garcia declared a potential conflict of interest and did not participate in the discussion; discussion held, update provided, direction provided to staff.

Property: Las Casitas (5164 Ayon Avenue)
Parties: Northridge Group & Housing Authority
Under Negotiation: Price and terms of potential sale

ACTION: Update provided, direction provided to staff; no reportable action.

Property: 16359 Arrow Highway
Agency Negotiator: Julian A. Miranda, City Manager
Negotiating Parties: 39 Dalton Financial Ltd. Partnership
Under Negotiation: Price and terms of payment

ACTION: Update provided, direction provided to staff; no reportable action.

Conference with Labor Negotiator
Pursuant to California Government Code Section 54957.6

Agency Designated Representatives: Julian A. Miranda, City Manager, Adrian Guerra, Legal Counsel, Kambiz Borhani, Finance Director, Mary Hull, Human Resources Manager

Employee Organizations: IMEA, ICEA, IPOA, and Unrepresented Employees

ACTION: Update provided to Council, direction provided; no reportable action.

Conference with Legal Counsel – Existing Litigation
Pursuant to Government Code Sections 54954.5(c), 54956.9(d)(1)

Name of Case: Five Points, LP vs. City of Irwindale
Case Number: 22STCV01394

ACTION: Update provided to Council, direction provided by Council; no reportable action.

RECONVENE IN OPEN SESSION

At 6:58 p.m., the City Council reconvened in Open Session.

ADJOURNMENT There being no further business to conduct, the meeting was adjourned at 6:59 p.m.

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Laura M. Nieto, MMC
Chief Deputy City Clerk

IRWINDALE CITY COUNCIL CHAMBERS **APRIL 10, 2024**
5050 N. IRWINDALE AVENUE **WEDNESDAY**
IRWINDALE, CALIFORNIA 91706 **6:59 P.M.**

The Irwindale **CITY COUNCIL** met in regular session at the above time and place.

ROLL CALL: Present: Councilmembers Manuel R. Garcia, H. Manuel Ortiz; Mayor Pro Tem Larry G. Burrola; Mayor Albert F. Ambriz

Absent: Councilmember Mark A. Breceda

Also Present: Julian A. Miranda, City Manager; Adrian Guerra, City Attorney; Theresa Olivares, Assistant City Manager; Christopher Hofford, Chief of Police; Kambiz Borhani, Director of Finance / City Treasurer; Eddie Chan, Director of Engineering / Building Official; Elizabeth Rodriguez, Public Services Director; Mary Hull, Human Resources Manager, and Laura Nieto, Chief Deputy City Clerk

PLEDGE OF ALLEGIANCE The Pledge of Allegiance was conducted.

AB 2449 DISCLOSURES None.

CHANGES TO THE AGENDA None.

COUNCILMEMBER TRAVEL REPORTS None.

COUNCILMEMBER COMMENTS None.

INTRODUCTION OF NEW EMPLOYEES / PROMOTIONS None.

PROCLAMATIONS / PRESENTATIONS / COMMENDATIONS None.

CONSENT CALENDAR

MOTION A motion was made by Councilmember Ortiz, seconded by Mayor Pro Tem Burrola, to approve the Consent Calendar. The motion was unanimously approved; Councilmember Breceda absent and Councilmember Garcia abstaining on Item No. 20C.

ITEM NO. 20A
MINUTES OF SPECIAL AND REGULAR MEETINGS OF MARCH 27, 2024

MINUTES OF SPECIAL AND REGULAR MEETINGS OF MARCH 27, 2024

The minutes of the special and regular meetings of March 27, 2024, were approved.

ITEM NO. 20B WARRANTS / DEMANDS / PAYROLL	WARRANTS / DEMANDS / PAYROLL The warrants / demands / payroll were approved.
ITEM NO. 20C AWARD OF CONTRACT FOR THE IRWINDALE VETERANS MONUMENT IMPROVEMENTS PROJECT	AWARD OF CONTRACT FOR THE IRWINDALE VETERANS MONUMENT IMPROVEMENTS PROJECT – PHASE II; P-1059 The City Council authorized the City Manager to execute a contract agreement between the City of Irwindale and Mariposa Landscapes, Inc., for the Irwindale Veterans Monument Improvements Project – Phase II in the amount of $209,546.00, subject to approval as to form by the City Attorney's Office, and a 10% project contingency in the amount of $20,955.00 was approved to cover any unforeseeable changes that may arise during design; Councilmember Garcia abstaining.
ITEM NO. 20D AWARD OF CONTRACT FOR THE DEVELOPMENT OF A SAFE STREETS FOR ALL (SSRA) COMPREHENSIVE SAFETY ACTION PLAN; P-1060	AWARD OF CONTRACT FOR THE DEVELOPMENT OF A SAFE STREETS FOR ALL (SS4A) COMPREHENSIVE SAFETY ACTION PLAN; P-1060 The City Council authorized the City Manager to execute a contract agreement between the City of Irwindale and GTS for the development of a Safe Streets for All (SS4A) Comprehensive Safety Action Plan in the amount of $183,860.00, subject to approval as to form by the City Attorney's Office, and a 10% project contingency in the amount of $18,386.00 was approved to cover any unforeseeable changes that may arise during design.

END OF CONSENT CALENDAR

SPONTANEOUS COMMUNICATIONS

FRED BARBOSA	Fred Barbosa requested clarification on the scope of the First Amendment.
DENA ZEPEDA	Dena Zepeda stated that her rights were taken by the Council by limiting her public comments to three minutes. She also requested changing the name of the Las Casitas senior apartments to "Mayra's Casitas" or "Ayon Casitas".
ANONYMOUS	An anonymous Spanish-speaking individual reported street vendors near the 605 freeway offramp on Ramona Boulevard in Irwindale and stated that the vendors are creating traffic issues and are littering. He requested Code Enforcement assistance to remove them from the area.
SUZANNE GOMEZ	Suzanne Gomez suggested that the City's General Plan and ordinances be developed in a manner consistent with the forefathers' vision and asked that city land be used to benefit residents.

CARMEN ROMAN — Carmen Roman requested assistance for the Spanish speaking individual, concurred with Ms. Gomez's statements, and reported that the air conditioning units at the modular offices that are temporarily being used by the Recreation Department are not working.

MAYOR AMBRIZ — Mayor Ambriz directed that the City Manager arrange to assist the Spanish-speaking gentleman.

NEW BUSINESS

ITEM NO. 22A ACCESS GATE INTO IRWINDALE PARK — ACCESS GATE INTO IRWINDALE PARK

DIRECTOR RODRIGUEZ — Director Rodriguez presented the report.

DENA ZEPEDA — Responding to questions by Dena Zepeda, Director Rodriguez advised that the City does not already have a key to the gate belonging to a neighbor of the subject property but noted that staff would work on obtaining one.

In response to an additional question from Dena Zepeda, City Attorney Guerra advised that the City would request an indemnity agreement from the homeowner to hold the City harmless. He also recommended that the other homeowners also provide keys to the City.

CARMEN ROMAN — Carmen Roman suggested that any modifications made by the adjacent homeowners remain consistent.

MAYOR PRO TEM BURROLA — Mayor Pro Tem Burrola and Councilmember Ortiz expressed their preference for option 1.

MOTION — A motion was made by Councilmember Garcia to select option 2 as spelled out in the staff report. The motion died due to a lack of a second.

MOTION — A motion was made by Mayor Pro Tem Burrola, seconded by Councilmember Ortiz, to select option 1 as shown in the staff report, where the City approves the property owner's request to construct and install a gate in the City's block wall in order to access Irwindale Park from their property, although the resident would be required to obtain all required permits, pay 100% of the permit and construction costs, indemnify the City of any liability, and provide the City with a copy of the key to retain in case of an emergency, and the City would not contribute toward any cost under this option. The motion was unanimously approved; Councilmember Breceda absent.

PUBLIC HEARINGS

ITEM NO. 23A
COMPREHENSIVE ZONING CODE UPDATE

COMPREHENSIVE ZONING CODE UPDATE

DIRECTOR SIMPSON — Director Simpson presented the staff report and introduced Nick Pergakes of Interwest, who presented additional details and made a PowerPoint presentation reviewing the proposed Zoning Code update as well as changes to the Code and general updates.

OPEN PUBLIC HEARING — At 7:41 p.m., Mayor Ambriz opened the public hearing.

FRED BARBOSA — Fred Barbosa stated that many cities are changing commercial zones to residential, expressed his opinion that the Reliance 2 specific plan is not the highest and best use for the property, and recommended denying it.

ROBERT DIAZ — Robert Diaz requested that the proposal be returned to the Planning Commission for further review and study. He also questioned proposed zoning for the Skate Park, stated that Morada Street residents prefer to keep adjacent land as residential, indicated that the Reliance 2 site is excellent for commercial development, spoke in support of more commercial-zoned land, stated that proposed setback requirements for C3 zones are too harsh, noted that the empty pits near the freeway in commercial zones need a new definition, made other setback suggestions, recommended a 35-foot height limit on new buildings, made observations of logistics zones in Arcadia and El Monte, and requested that the Council consider codifying the rules and regulations put out by the Air Resources Board and the California Environmental Health Agency.

CARMEN ROMAN — Carmen Roman spoke against buildings that exceed 50 feet in height, requested that the entire 10-acre parcel on Allen Drive be zoned for housing, spoke against C3 zones, and expressed opposition to developing housing units above commercial units. She also questioned the cancellation of several Planning Commission meetings recently.

SUZANNE GOMEZ — Suzanne Gomez commended staff and the consultant for drafting a comprehensive report. She stressed the need to receive additional input from the Council and the public, stated that the General Plan needs work, noted that an environmental justice element was not addressed in the zoning ordinance, questioned whether specific plans are appropriate for the City, expressed her belief that decisions should be made by the Council and not by staff and that more commercial zones should be designated, spoke on her setback preferences, stated that buildings should not measure higher than 40

feet, opposed residential units situated above businesses, and requested that the report be further enhanced.

FRED BARBOSA

Responding to a question by Fred Barbosa, City Manager Miranda advised that 10 acres within the 36-acre land between Allen and Vincent belong to the City.

DENA ZEPEDA

Dena Zepeda stated her understanding that state mandates are not law, mentioned that the Council is not listening to residents, and suggested that the matter be returned to the Planning Commission for further consideration.

CLOSE PUBLIC HEARING

There being no further speakers, Mayor Ambriz closed the public hearing at 8:16 p.m.

MAYOR PRO TEM BURROLA

Mayor Pro Tem Burrola stated that the General Plan and the Zoning Code need to “combine” and requested postponing the matter.

COUNCILMEMBER ORTIZ

Councilmember Ortiz agreed that land proposed for light industrial should be zoned for commercial and that the maximum building height be set at 40 feet. He also questioned the need for specific plans since, in his opinion, they limit the authority that the Council has to determine whether an environmental impact report (“EIR”) is required for a development, to which Director Simpson explained that a specific plan applies to a particular area to be developed with its own zoning code due to a unique aspect of the area. She then noted that there are currently three specific plans in the city: City of Hope, Reliance 2, and the Park at Live Oak. She further noted that some are mostly consistent with the zoning code, though there do exist minor differences.

Responding to additional questions from Councilmember Ortiz, Director Simpson noted that the City of Hope specific plan includes and EIR. Duarte, the lead city, adopted the specific plan for this project and certified its EIR, after which it was brought to the Irwindale Council, which also adopted the specific plan and certified the EIR. She added that an EIR has also been prepared for the Park at Live Oak project, and that it is available online. She also added that the Reliance 2 project did not have an EIR conducted since it went through an initiative process and was approved by voters.

Councilmember Ortiz asked Director Simpson if she recommended the specific plan, to which she advised that developers could request to have specific plans for sites that have unique characteristics, though the Council is not obligated to approve it. She added that details in the specific plan are reviewed by the Planning Commission which then makes a recommendation to the City Council.

Councilmember Ortiz expressed concern over businesses that expand their operations, creating more adverse effects on the

environment, yet remain under the conditions of the original CUP, to which Director Simpson noted that some businesses operate in legal, non-conforming status, and advised that businesses looking to expand would be required to comply with the current code. For example, if a site has a CUP and a new business moves in, the business representatives would need to sign an affidavit of acceptance and conditions of approval so that they could operate in compliance. If businesses wish to expand, the related CUP would be addressed by the Planning Commission and, if the business operates outside its CUP or business license requirements, Code Enforcement staff would take action against the business.

Councilmember Ortiz noted that there is not much information in the new code that relates to truck parking yards, to which Director Simpson indicated that the section was not changed and that these types of businesses would still require CUP's.

Councilmember Ortiz reiterated his desire to mitigate environmental impacts from businesses and for staff to look into the concerns raised by the Council and the members of the public and take back to the Planning Commission, if necessary.

COUNCILMEMBER GARCIA

Councilmember Garcia stated that safety zones could help prevent undesirable effects on the City. He suggested remitting the matter back to the Planning Commission for more input and details, particularly for commercial areas.

REOPEN PUBLIC HEARING

At 8:31 p.m., Mayor Ambriz reopened the public hearing.

FRED BARBOSA

Fred Barbosa suggested requiring a full EIR of the Reliance 2 pit before allowing the work to expand.

CLOSE PUBLIC HEARING

There being no additional speakers, Mayor Ambriz closed the public hearing at 8:32 p.m.

MAYOR PRO TEM BURROLA

Mayor Pro Tem Burrola requested that this issue be reverted back to the Planning Commission, and that it also analyze block wall height requirements, building height requirements, dust mitigation measures, setback requirements, and potentially auto demolition.

SENIOR PLANNER JONES

In reply to a comment by Mayor Pro Tem Burrola, Senior Planner Jones advised that there are no current plans to rezone Alpha Street.

MAYOR PRO TEM BURROLA

Mayor Pro Tem Burrola stated that he does not want auto demolition businesses in the City anymore, and that auto dismantling companies that move out of the City should not be replaced by others. He also asked for staff to address setback requirements, to which Senior Planner Jones responded by discussing the setback requirements for attached vs. detached structures.

Mayor Pro Tem Burrola stated that a developer recently built homes with setbacks that do not comply with codes.

OPEN PUBLIC HEARING

At 8:39 p.m., Mayor Ambriz opened the public hearing.

VIRGINIA DIAZ

Virginia Diaz stated that residents live in a wonderful city and that smog and traffic issues have been greatly reduced. She opposed any type of building that would create dust issues along Allen Drive.

MIGUEL VIRGEN

Miguel Virgen stated that the City plans on creating a new Library and asked whether the 40-foot height limit for buildings would apply to public and commercial entities, to which Director Simpson advised that the code is being proposed to change to “public” and “semipublic” buildings instead of “commercial” and “industrial”. She added that M1 has a height limit of 35 feet and M2 has no height limit, which staff is proposing changing.

CLOSE PUBLIC HEARING

There being no additional speakers, Mayor Ambriz closed the public hearing at 8:43 p.m.

MOTION

A motion was made by Mayor Pro Tem Burrola, seconded by Councilmember Ortiz, to return this item to the Planning Commission so that it could address the comments and concerns raised during the public hearing. The motion was unanimously approved; Councilmember Breceda absent.

CITY MANAGER’S REPORT

CITY MANAGER MIRANDA

City Manager Miranda reported the following:

1) The Renaissance Pleasure Fair will be held weekends at the Santa Fe Dam through May 19; expect increased traffic near the main entrance.
2) An emergency preparedness workshop has been scheduled for April 13.
3) He also provided information regarding upcoming Senior Center events.

FUTURE AGENDA ITEMS REQUESTED BY COUNCIL MEMBERS

MAYOR PRO TEM BURROLA

Responding to a concern from Mayor Pro Tem Burrola regarding non-functioning air conditioners at the mobile modulars that are temporarily being used for Recreation Department functions, City Manager Miranda advised that staff is aware of the issue and is working on procuring a generator to make sure it supplies sufficient

power to both modulars and added that he would provide an update to the Council tomorrow.

MAYOR AMBRIZ

Mayor Ambriz requested placing an item on the agenda to discuss the City's vision and plans for Arrow Highway between Azusa Canyon Road and Vincent Avenue.

MAYOR PRO TEM BURROLA

Mayor Pro Tem Burrola also requested to place a matter on a future agenda to discuss the 10-acre site on Allen Drive.

CITY MANAGER MIRANDA

City Manager Miranda requested clarification regarding Mayor Pro Tem Burrola's request, to which Mayor Pro Tem Burrola indicated that he is seeking discussion regarding the size of land reserved for housing at the Allen Drive site.

COUNCILMEMBER ORTIZ

Councilmember Ortiz requested a status update on the plans from the San Gabriel Riverbed Working Group, comprised by officials from the cities of Irwindale, Duarte, and Azusa, to address homelessness. He also requested that canopies be installed at Jardin de Roca Park to provide shade to the seniors that participate in Senior Center programs on Wednesdays from 8:30 am until approximately 11:30 a.m.

ITEM NO. 25A
REQUEST BY MAYOR PRO TEM BURROLA REGARDING SOLAR PANEL INSTALLATION AT AQUATICS CENTER

REQUEST BY MAYOR PRO TEM BURROLA REGARDING SOLAR PANEL INSTALLATION AT AQUATICS CENTER

MAYOR PRO TEM BURROLA

Mayor Pro Tem Burrola asked about the feasibility of installing solar panels at the bleacher area of the pool to help lower electricity costs, to which City Manager Miranda advised that staff would provide a verbal report at the next meeting. He also noted that a concern was raised about a large payment issued recently to Southern California Edison and clarified that the payment encompasses two months of electricity at all city facilities, not just one.

ADJOURNMENT

There being no further business to conduct, the meeting was adjourned at 8:56 p.m.

_____
Laura M. Nieto, MMC
Chief Deputy City Clerk

Accounts Payable

Checks by Date - Summary by Check Number

User: imarin
Printed: 4/18/2024 2:40 PM

Check No	Vendor No	Vendor Name	Check Date	Check Amount
101350	AMERIFID	American Fidelity Assurance	04/04/2024	9,790.28
101351	AT&T02	AT & T	04/04/2024	69.65
101352	Ayala01	Leonor Ayala	04/04/2024	582.00
101353	AZUSALW	Azusa Light & Water	04/04/2024	603.26
101354	CALIFO02	California American Water	04/04/2024	1,456.63
101355	CHARTE01	Charter Communications	04/04/2024	463.03
101356	EVANS02	Gloria Evans	04/04/2024	225.00
101357	FLORE01	Karla Flores	04/04/2024	560.00
101358	GARCIA03	Manuel Garcia	04/04/2024	485.71
101359	GATTO01	Rudy Gatto	04/04/2024	28.94
101360	SOUTHE17	Golden State Water Company	04/04/2024	1,374.02
101361	GOVER01	Governmentjobs.com,Inc.	04/04/2024	5,485.63
101362	LANCES	Lance, Soll & Lunghard LLP	04/04/2024	7,500.00
101363	LOPEZJ01	Jade Lopez	04/04/2024	50.00
101364	LUNA02	Manuel Luna	04/04/2024	4,000.00
101365	MIRAND25	Blanche V. Miranda	04/04/2024	390.00
101366	OPTUM01	OptumRx, Inc.	04/04/2024	18,846.31
101367	OSTERH01	Delfina Osterheim	04/04/2024	115.79
101368	PAIK01	Sumako Paik	04/04/2024	180.00
101369	PYROSP	Pyro-Spectaculars, Inc.	04/04/2024	17,675.00
101370	RICOH02	Ricoh USA, Inc	04/04/2024	1,673.13
101371	GASCOM	SoCalGas	04/04/2024	3,855.20
101372	TORR12	Elisa Torres	04/04/2024	7.50
101373	VALLEY01	Valley County Water District	04/04/2024	6,458.68
101374	WAGONER	Pamela Wagoner	04/04/2024	585.00
101375	CALIFO56	California State Disbursement Unit	04/04/2024	604.15
101376	CALIFO57	California State Disbursement Unit	04/04/2024	143.07
101377	FRANC06	Franchise Tax Board	04/04/2024	467.40
101378	LOSANG31	Los Angeles County Sheriff's Dept.	04/04/2024	290.44
101379	AMBR01	Ann Ambriz	04/08/2024	300.00
101380	JARAMI05	Gilbert Jaramillo	04/08/2024	300.00
101381	MIRAND07	Arline Miranda	04/08/2024	300.00
101382	MIRAN10	Julian Miranda	04/08/2024	300.00
101383	TAPIA04	Janell Tapia	04/08/2024	90.00
101384	ZEPEDA04	Dena Zepeda	04/08/2024	300.00
		Report Total (35 checks):		85,555.82

Accounts Payable

Checks by Date - Summary by Check Number

User: imarin
Printed: 4/18/2024 2:41 PM

Check No	Vendor No	Vendor Name	Check Date	Check Amount
101386	ABRA01	Julver Abram	04/11/2024	880.42
101387	ALLIAN	Alliant Insurance Services, Inc.	04/11/2024	4,057.00
101388	ALLIAN02	Alliant Insurance Services, Inc.- Irvine Mai	04/11/2024	297.00
101389	AMAZON1	Amazon Capital Services, Inc.	04/11/2024	715.51
101390	AMERIC34	American Fidelity Assurance Co	04/11/2024	5,767.30
101391	ALVARE06	Mariela Avila	04/11/2024	220.50
101392	BENI01	Cristal Torres Benitez	04/11/2024	1,105.00
101393	BRINK02	Adriana Brinko	04/11/2024	75.00
101394	BURROL08	Larry Burrola	04/11/2024	139.36
101395	SANGAB11	California Newspapers Partnership	04/11/2024	8,627.63
101396	CARLS01	Cory Carlson	04/11/2024	300.00
101397	CONCE01	Concentra	04/11/2024	1,215.00
101398	GALLO01	Trystina Gallo	04/11/2024	300.00
101399	HOYEN	Noelle Hoye	04/11/2024	1,120.00
101400	PADILLAM	Melissa Marez	04/11/2024	217.91
101401	WILL01	April Williams	04/11/2024	460.00
101402	MART02	Nancy Martinez	04/11/2024	75.00
101403	NAVARR04	Humberto Navarro Jr.	04/11/2024	200.00
101404	NG01	Carol Ng	04/11/2024	13.50
101405	PETTYC02	City of Irwindale-Rec Petty Cash	04/11/2024	467.94
101406	PURCHA	Purchase Power	04/11/2024	2,030.00
101407	SECRET01	Secretary of State	04/11/2024	40.00
101408	SIERRA01	Sierra Chevrolet	04/11/2024	145.00
101409	SCE02	Southern California Edison	04/11/2024	36,556.85
			Report Total (24 checks):	65,025.92

Accounts Payable

Checks by Date - Summary by Check Number

User: imarin
Printed: 4/18/2024 2:37 PM

Check No	Vendor No	Vendor Name	Check Date	Check Amount
101411	AFFEK01	Affektive Software LLC	04/24/2024	1,514.04
101412	ALLCI01	All City Management Services, Inc	04/24/2024	998.10
101413	AMAZON1	Amazon Capital Services, Inc.	04/24/2024	2,957.29
101414	DF01	Anselmo Ryan Angulo	04/24/2024	200.00
101415	ARC03	ARC Document Solutions, Inc.	04/24/2024	967.81
101416	ATHENS	Athens Services	04/24/2024	6,049.43
101417	AZUSAP01	Azusa Plumbing Supply	04/24/2024	149.94
101418	B&BTIR	B & B Tires Service	04/24/2024	95.00
101419	BAKER01	Baker & Taylor Books	04/24/2024	77.07
101420	MIJACA	Balcon Holdings, Inc.	04/24/2024	317.00
101421	BARNEY	Barney's Locksmith Service	04/24/2024	281.85
101422	CALBLE	Cal Blend Soils, Inc.	04/24/2024	529.75
101423	CALIFO42	California Building Standards	04/24/2024	554.40
101424	CALI12	California Consulting Inc.	04/24/2024	4,500.00
101425	SANGAB11	California Newspapers Partnership	04/24/2024	4,098.12
101426	CALI20	California Waters	04/24/2024	1,462.78
101427	CDW01	CDW Government	04/24/2024	650.86
101428	CHRISN01	Chris Nelson & Associates, Inc.	04/24/2024	13,830.00
101429	CINTAS	Cintas Corporation #693	04/24/2024	457.43
101430	BALDWI02	City of Baldwin Park	04/24/2024	525.00
101431	CONCE01	Concentra	04/24/2024	916.00
101432	COSTA01	Costar Realty Information, Inc.	04/24/2024	420.00
101433	COUNTY04	County of Los Angeles	04/24/2024	11,747.27
101434	CRAFT01	Craftwater Engineering, Inc.	04/24/2024	20,194.00
101435	CSG01	CSG Consultants	04/24/2024	9,450.00
101436	CUMMINS	Cummins-Allison Corp	04/24/2024	240.96
101437	CWA01	CWA AIA, Inc	04/24/2024	57,037.35
101438	DAVIDE	David Evans & Associates Inc	04/24/2024	797.00
101439	ECORP01	ECORP Consulting, Inc.	04/24/2024	22,767.74
101440	BATE01	Elior Inc.	04/24/2024	4,232.80
101441	ENVIRO05	Environmental Science Associates (ESA)	04/24/2024	13,154.50
101442	FAST02	Fast Response On-Site Testing	04/24/2024	1,000.00
101443	FCG01	FCG Consultants Inc.	04/24/2024	5,172.65
101444	FEDEX	FedEx	04/24/2024	32.33
101445	FLOCK01	Flock Group, Inc	04/24/2024	49,400.00
101446	GARDEN	Garden View	04/24/2024	352.52
101447	GARVEY	Garvey Equipment Co	04/24/2024	224.84
101448	GREAT10	Great Western Recreation, LLC	04/24/2024	725.33
101449	Harvey	Harvey Consulting Group, Inc.	04/24/2024	5,400.00
101450	HDL01	Hdl Software, LLC	04/24/2024	34.56
101451	HINDER	Hinderliter, De Llamas & Assoc	04/24/2024	300.00
101452	IMPE01	Imperial County Office of Education	04/24/2024	4,335.93
101453	INTER01	Interwest Consulting Group	04/24/2024	2,972.50
101454	IRWIND21	Irwindale Hand Wash & Auto Detail	04/24/2024	814.70
101455	ITERIS	Iteris, Inc.	04/24/2024	1,520.00
101456	KIML01	Kimley-Horn and Associates, Inc.	04/24/2024	30,807.50
101457	LANCES	Lance, Soll & Lunghard LLP	04/24/2024	6,096.00

Check No	Vendor No	Vendor Name	Check Date	Check Amount
101458	LEXISN	LexisNexis Risk Solutions	04/24/2024	151.50
101459	LSA01	LSA Associates, Inc.	04/24/2024	1,147.50
101460	MIDAS	Manuel C Muratalla	04/24/2024	1,380.19
101461	MARIPO	Mariposa Landscapes, Inc.	04/24/2024	9,411.72
101462	MEJIA05	Jaime Emmanuel Mejia	04/24/2024	77.00
101463	NOVA01	Nova Geotechnical & Inspection Services -	04/24/2024	60,186.25
101464	OFFICE03	ODP Business Solutions, LLC	04/24/2024	1,183.11
101465	ORKINP	Orkin	04/24/2024	150.00
101466	OVER01	OverDrive, Inc.	04/24/2024	2,000.00
101467	PERF03	Performance Elevator Contractors, Inc.	04/24/2024	740.00
101468	PLUM01	Plump Engineering, Inc.	04/24/2024	525.00
101469	PROPRINT	Pro Printing, Inc.	04/24/2024	75.00
101470	PSYCHO01	Psychological Consulting Associates, Inc	04/24/2024	462.00
101471	RIGHT01	Right of Way, Inc.	04/24/2024	2,458.84
101472	SIMG01	Simgel Co. Inc	04/24/2024	377,396.64
101473	STGEO01	St. George's Medical Clinic	04/24/2024	745.00
101474	STATEO01	State Of California	04/24/2024	288.00
101475	LEES01	Chad A. Streelman	04/24/2024	132.30
101476	TUTOR01	Tutor.com	04/24/2024	2,000.00
101477	UNITED11	United Site Services of CA Inc	04/24/2024	589.50
101478	VISTA01	Vista Paint Corporation	04/24/2024	19.34
101479	WALT01	Walters Wholesale Electric Co.	04/24/2024	1,320.98
101480	WESTCO05	West Coast Arborists, Inc.	04/24/2024	2,631.30
101481	HDSUP01	WHITE CAP, L.P.	04/24/2024	67.80
101482	YTIRES	Y Tire Sales	04/24/2024	30.00
			Report Total (72 checks):	755,531.32

Item #19.C.

City of IRWINDALE
AGENDA REPORT

Date: April 24, 2024

To: Honorable Mayor and Members of the City Council

From: Julian A. Miranda, City Manager

Issue: Rejection of Claim - Jenny Chavez vs. City of Irwindale

City Manager's Recommendation:

(1) Reject the claim of Jenny Chavez vs. City of Irwindale; and (2) Direct staff to send a letter of rejection.

Administrative Action:

Reviewed by:

Adrian R. Guerra, City Attorney

Approved by:

Julian A. Miranda, City Manager

Background and Analysis:

On April 8, 2024, the City received a claim for damages from claimant Jenny Chavez. Claimant Chavez alleges that while her vehicle was parked at 16014 Adelante Street in Irwindale, a tree branch fell, striking her vehicle and causing dents and paint damage.

The claim was reviewed by the City's claims adjuster, Carl Warren & Co., who has recommended the rejection of the claim. Their recommendation is made on the basis that the City does not own, control, or maintain the tree involved in this loss. The tree is located on private property and not within the City's right-of-way. Accordingly, staff is recommending that the City Council reject the claim and direct staff to send a standard letter of rejection. Alternatively, the City Council may direct the City Manager to negotiate resolution of the claim.

Fiscal Impact:

None

Attachments:

1. Claim - Chavez Jenny_Redacted
2. Chavez, Jenny - Photos

CITY OF IRWINDALE

CLAIM FOR DAMAGES TO PERSON OR PROPERTY

INSTRUCTIONS

1. **Claims for death, injury to person or to personal property must be filed not later than 6 months after the occurrence.**
2. **Claims for damages to real property must be filed not later than 1 year after occurrence.**
3. **Read entire claim before filing.**
4. **See page 2 for diagram upon which to locate place of accident.**
5. **This claim for must be signed on page 2 at bottom.**
6. **Attach separate sheets if necessary to give full details. Sign each sheet.**
7. **File with City Clerk, 5050 N. Irwindale Ave., Irwindale, CA 91706**

RECEIVED
APR 0 8 2024
CITY OF IRWINDALE CITY CLERKS DEPT.
Clerk's Official Filing Stamp

To: City of Irwindale	Claimant's Date of Birth [redacted]
Name of Claimant: Jenny Chavez	Claimant's Occupation:
Home Address of Claimant [redacted]	Home Telephone Number [redacted]
Business Address of Claimant:	Business Telephone Number:

Name and address to which you desire notices or communications to be sent regarding this claim: [redacted]

When did DAMAGE or INJURY occur?
Date: 4/3/24 Time: 1:30pm
If claim is for Equitable Indemnity, give date claimant served with complaint: _____

Names of any City employees involved in INJURY or DAMAGE:

Where did DAMAGE or INJURY occur? Describe in full detail and locate on diagram on page 2. Where appropriate, give street names, addresses, and measurements from landmarks:
On the street, infront of ~~16~~ 16014 Adelante St Irwindale 91702

Describe in detail how the DAMAGE or INJURY occurred.
A tree Branch fell on the right side of the car and dented and scratched the paint.

Why do you claim the City of Irwindale is responsible?
where the tree is located, It should be responsible of the city due to it not being my fault the branch fell.

What DAMAGE or INJURIES do you claim resulted? Give full extent of injuries or damage claimed.
Damaged my car where it denied and scratched the paint.

Claimant's Name:

Jenny Chavez

State the amount which you are claiming as of the date of presentation of this claim. Give basis of computation.

$1,057.61

Give estimated amount of future losses due to INJURY or DAMAGE:

—

Was damage and/or injury investigated by the police? NO If yes, what City? _____

Were paramedics or ambulance called? NO If yes, name City or ambulance _____

If injured, give name and address of your doctor and the date and time of your first visit:

Doctors and Hospitals:

Doctor _____ Address _____ Date Hospitalized _____

Hospital _____ Address _____ Date Hospitalized _____

Hospital _____ Address _____ Date Hospitalized _____

Witnesses to DAMAGE or INJURY: List all persons and addresses of persons known to have information:

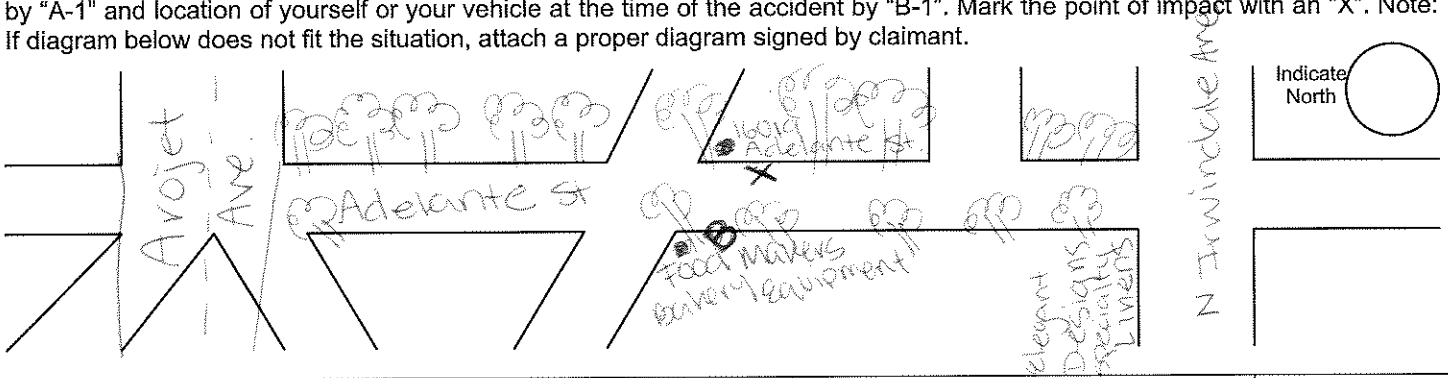
Name _____ Address _____ Phone _____

Name _____ Address _____ Phone _____

READ CAREFULLY

For all accident claims, indicate on the diagram street names, including North, East, South, and West. Indicate place of accident with an "X". Indicate house numbers or distances to street corners.

If a City vehicle was involved, designate with an "A" the location of the City vehicle when you first saw it, and with "B" the location of yourself or your vehicle when you first saw the City vehicle. Indicate location of City vehicle at the time of accident by "A-1" and location of yourself or your vehicle at the time of the accident by "B-1". Mark the point of impact with an "X". Note: If diagram below does not fit the situation, attach a proper diagram signed by claimant.



Signature of Claimant (if other than claimant, indicate relationship)	Typed Name	Date
Jenny Chavez	Jenny Chavez	4/8/24

Note: Claims must be filed with the City Clerk. **Presentation of a false claim is a felony (Penal Code Section 72)**

Date: 4/ 8/2024 09:19 AM
Estimate ID: 533
Estimate Version: 0
Preliminary
Profile ID: * Mitchell

5 STAR AUTO BODY REPAIR

5154 MAINE AVE, BALDWIN PARK, CA 91706
(626) 862-1754
Email: pdeshop1@AOL.COM

Damage Assessed By: MITCHELL MITCHELL
Classification: None

Deductible: UNKNOWN

Insured: JEANNY CHAVEZ
Telephone: Home Phone: [redacted]

Mitchell Service: 917723

Description: 2005 Hyundai Santa Fe GLS
Body Style: 4D Ut
Drive Train: 2.7L Inj 6 Cyl 2WD
VIN: [redacted]
OEM/ALT: O
Search Code: None
Options: PASSENGER AIRBAG, POWER LOCK, POWER WINDOW, POWER STEERING, REAR WINDOW DEFOGGER
AIR CONDITION, REAR WINDOW WIPER, CRUISE CONTROL, TILT STEERING COLUMN
AM/FM STEREO, DRIVER AIRBAG, HEATED EXTERIOR MIRROR, SKID PLATES
PREMIUM SOUND SYSTEM, ANTI-LOCK BRAKE SYS., TRACTION CONTROL, FOG LIGHTS
ALUM/ALLOY WHEELS, ANTI-THEFT SYSTEM, LEATHER STEERING WHEEL, CD PLAYER
POWER ADJUSTABLE EXTERIOR MIRROR, CASSETTE PLAYER, PRIVACY GLASS
FIRST ROW BUCKET SEAT, CLOTH SEAT, SIDE AIRBAGS, KEYLESS ENTRY SYSTEM
REAR BENCH SEAT

Line Item	Entry Number	Labor Type	Operation	Line Item Description	Part Type/ Part Number	Dollar Amount	Labor Units
1	700005	BDY	REMOVE/INSTALL	Frt Bumper Assy			1.4 #
2	700037	BDY	REMOVE/INSTALL	R Front Combination Lamp			INC #
3	700226	BDY	REMOVE/REPLACE	R Fender Panel	66321-26260	204.18	4.0* #
4	AUTO	REF	REFINISH	R Fender Outside		C	2.0
5	AUTO	REF	REFINISH	R Add To Edge Fender		C	0.5
6	701056	REF	BLEND	R Frt Door Outside		C	0.9
7	701078	BDY	REMOVE/INSTALL	R Frt Door Mirror			0.3
8	933002	REF	ADD'L OPR	Clear Coat			2.0*

*** - Judgment Item**
 # - Labor Note Applies
C - Included in Clear Coat Calc

ESTIMATE RECALL NUMBER: 04/08/2024 09:10:33 533
Mitchell Data Version: MAR_23_V

Copyright (C) 1994 - 2023 Mitchell International
All Rights Reserved

Software Version: 7.1.242

Claim #: 502914714 3-1_A2834630

Date: 4/ 8/2024 09:19 AM
Estimate ID: 533
Estimate Version: 0
Preliminary
Profile ID: * Mitchell

Estimate Totals

I. Labor Subtotals

	Units	Rate	Add'l Labor Amount	Sublet Amount	Totals	
Body	5.7	75.00	0.00	0.00	427.50	T
Refinish	5.4	75.00	0.00	0.00	405.00	T
Taxable Labor					832.50	
Labor Summary	11.1				832.50	

II. Part Replacement Summary

			Amount
Taxable Parts			204.18
Sales Tax	@	10.250%	20.93
Total Replacement Parts Amount			225.11

III. Additional Costs

	Amount
Total Additional Costs	0.00

IV. Adjustments

	Amount
Customer Responsibility	0.00

I.	Total Labor:	832.50
II.	Total Replacement Parts:	225.11
III.	Total Additional Costs:	0.00
	Gross Total:	1,057.61
IV.	Total Adjustments:	0.00
	Net Total:	1,057.61

This is a preliminary estimate.
Additional changes to the estimate may be required for the actual repair.

ESTIMATE RECALL NUMBER: 04/08/2024 09:10:33 533
Mitchell Data Version: MAR_23_V

Software Version: 7.1.242

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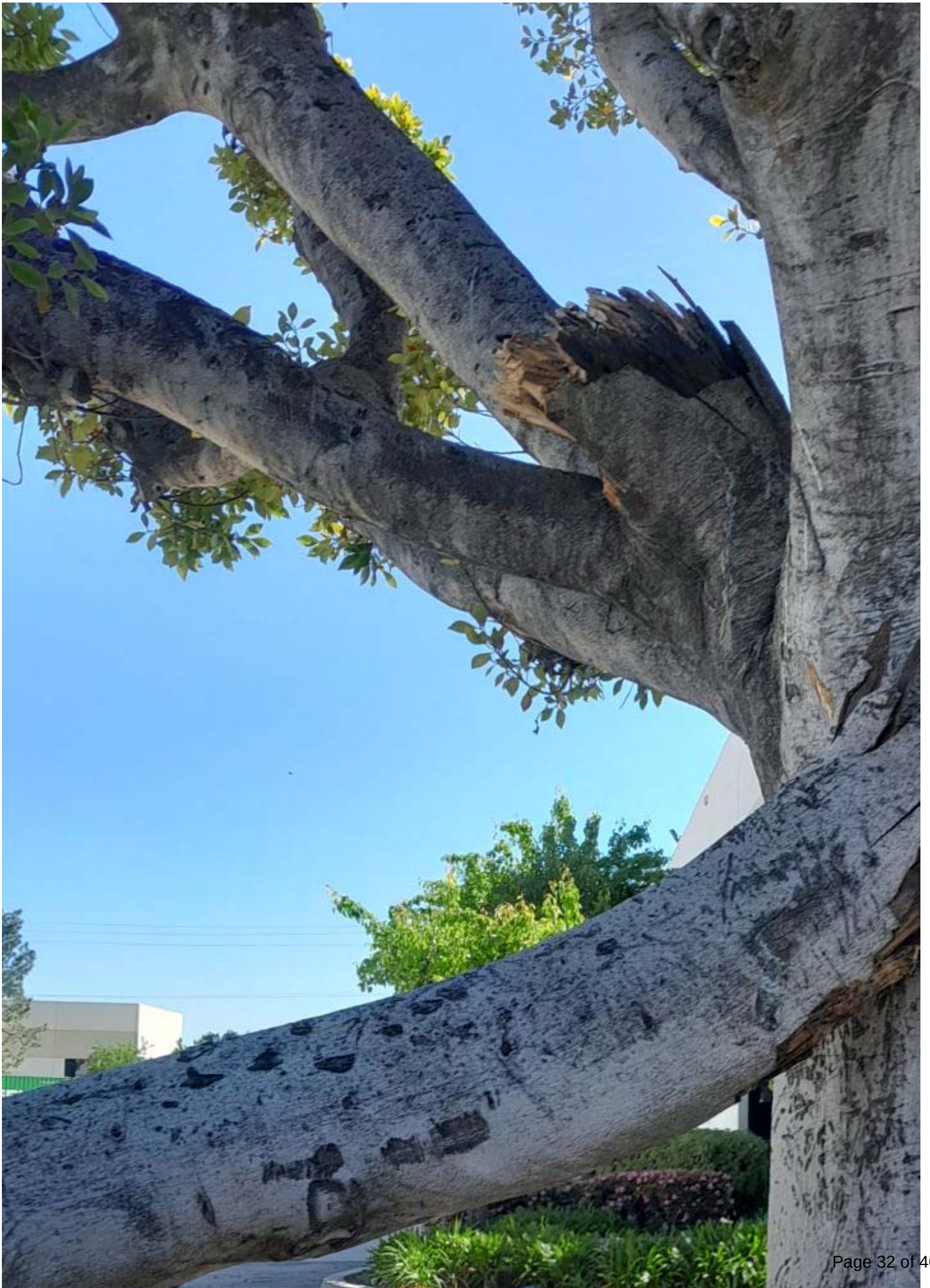
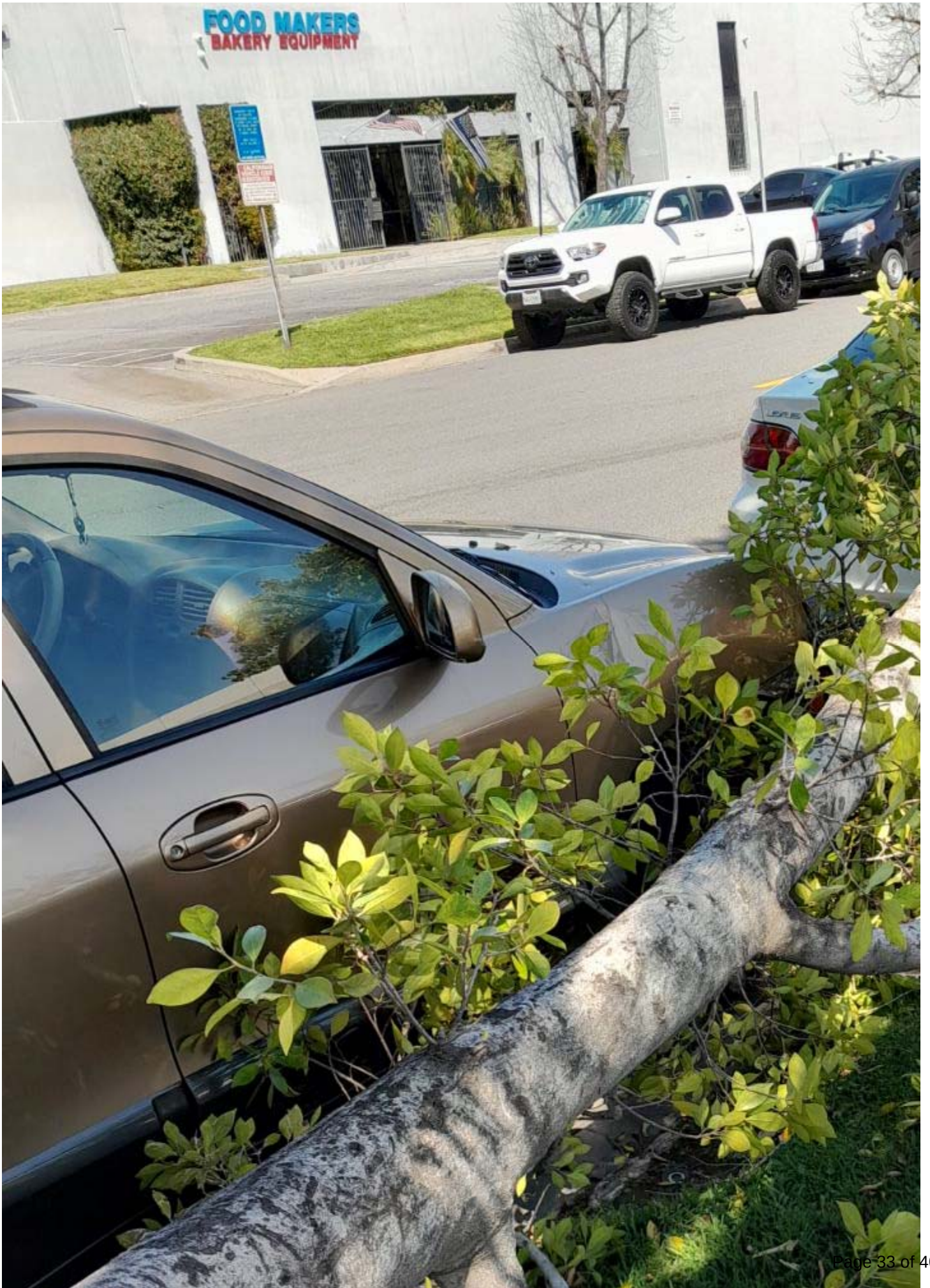
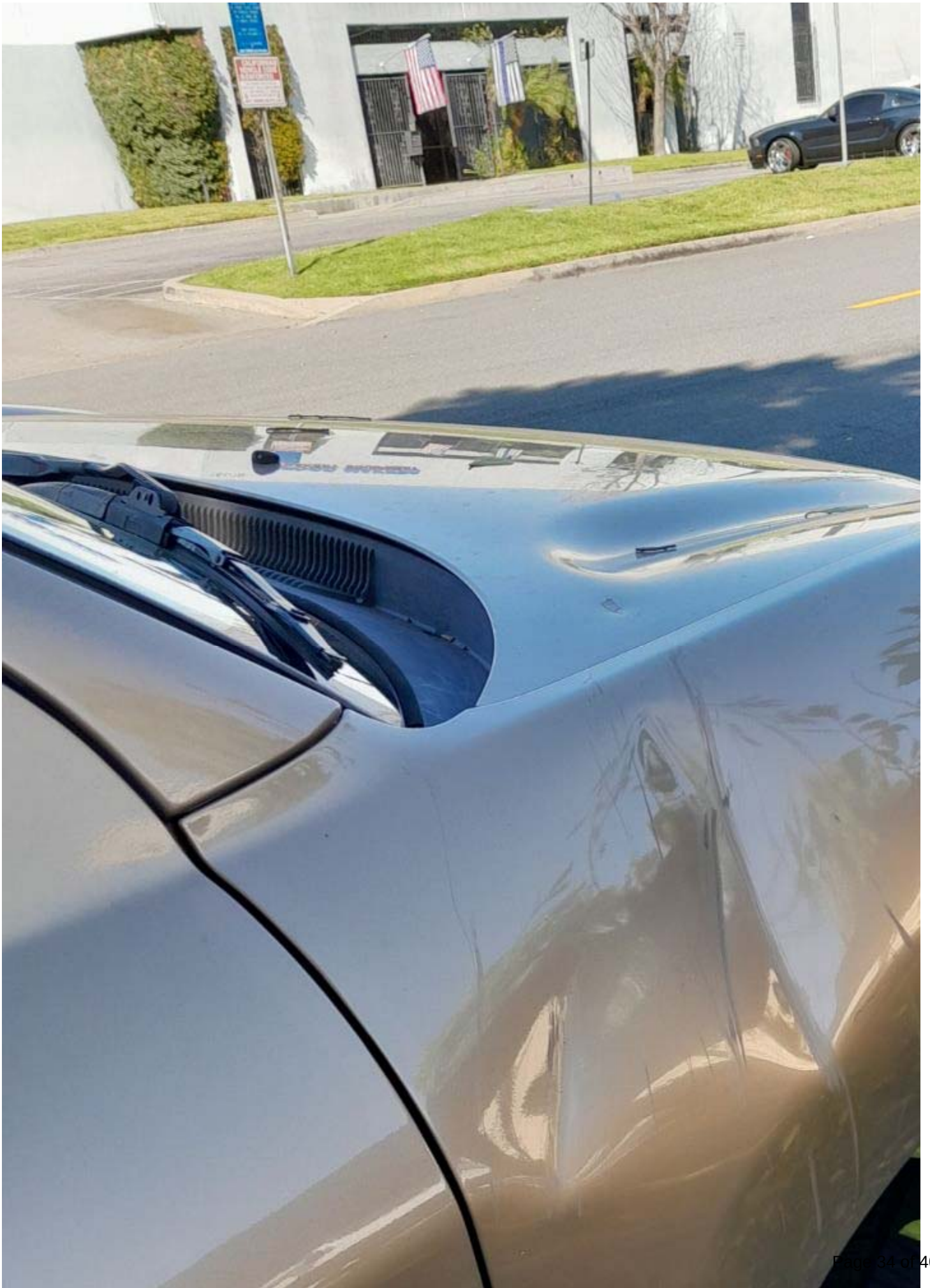



FOOD MAKERS
BAKERY EQUIPMENT



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Item #19.D.

City of
IRWINDALE
AGENDA REPORT

Date: April 24, 2024

To: Honorable Mayor and Members of the City Council

From: Julian A. Miranda, City Manager / Executive Director

Issue: Investment Quarterly Report for Fiscal Quarter Ending March 31, 2024.

City Manager's Recommendation:

That the City Council, Successor Agency Board, and Housing Authority Board receive and file the Investment Quarterly Report for the fiscal quarter ending March 31, 2024.

Administrative Action:

Prepared, Submitted and Reviewed by:

Kambiz Borhani, Finance Director / City Treasurer

K. Borhani

Approved by:

Julian A. Miranda, City Manager

Julian A. Miranda

Background and Analysis:

California Government Code Section 53646 requires that the City Treasurer submit a quarterly report of investments (Investment Report) to the City Council/Board Members for review and compliance with the City's adopted investment policy (City's Investment Policy).

The attached Investment Report summarizes the cash balances and investments as of March 31, 2024, for each agency. The City of Irwindale's balances include investments of all funds of the City and its agencies, which are pooled to maximize the interest yield. The cash balances in the general and money market accounts also include all funds of the City and its agencies, which also earn interest on the pooled cash balances. All investments comply with the City's Investment Policy.

As previously noted, all funds held by the City, Successor Agency, Housing Authority, and Reclamation Authority are pooled to maximize interest yields. The Reclamation Authority

Board is not scheduled to meet again until June 26, 2024. Therefore, this same Investment Report will be included in the Reclamation Authority's Agenda for that meeting for review by the Reclamation Authority Board as well.

Fiscal Impact:

There is no fiscal impact to receive and file this report.

Attachments:

1. City of Irwindale Investment Report – March 31, 2024

CITY OF IRWINDALE
INVESTMENT REPORT
March 31, 2024

SECURITY DESCRIPTION	PAR VALUE / ORIGINAL COST	CURRENT YIELD TO MATURITY	PURCHASE DATE	MATURITY DATE	MKT VALUE / ENDING BALANCE	INVESTMENT RATINGS
CITY OF IRWINDALE (POOLED - ALL FUNDS, INCLUDING RECLAMATION AUTHORITY)						
BMO & WF GENERAL ACCOUNTS	$ 4,923,600	2.01%			$ 4,923,600	
WF MONEY MARKET ACCOUNT	$ 510,747	5.20%			$ 510,747	
LOCAL AGENCY INVESTMENT FUND (LAIF)	$ 25,975,347				$ 25,824,464	
US GOVERNMENT AGENCIES						
FEDERAL HOME LN BKS CONS BD (FHLB)	$ 5,000,000	0.52%	07/28/21	01/28/25	$ 4,810,545	Aaa / AA+
FEDERAL FARM CR BKS CONS SYSTEMWIDE (FFCB)	5,000,000	0.58%	06/23/21	06/23/25	4,738,651	Aaa / AA+
FEDERAL FARM CR BKS CONS SYSTEMWIDE (FFCB)	3,000,000	0.90%	06/15/21	06/15/26	2,756,799	Aaa / AA+
FEDERAL HOME LN BKS CONS BD (FHLB)	5,000,000	1.00%	06/30/21	06/26/26	4,609,499	Aaa / AA+
FEDERAL HOME LN BKS CONS BD (FHLB)	5,000,000	0.50%	06/30/21	06/30/26	4,616,574	Aaa / AA+
FEDERAL FARM CR BKS CONS SYSTEMWIDE (FFCB)	5,000,000	0.87%	07/28/21	07/28/26	4,571,136	Aaa / AA+
FEDERAL HOME LOAN BANK (FHLB)	5,000,000	0.50%	07/29/21	07/29/26	4,620,738	Aaa / AA+
FEDERAL HOME LOAN BANK (FHLB)	1,000,000	3.42%	08/29/22	11/15/24	974,214	Aaa / AA+
FEDERAL HOME LOAN BANK (FHLB)	1,000,000	3.45%	08/29/22	12/27/24	971,320	Aaa / AA+
FEDERAL HOME LOAN BANK (FHLB)	1,000,000	3.28%	08/29/22	02/22/27	926,641	Aaa / AA+
FEDERAL HOME LOAN BANK (FHLB)	2,000,000	5.25%	10/20/23	10/18/28	2,000,249	Aaa / AA+
FEDERAL HOME LOAN BANK (FHLB)	1,000,000	5.26%	11/28/23	08/28/24	980,773	Aaa / AA+
FEDERAL HOME LOAN BANK (FHLB)	1,000,000	5.23%	11/28/23	10/11/24	1,001,581	Aaa / AA+
FEDERAL FARM CREDIT Bank (FFCB)	1,000,000	4.94%	11/28/23	07/28/25	999,500	Aaa / AA+
FEDERAL HOME LOAN BANK (FHLB)	1,000,000	5.04%	12/13/23	09/20/27	1,002,784	Aaa / AA+
FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC)	1,000,000	5.22%	12/13/23	11/15/28	1,001,832	Aaa / AA+
FEDERAL HOME LOAN BANK (FHLB)	1,000,000	4.91%	12/18/23	12/12/28	997,962	Aaa / AA+
FEDERAL HOME LOAN BANK (FHLB)	1,000,000	5.29%	12/21/23	12/21/28	1,000,257	Aaa / AA+
FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC)	1,000,000	4.30%	02/05/24	01/30/29	988,090	Aaa / AA+
Sub-Total US Government Agencies:	$ 46,000,000				$ 43,569,144	
MUNICIPAL BONDS						
CALIFORNIA STATE TAXABLE	$ 1,000,000	3.35%	08/30/22	04/01/24	$ 1,000,000	Aa2 / AA-
BAY AREA CALIFORNIA TOLL AUTHORITY	1,000,000	3.50%	08/30/22	04/01/25	973,230	Aa3 / AA
CALIFORNIA STATE TAXABLE	1,000,000	4.30%	01/09/23	10/01/26	1,023,544	Aa2 / AA-
COAST COMMUNITY COLLEGE DISTRICT CALIFORNIA	1,000,000	4.22%	02/09/23	08/01/26	948,422	Aa1 / AA+
CALIFORNIA STATE TAXABLE	2,000,000	4.00%	04/26/23	04/01/28	1,934,771	Aa2 / AA-
UNIVERSITY OF CALIFORNIA	1,000,000	3.90%	05/17/23	05/15/27	906,946	Aa2 / AA
CITY OF LOS ANGELES	2,190,000	4.85%	09/28/23	09/01/28	1,949,211	Aa2 / AA
CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY	1,600,000	4.69%	12/01/23	06/01/28	1,480,216	Aa3 / AA-
CALIFORNIA STATE UNIVERSITY	2,000,000	4.45%	12/08/23	11/01/28	1,758,130	Aa2 / AA
SAN DIEGO CALIFORNIA TAXABLE BONDS	1,320,000	4.79%	01/11/24	06/01/27	1,280,529	A / A2
WEST CONTRA COSTA CALIFORNIA SCHOOL DISTRICT	1,000,000	4.10%	01/18/24	08/01/27	905,796	Aa2 / AA
SAN DIEGO CALIFORNIA TAXABLE BONDS	1,000,000	4.78%	01/11/24	06/01/28	967,886	A / A2
ALAMEDA COUNTY CALIFORNIA TAXABLE BONDS	1,000,000	4.05%	01/18/24	08/01/28	963,135	Aaa / AAA
SAN JOSE REDEVELOPMENT AGENCY TAXABLE	1,390,000	4.36%	02/12/24	08/01/28	1,309,039	AA/AA+
Sub-Total Municipal Bonds:	$ 18,500,000				$ 17,400,854	
CORPORATE BONDS						
WELLS FARGO & COMPANY	$ 2,000,000	6.25%	10/21/22	10/21/27	$ 1,992,871	A1 / BBB+
TOYOTA MOTOR CREDIT CORPORATION	1,000,000	5.00%	11/10/22	10/16/25	937,339	A1 / A+
WELLS FARGO & COMPANY	1,000,000	6.41%	12/14/23	05/19/25	992,390	A1 / BBB+
JP MORGAN CHASE BANK	1,000,000	6.05%	12/14/23	12/10/25	972,025	A1 / A-
BANK OF AMERICA CORPORATION	2,000,000	5.08%	12/19/23	01/20/27	1,990,351	A1 / A-
APPLE, INC.	1,500,000	4.25%	02/02/24	02/08/26	1,449,377	Aaa / AA+
APPLE, INC.	1,500,000	4.10%	02/02/24	02/08/27	1,391,751	Aaa / AA+
MICROSOFT CORPORATION	1,000,000	4.30%	02/06/24	09/15/26	968,858	Aaa / AAA
INTEL CORPORATION	1,000,000	4.40%	02/06/24	05/11/27	950,582	A2 / A
WALMART, INC	1,000,000	4.25%	02/12/24	04/15/28	980,270	Aa2 / AA
3M COMPANY	1,000,000	4.80%	02/12/24	09/14/28	948,222	A1 / BBB+
	$ 14,000,000				$ 13,574,036	
CERTIFICATES OF DEPOSIT						
JP MORGAN CHASE BANK	$ 245,000	3.40 %	08/31/22	08/30/24	$ 243,022	FDIC Insured
APEX BANK	245,000	3.153 %	08/31/22	08/30/24	242,789	FDIC Insured
UBS BANK USA	245,000	3.40 %	08/31/22	09/02/25	239,677	FDIC Insured
AMERICAN EXPRESS NATIONAL BANK	245,000	3.35 %	08/31/22	09/02/25	239,505	FDIC Insured
COMMUNITY BANK OF THE BAY	245,000	3.50 %	08/31/22	08/31/27	237,163	FDIC Insured
CAPITAL ONE BANK USA	245,000	3.45 %	08/31/22	08/31/27	236,752	FDIC Insured
CAPITAL ONE NATIONAL ASSN VA	245,000	3.45 %	08/31/22	08/31/27	236,752	FDIC Insured
ALLY BANK	245,000	3.35 %	09/01/22	09/01/26	237,102	FDIC Insured
SYNCHRONY BANK	245,000	3.45 %	09/02/22	09/02/27	236,752	FDIC Insured
MEDALLION BANK	245,000	3.25 %	09/07/22	09/08/25	239,118	FDIC Insured
DR BANK	245,000	3.60 %	09/09/22	09/09/26	238,498	FDIC Insured
MORGAN STANLEY BANK	245,000	3.45 %	09/09/22	09/09/27	236,753	FDIC Insured
MORGAN STANLEY BANK	245,000	3.45 %	09/09/22	09/09/27	236,753	FDIC Insured
TRADITIONAL CAPITAL BANK	245,000	3.30 %	09/14/22	03/13/26	237,849	FDIC Insured
PONCE BANK	245,000	3.35 %	09/14/22	09/14/27	235,991	FDIC Insured
FIRST NATIONAL BANK	245,000	3.45 %	09/19/22	09/20/27	236,795	FDIC Insured
FIRST WESTERN TRUST BANK	245,000	4.55 %	01/06/23	01/06/28	245,007	FDIC Insured
PARK STATE BANK	245,000	4.45 %	07/19/23	07/19/28	252,289	FDIC Insured
DISCOVER BANK	245,000	4.55 %	07/19/23	07/17/28	253,416	FDIC Insured
COMENITY CAPITAL BANK	245,000	4.45 %	07/26/23	07/26/28	246,179	FDIC Insured
FIDELITY CO-OPERATIVE BANK	245,000	5.25 %	07/28/23	07/28/28	245,191	FDIC Insured
BANK HAPOALIM BM NY	245,000	5.30 %	11/20/23	05/20/25	245,599	FDIC Insured
BANK OF AMERICA, N.A.	245,000	5.30 %	11/22/23	11/24/25	246,503	FDIC Insured
SAUK VALLEY BANK & TRUST	245,000	5.00 %	11/22/23	11/24/25	245,302	FDIC Insured
BMW BANK NORTH AMERICA	245,000	4.90 %	11/17/23	11/17/28	250,945	FDIC Insured
TRUSTAR BANK	245,000	4.75 %	11/22/23	11/22/28	249,518	FDIC Insured
STATE BANK INDIA	245,000	5.00 %	11/24/23	11/24/28	255,180	FDIC Insured
HENDERSON STATE BANK	245,000	5.00 %	11/28/23	11/28/25	245,513	FDIC Insured
Sub-Total Certificates of Deposit:	$ 6,860,000				$ 6,791,911	
Total City of Irwindale Investments (Pooled Funds)	**$ 116,769,694**				**$112,594,755**	
HOUSING AUTHORITY (Funds 11 & 12)						
BMO & WF GENERAL ACCOUNTS	$ 1,604,718	2.01%			$ 1,604,718	
LOCAL AGENCY INVESTMENT FUND (LAIF)	5,882,564	0.00%			$ 5,848,394	
	$ 7,487,282				$ 7,453,111	
SUCCESSOR AGENCY (Funds 50-66)						
BMO & WF GENERAL ACCOUNTS	$ 1,013,622	2.01%			$ 1,013,622	
BANK OF THE WEST MONEY MARKET ACCOUNT	0				0	
LOCAL AGENCY INVESTMENT FUND (LAIF)	6,931,597	0.00%			$ 6,891,333	
	$ 7,945,219				$ 7,904,955	
GRAND TOTAL OF INVESTMENTS	**$ 132,202,194**				**$127,952,822**	

This investment portfolio is in conformity with the City of Irwindale's Investment Policy which was approved by City Council on December 13, 2023.
The City Treasurer's cash management program and cash flow analysis indicates that sufficient liquidity is on hand to meet estimated future expenditures for a period of six months. The weighted average of maturity of the City's pooled investment portfolio i**s.69** years, and the weighted average yield of the City's pooled investments at cost is **2.11%.** Market prices of securities are obtained directly through Bank Statements. Due to timing, BMO Bank (formerly known as Bank of the West) and Wells Fargo Bank ("WF") General Account balances are combined and pre-reconciled and yield rates are based on negotiated earnings credit.

Approved by K. Borhani

Kambiz Borhani, Finance Director / City Treasurer

IRWINDALE CITY COUNCIL CHAMBERS **APRIL 10, 2024**
5050 N. IRWINDALE AVENUE **WEDNESDAY**
IRWINDALE, CALIFORNIA 91706 **8:56 P.M.**

The Irwindale **SUCCESSOR AGENCY TO THE IRWINDALE COMMUNITY REDEVELOPMENT AGENCY** met in regular session at the above time and place.

ROLL CALL: Present: Councilmembers Manuel R. Garcia, H. Manuel Ortiz; Mayor Pro Tem Larry G. Burrola; Mayor Albert F. Ambriz

Absent: Councilmember Mark A. Breceda

Also Present: Julian A. Miranda, City Manager; Adrian Guerra, City Attorney; Theresa Olivares, Assistant City Manager; Christopher Hofford, Chief of Police; Kambiz Borhani, Director of Finance / City Treasurer; Marilyn Simpson, Community Development Director; Eddie Chan, Director of Engineering / Building Official; Elizabeth Rodriguez, Public Services Director; Mary Hull, Human Resources Manager, and Laura Nieto, Chief Deputy City Clerk

AB 2449 DISCLOSURES None.

CONSENT CALENDAR

MOTION — A motion was made by Councilmember Ortiz, seconded by Mayor Pro Tem Burrola, to approve the Consent Calendar. The motion was unanimously approved; Councilmember Breceda absent.

ITEM NO. 28A
MINUTES OF THE REGULAR MEETING HELD MARCH 27, 2024

MINUTES OF THE REGULAR MEETING HELD MARCH 27, 2024 — The minutes of the regular meeting held March 27, 2024, were approved.

END OF CONSENT CALENDAR

SPONTANEOUS COMMUNICATIONS There were no speakers.

ADJOURNMENT There being no further business to conduct, the meeting was adjourned at 8:57 p.m.

_____
Laura M. Nieto, MMC
Chief Deputy City Clerk

Accounts Payable

Checks by Date - Summary by Check Number

City of Irwindale as Successor Agency to the Irwindale Community Redevelopment Agency

Check No	Vendor No	Vendor Name	Check Date	Check Amount
101385	WILLDAN	Willdan Financial Services	04/08/2024	3,750.00
			Report Total (1 checks):	3,750.00

Accounts Payable

Checks by Date - Summary by Check Number

City of Irwindale as Successor Agency to the Irwindale Community Redevelopment Agency

Check No	Vendor No	Vendor Name	Check Date	Check Amount
101410	ROSENO	RSG Inc.	04/18/2024	962.50

Report Total (1 checks): 962.50

IRWINDALE CITY COUNCIL CHAMBERS **APRIL 10, 2024**
5050 N. IRWINDALE AVENUE **WEDNESDAY**
IRWINDALE, CALIFORNIA 91706 **8:57 P.M.**

The Irwindale **HOUSING AUTHORITY** met in regular session at the above time and place.

ROLL CALL: Present: Board Members Manuel R. Garcia, H. Manuel Ortiz; Vice Chair Larry G. Burrola; Chair Albert F. Ambriz

Absent: Board Member Mark A. Breceda

Also present: Julian A. Miranda, Executive Director; Adrian Guerra, General Counsel; Theresa Olivares, Assistant Executive Director; Christopher Hofford, Chief of Police; Kambiz Borhani, Director of Finance / City Treasurer; Marilyn Simpson, Community Development Director; Elizabeth Rodriguez, Public Services Director; Eddie Chan, Director of Engineering / Building Official; Mary Hull, Human Resources Manager, and Laura Nieto, Chief Assistant Authority Secretary

AB 2449 DISCLOSURES None.

CONSENT CALENDAR

MOTION A motion was made by Vice Chair Burrola, seconded by Board Member Ortiz, to approve the Consent Calendar. The motion was unanimously approved; Board Member Breceda absent.

ITEM NO. 34A MINUTES OF THE REGULAR MEETING HELD MARCH 27, 2024

MINUTES OF THE REGULAR MEETING HELD MARCH 27, 2024 The minutes of the regular meeting held March 27, 2024, were approved.

END OF CONSENT CALENDAR

SPONTANEOUS COMMUNICATIONS None.

ADJOURNMENT There being no further business to conduct, the meeting was adjourned at 8:58 p.m.

_____
Laura M. Nieto, MMC
Chief Assistant Authority Secretary

City of IRWINDALE
AGENDA REPORT

Date: April 24, 2024

To: Honorable Chair and Members of the Housing Authority Board

From: Julian A. Miranda, Executive Director

Issue: Acquisition of Las Casitas Senior Apartment Leasehold Interest

Executive Director's Recommendation:

That the Housing Authority Board authorize the Acquisition of Las Casitas Senior Apartment Leasehold Interest and **adopt Resolution No. HA-2024-03-141** entitled, "A RESOLUTION OF THE IRWINDALE HOUSING AUTHORITY APPROVING THE ACQUISITION OF THE LEASEHOLD INTEREST OF LAS CASITAS SENIOR APARTMENTS LOCATED AT 5164 AYON AVENUE AND AUTHORIZING THE TERMINATION OF THE ATTENDANT DISPOSITION AND DEVELOPMENT AGREEMENT AND REGULATORY AGREEMENT AND DECLARATION OF COVENANTS AND RESTRICTIONS WITH THE NORTHRIDGE GROUP, INC., AND FINDING THE ACTIONS EXEMPT FROM CEQA"

Administrative Action:

Submitted and Prepared by:

Fernando Lopez, Housing Coordinator

F. Lopez

Reviewed by:

Adrian R. Guerra, City Attorney

Adri R. Guerra

K. Borhani

Kambiz Borhani, Finance Director / City Treasurer

Approved by:

Julian A. Miranda, Executive Director

Julian A. Miranda

Background and Analysis:

History: IHA owns the fee interest in that certain improved real property located in the City of Irwindale, (APN. 8417-029-929) which is improved with multiple apartment buildings containing twenty-six (26) units ("**Buildings**"), a clubhouse building and other improvements ("**Property**") and which is commonly known as Las Casitas Senior Housing Complex located at 5164 Ayon Avenue in the City of Irwindale ("**Senior Housing Project**"). The Senior Housing Project was developed in two phases – Phase 1 completed in 1996 consisting of 16 units (including the manager's unit) and Phase 2 completed in 2012 consisting of 10 units. The Senior Housing Project consists of 26 residential units that, with the exception of 1 unrestricted manager's unit, have restricted rents affordable to extremely low, very low, low and moderate income senior households. The 32,760 square foot property features landscaping, one elevator, a club house including a TV room, dining table, kitchen, internet, cable, laundry room and an outdoor covered patio area with a barbecue.

In 2011, IHA entered into that certain "Regulatory Agreement and Declaration of Covenants and Restrictions" between IHA as the fee owner and THE NORTHRIDGE GROUP, INC., a California corporation ("**Tenant/Operator**") which created a leasehold interest held by Tenant/Operator recorded in September 2013 in the Los Angeles Official Records as amended by two amendments ("**Lease/Regulatory Agreement**"). Pursuant to the Lease/Regulatory Agreement, Tenant/Operator currently operates the Senior Housing Project.

PURCHASE OF LEASEHOLD: IHA and Tenant/Operator have negotiated for IHA to acquire the leasehold interest from Tenant/Operator. As part of the negotiation process, IHA obtained an appraisal of the leasehold interest which was conducted by Frazier Capital, a professional appraisal company and which concluded that the leasehold interest is currently valued at $1,350,000.

Pursuant to a purchase and sale agreement ("**PSA**"), the parties have agreed to (i) a purchase price of $900,000, and (ii) a Property Management Agreement with Tenant/Operator to manage and maintain the Senior Housing Project after the closing of the sale ("**Property Management Agreement**"). The sale includes all personal property used to operate the Senior Housing Project which will be transferred to IHA and all existing occupant agreements will be assigned to and assumed by IHA.

IHA has a due diligence period to inspect the Senior Housing Project and all related materials delivered to IHA. During the due diligence period, IHA, at its sole and expense, must order an inspection report from a reputable third party residential inspection company (which inspection cannot be conducted by City employees) ("**Inspection Report**"). Upon IHA's review of the Inspection Report, IHA may object to any specific items raised in the Inspection Report. Any such objected items shall be subject to the mutual resolution of the parties with the matters repaired by Tenant/Operator in accordance with applicable laws ("**Required Repairs**") and subject to a final inspection report. However, if the parties do not mutually agree as to objectional matters, IHA has the right to terminate the PSA.

Fidelity National Title Insurance Company will act as both the title insurer and escrow. The closing is to occur within 15 days after the Required Repairs are completed in accordance with applicable laws. Tenant/Operator has the right to extend the closing for 30 days. At the closing, the leasehold interest held by Tenant/Operator will be terminated in the public records as evidenced by an owner's title insurance policy showing title vested in IHA. Also as part of the closing, the parties shall also enter into

the Property Management Agreement for a term of 2 years but which is renewable by the parties. The form of the Property Management Agreement will be negotiated by the parties during the escrow period.

Tenant/Operator makes standard representations and warranties in the PSA. The costs are allocated in accordance with standard practice in Southern California with Tenant/Operator paying for the title insurance policy and the parties splitting escrow fees. All real estate taxes, rents, contracts and utilities will be prorated to the closing and security deposits shall be transferred to IHA at closing.

The PSA provides authority for the Executive Director to execute all documents to implement the transaction including authority to make modifications or amendments including extensions of time.

STAFF RECOMMENDATION AND ALTERNATIVES:

Staff recommends that the Board approve the PSA and authorize Staff to negotiate the Property Management Agreement subject to the approval of the Executive Director and IHA's legal counsel.

However, the following alternative actions are available for the Board's consideration:

1. Do not approve the PSA.
2. Identify changes the Board wants made to the PSA and direct the IHA's legal counsel and staff to return with another draft.
3. Require the Property Management Agreement be brought to the Board for approval prior to execution.

Fiscal Impact:

The total cost for Irwindale Housing Authority (IHA) to acquire the leasehold interest of The Northridge Group, Inc. plus the escrow fees is $910,000 ($900,000 + $10,000). The adoption of Resolution No. HA-2024-03-141 authorizes the Finance Director to: 1) transfer $910,000 from IHA's Local Agency Investment Fund (LAIF) account to Low/Mod Housing Asset Fund No. 12, and 2) release this amount to Escrow for the acquisition only.

Attachments:

1. Northridge Group, The - Disposition and Development Agreement for Las Casitas
2. Northridge Group, The - Regulatory Agreement and Declaration of Covenants and Restrictions
3. PSA for Las Casitas Housing Project-Final
4. Proposed Resolution No. HA 2024-03-141

502-ND

798 Pine Knot Avenue
P. O. Box 134401
Big Bear Lake, CA 92315

The Northridge Group, Inc.

(909) 866-0050
Fax (909) 866-8567
northridgegroupinc@verizon.net

MARCH 21, 2011

LONA LAYMON, ESQ.
CITY ATTORNEY, CITY OF IRWINDALE
ALESHIRE & WYNDER, LLP
18881 VON KARMAN AVENUE, SUITE 1700
IRVINE, CA 92612

RE: LAS CASITAS
IRWINDALE, CA

Dear Lona:

Please find enclosed two (2) fully executed and notarized copies of the final DDA and Regulatory Agreement for the above referenced project. Please advise when our fully executed copy is available.

Thanks again to you, Fred and Theresa for all your work, time and consideration in this project.

Very truly yours,

THE NORTHRIDGE GROUP, INC.

W. E. JAHN
Executive Vice President

WEJ/mjj

Enclosures

Cc Fred Galante, Aleshire & Wynder, LLP
Theresa Olivares, Housing Coordinator, City of Irwindale

502-NO

DISPOSITION AND DEVELOPMENT AGREEMENT
for
LAS CASITAS PHASE II

Between and Among

THE IRWINDALE COMMUNITY REDEVELOPMENT AGENCY,
a public body, corporate and politic

and

THE IRWINDALE HOUSING AUTHORITY,
a public body, corporate and politic

and

THE NORTHRIDGE GROUP, INC.
a California corporation

CC: Housing Coordinator
City Attorney
Finance

04.13.11

SCANNED
DATE 9/19/11
SIGNED DM

TABLE OF CONTENTS

Page

I. (§100) PURPOSE OF THE AGREEMENT 1

A. (§101) Purpose of the Agreement. 1

B. (§102) Description of the Site. 2

C. (§103) Description of the Project & Its Phases. 2

D. (§104) Description of the Transaction. 3

E. (§ 105) Agency Assistance. 4

F. (§ 106) No Speculation. 6

II. (§200) DEFINITIONS. 6

A. (§201) Adjunct Contribution. 6

B. (§202) Affordable or Affordable Rent. 6

C. (§203) Agency Assistance. 6

D. (§ 204) Agreement. 7

E. (§205) City. 7

F. (§ 206) Commencement of Tenancy. 7

G. (§207) Days. 7

H. (§208) Deed. 7

TABLE OF CONTENTS (cont.)

Page

I. (§209) Effective Date.....7

J. (§210) Enforced Delay.....7

K. (§ 211) Extremely Low.....7

L. (§ 212) Guaranteed Rent.....8

M. (§ 213) Lease/Regulatory Agreement.....8

N. (§214) Low Income Household.....8

O. (§215) Manager's Unit.....8

P. (§ 216) Moderate Income Household.....8

Q. (§ 217) Old Lease.....9

R. (§ 218) Parcel I.....9

S. (§ 219) Parcel II.....9

T. (§ 220) Phase I.....9

U. (§ 221) Phase II.....9

V. (§ 222) Prepayment.....9

W. (§223) Project.....9

X. (§224) Project Contribution.....10

TABLE OF CONTENTS (cont.)

Page

Y. (§225) Qualified Manager.....10

Z. (§226) Qualified Tenant.....10

AA. (§ 227) Reserve Fund.....11

BB. (§ 228) Redevelopment Plan.....11

CC. (§229) Redevelopment Project Areas.....11

DD. (§230) Rent Refund.....11

EE. (§231) Rent Subsidy.....11

FF. (§232) Restricted Unit.....11

GG. (§233) Senior Citizen.....12

HH. (§ 234) Senior Unit.....12

II. (§235) Site and Site Map.....12

JJ. (§236) Very Low Income Household.....12

KK. (§237) 55-Year Affordability Period.....12

III. (§300) PARTIES TO THE AGREEMENT.....12

A. (§301) Agency and Authority.....12

B. (§302) Developer.....13

TABLE OF CONTENTS (cont.)

Page

Identification 13

Successors and Assigns 13

Qualifications 14

C. (§303) Restrictions on Transfer. 15

IV. (§400) DISPOSITION OF PARCEL II TO AUTHORITY. 17

A. (§ 401) Conveyance of Parcel II to Authority. 17

B. (§ 402) Conditions Precedent to Conveyance of Parcel II Fee Title. 17

V. (§ 500) AUTHORITY'S DISPOSITION OF SITE TO DEVELOPER BY THE LEASE/REGULATORY AGREEMENT. 19

A. (§ 501) Site Assembly. 19

B. (§ 502) Feasibility Period Before Effective Date of Lease. 19

C. (§ 503) Authority's Disposition of the Site by the Lease/Regulatory Agreement To Developer. 19

D. (§504) Site Taken "As-Is" On Commencement of Tenancy; Hazardous Materials. 21

VI. (§600) DEVELOPMENT OF THE SITE. 24

A. (§601) Prepayment to Developer. 24

B. (§602) Development Plans, Final Building Plans, Subdivision Map Act Approvals, Environmental Review. 25

TABLE OF CONTENTS (cont.)

Page

C. (§603) Developer Responsibilities During Construction.....27

D. (§604) Schedule of Performance; Progress Reports.....27

E. (§ 605) Disbursement of Project Contribution To Be Commensurate With Project Progress; Funding Services Agent.....27

F. (§ 606) Ownership of Project Improvements.....28

G. (§607) Adjunct Contribution.....28

H. (§608) Indemnification During Construction.....29

I. (§609) Insurance.....30

J. (§610) City and Other Governmental Agency Permits.....31

K. (§611) Rights of Access.....31

L. (§612) Applicable Laws.....32

M. (§613) Nondiscrimination During Construction.....32

N. (§614) Rights of Holders of Approved Security Interests in Site.....32

O. (§615) Certificate Of Completion.....35

P. (§616) Estoppels.....36

VII. (§700) USES AND MAINTENANCE OF THE SITE.....36

A. (§701) Uses of the Site.....36

TABLE OF CONTENTS (cont.)

Page

B. (§702) Affordable Housing. 37

C. (§703) Obligation to Refrain from Discrimination. 38

D. (§704) Form of Nondiscrimination and Nonsegregation Clauses. 39

E. (§705) Maintenance of Improvements. 40

F. (§ 706) Specific Maintenance Requirements. 41

G. (§707) Effect of Lease/Regulatory Agreement. 43

H. (§708) Agency Assistance: Guaranteed Rent Structure 43

VIII. (§800) SPECIAL PROVISIONS 45

A. (§801) Compliance with Authority's Las Casitas Housing Guidelines. 45

IX. (§900) DEFAULTS, REMEDIES AND TERMINATION 46

A. (§901) Defaults, Right to Cure and Waivers. 46

B. (§902) Legal Actions. 46

C. (§903) Rights and Remedies are Cumulative. 47

D. (§904) Specific Performance. 47

E. (§905) Right of Reverter. 47

F. (§906) Attorney's Fees. 48

TABLE OF CONTENTS (cont.)

Page

X. (§1000) GENERAL PROVISIONS.....49

A. (§1001) Notices, Demands and Communications Between the Parties.....49

B. (§1002) Nonliability of City, Authority and Agency Officials and Employees; Conflicts of Interest; Commissions.....49

C. (§1003) Enforced Delay: Extension of Times of Performance. 50

D. (§1004) Books and Records.....51

E. (§1005) Assurances to Act in Good Faith.....51

F. (§1006) Interpretation. 52

G. (§1007) Entire Agreement, Waivers and Amendments. 52

H. (§1008) Severability.....52

I. (§1009) Effect of Redevelopment Plan Amendment.....52

J. (§1010) Time for Acceptance of Agreement by Agency.....52

K. (§1011) Execution.....53

DISPOSITION AND DEVELOPMENT AGREEMENT

THIS DISPOSITION AND DEVELOPMENT AGREEMENT ("**Agreement**") is entered into as of the date executed by the Agency, between and among the IRWINDALE COMMUNITY REDEVELOPMENT AGENCY, a public body, corporate and politic ("**Agency**"), the IRWINDALE HOUSING AUTHORITY, a public body, corporate and politic ("**Authority**"), and THE NORTHRIDGE GROUP INC., a California corporation ("**Developer**"). The parties agree as follows:

I. (§100) PURPOSE OF THE AGREEMENT

A. (§101) Purpose of the Agreement.

Pursuant to the Community Redevelopment Law ("**CRL**") of the State of California, Health and Safety Code Sections 33000 *et seq.*, the Agency was activated by the City Council of the City of Irwindale ("**City**") in January of 1973 and established itself as the Agency Board ("**Board**") and appointed the City Manager to serve as the Executive Director. Since its inception, the Agency's policy in the formation of redevelopment project areas has consistently focused on (i) areas with obvious blighting characteristics and conditions, and (ii) the satisfaction of affordable and senior housing requirements through specific projects and goals. Since 1973, the Agency and the City Council have approved and adopted Redevelopment Plans for three (3) redevelopment project areas (the "**Project Areas**"), excluding amendments to existing areas, in accordance with the CRL.

On March 26, 1996, the City Council and the Agency adopted Resolution No. 96-13-1468 and Resolution No. CR(I) 96-307 jointly determining that the use of Low- and Moderate-Income Housing Fund monies for the development of affordable housing outside the Project Areas but within the City limits will ultimately benefit one or all Project Areas.

This Agreement and the Attachments hereto are intended to effectuate the Agency's redevelopment goals by increasing the City's affordable, senior housing stock. Specifically, this Agreement implements the *expansion* of the City's existing senior affordable apartment complex commonly known as "**Las Casitas**" (which currently consists of 15 affordable units, plus a manager's unit) into a total of 26 residential rental units that, with the exception of one unrestricted manager's unit, will be restricted to rents affordable to extremely low, very low, low and moderate income senior households for the next 55 years (the "**Project**"). Las Casitas is a senior housing project that is located on Ayon Street across from the Irwindale Senior Center. Even though the Project is located outside of any Project Areas, the Project will benefit the Project Areas by directly satisfying the Agency's goals of fulfilling affordable and senior housing needs. The Project, and the fulfillment generally of this Agreement, are in the vital and best interests of the City and the welfare of its residents, and in accordance with the public purposes and provisions of applicable federal, state and local laws and requirements.

B. (§102) Description of the Site.

The "Las Casitas" senior housing Project consists of two separate parcels:

a. The parcel underlying the first phase of the Las Casitas project is located at 5164 Ayon Street, Irwindale, California, bearing Los Angeles County APN #8417-029-919 ("**Parcel I**"), which Parcel I is legally described and depicted in Exhibit "A" hereto. Parcel I consists of approximately .77 acres.

b. The parcel underlying the second phase of the Las Casitas project is located directly adjacent to Parcel I at 16140 Arrow Highway, Irwindale, California, bearing Los Angeles County APN #8417-029-917 ("**Parcel II**"), which Parcel II is legally described and depicted in Exhibit "B" hereto. Parcel II consists of approximately .21 acres.

Parcel I and Parcel II are collectively referred to as the "**Site**" in this Agreement. A legal description for the total Site shall be available after the Authority has completed a Parcel Merger (through a lot line adjustment) as described in Section 501 of this Agreement.

C. (§103) Description of the Project & Its Phases.

Physical Project development shall occur in two phases:

a. The first phase was completed in 1996 and consisted of the construction and operation fifteen (15) low income senior apartment units plus one (1) unrestricted Manager's Unit on Parcel I ("**Phase I**").

b. The second phase of development, which has not commenced and is the subject of this Agreement, will consist of the construction and operation ten (10) low income senior apartment units on Parcel II ("**Phase II**"). The ten Phase II apartment units will be developed, designed and landscaped in such as manner as to be harmoniously incorporated with the existing sixteen Phase I units, such that Project completion will result in the unified development of the whole Site as a 26-unit "Las Casitas" senior apartment complex.

A further description of the Phase I rehabilitation and Phase II construction, and an estimate of the costs therefore, are presented in the Scope of Work, Schedule of Performance and Project Budget attached hereto as Exhibit "C". Conceptual Site Plans for the completed Project are presented in Exhibit "D" hereto. As shown in the Project Budget in Exhibit "D", Developer's total costs for Phase I rehabilitation and Phase II construction are estimated to be One Million, Seven-Hundred and Eighty-Seven Thousand, Five Hundred Dollars ($1,787,500.00) ("**Estimated Project Costs**").

It has been necessary to develop the Site in two separate phases because Parcel I and Parcel II have been under separate ownership since 1996. This fact has historically prevented assemblage of the two parcels into one Site and resulted in disjointed or inconsistent land uses as between Parcel I and Parcel II:

a. Phase I / Parcel I: The Authority has been the fee owner of Parcel I since 1995. On May 1, 1995, the Authority entered into a lease with Developer (the **"Old Lease"**). The Old Lease required Developer to construct the sixteen Phase I units as low income senior apartment units, which construction was completed in 1996. Under the Old Lease, Developer was designated as the acting manager and operator of the Phase I apartment units for a period of thirty (30) years. The Old Lease also required all Phase I units to remain restricted to low income, senior only residents for a period of thirty (30) years (the **"30-Year Restrictions"**). A true and correct copy of the Old Lease is on-file with the Agency secretary. To date, Developer manages the 16 Phase I units pursuant to the Old Lease. The Old Lease and its 30-Year Restrictions upon Phase I are set to expire in 2026.

b. Phase II / Parcel II: The Agency is currently the fee owner of Parcel II. Although the Agency purchased Parcel II by grant deed on June 13, 1985, the Agency took fee title subject to a life estate held by the property's residential occupant, Myra Garcia. When the life estate terminated in 2009, the Agency's full rights, title and interest in Parcel II vested. Parcel II is currently improved with one single family home.

D. (§104) <u>Description of the Transaction</u>.

This Agreement contemplates that the Project will be developed by joining Phase II to the Phase I development such that the Site is fully assembled and developed in a uniform manner with a total of 26 residential rental units available at affordable rents to extremely low, very low, low and moderate income senior households for the next 55 years. In order to achieve such assemblage and uniform development, several transactions are contemplated:

a. The Agency will transfer fee title to Parcel II to the Authority such that the whole Site is under the unified fee ownership of Authority. Fee title to Parcel II will be conveyed to the Authority commensurate with the Effective Date of this Agreement, or shortly thereafter, and pursuant to that Quitclaim Deed attached hereto as <u>Exhibit "E"</u>.

b. The Authority will process and complete a merger of Parcel I and Parcel II through a lot line adjustment pursuant to Chapter 16.22 of the Irwindale Municipal Code (the **"Parcel Merger"**). The Agency and Authority estimate, without making any assurances, that the Parcel Merger will be completed within forty-five (45) days after the recordation of the Quitclaim Deed vesting fee title to Parcel II with the Authority.

c. Within five (5) business days after completion of the Parcel Merger, the Authority will make the Site available to Developer by a new lease and regulatory agreement that will (i) terminate the Old Lease, and (ii) require Developer to construct Phase II in its entirety, and (iii) establish Developer as the manager and operator of the Site, and (iv) require Developer to maintain the Site as a residential apartment complex available for affordable rents to extremely low, very low, low and moderate income senior households for the period of 55 years (the **"Lease/Regulatory Agreement"**). The Lease/Regulatory Agreement will be executed in a form substantially similar to that attached hereto as <u>Exhibit "F"</u>. The Lease/Regulatory Agreement establishes covenants running with the land and providing for the

proper maintenance of the Site and resale restrictions guaranteeing that the Project will be preserved as residential rental units available for rents affordable to extremely low, very low, low and moderate income senior households for the period of 55 years (the "**55-Year Affordability Period**"). The 55-Year Affordability Period shall commence upon the later of either (i) December 1, 2011, or (ii) the opening of Phase II units as available for rent.

d. Within twenty (20) days after the Effective Date of this Agreement, the Authority shall pay to Developer the amount of Two-Hundred Thousand Dollars ($200,000) representing the Developer's Profits from the Phase I development that have to date been held by the Authority (the "**Prepayment**").

e. Throughout Project construction, the Authority shall pay for Developer's Estimated Project Costs in an amount not-to-exceed One Million, Seven-Hundred and Eighty-Seven Thousand, Five Hundred Dollars ($1,787,500.00) ("**Project Contribution**"). Payment of the Project Contribution shall be disbursed to Developer commensurate with Project progress.

f. In addition to the Project Contribution, the Authority is willing to make a available to Developer an additional One Hundred Ten Thousand Dollars ($110,000) ("**Adjunct Contribution**") in consideration for the Developer's acceptance of, and agreement to, the construction or implementation of certain improvements and services, respectively, identified in Exhibit "G" hereto. Adjunct Contribution funds will be paid to Developer as Developer incurs the actual costs of installing/providing the improvements and services listed in Exhibit "G".

g. In consideration for the Authority's payment of the Project Contribution, the Agency will provide Developer with a minimum, guaranteed rental income for the next 55 years ("**Guaranteed Rent**"). The table and financial data at Exhibit "H" hereto shows the amount of Guaranteed Rent, Total Revenues, Expenses and Net Operating Income of the Project throughout the 55-Year Affordability Period. The Guaranteed Rent starts, in Calendar-Year One, at $500 per unit and escalates each year thereafter by $2.5%. On a monthly, per-unit basis, the Authority will pay the Developer for any rental rate *shortfalls* below the Guaranteed Rent ("**Rent Subsidy**"). On a monthly, per-unit basis, the Developer will pay the Authority for any rent received *in excess* of the Guaranteed Rent (the "**Rent Refund**"). The Rent Subsidy and Rent Refund system is described in greater detail in Section 708 hereof.

E. (§ 105) Agency Assistance.

This Agreement does not provide for any sharing of sales tax or tax increment generated by the Project between Developer, Authority, Agency and/or City as the Project and Site are located outside of any Redevelopment Project Areas.

However, subject to and conditioned upon Developer's satisfaction and continued compliance with the provisions of this Agreement and the Lease/Regulatory Agreement, the Agency agrees to provide Developer with certain assistance related to the Project. Assistance by the Authority consists of the following:

(i) The Authority's payment of Rent Subsidy to Developer pursuant to Section 708 hereof, and

(ii) A rent reduction in favor of Developer in that the rental amount to be paid by Developer for the Site ($1) is less than the fair market rental value of the Site, as described more fully in the "Summary Report" prepared by Agency and approved by City pursuant to Section 33433 of the Community Redevelopment Law, and

(iii) The Authority's payment of the Project Contribution to Developer's Estimated Project Costs in an amount not-to-exceed One Million, Seven-Hundred and Eighty-Seven Thousand, Five Hundred Dollars ($1,787,500.00), and

(iv) Payment of the Prepayment, and

(v) Payment of the Adjunct Contribution.

Agency Assistance shall be paid from the Agency's "20% Set-Aside" housing funds held pursuant to Health & Safety Code § 33334.2 (which shall be loaned to the Authority for purposes of this Agreement).

As a result of the Agency's/Authority's provision of items (i) through (v) listed above, Developer fully accepts the risk that construction or development of the Site may qualify as a "public work" "paid for in whole or in part out of public funds," as described in California Labor Code Section 1720 *et seq.*, ("**Prevailing Wage Law**"), such that it would cause Developer to be required to pay prevailing wages for any aspect of the development. Developer hereby represents and warrants that the Project is not subject to Prevailing Wage Laws because the Project relates to the provision of affordable housing; further, Developer warrants that no other funding sources for the Project will trigger the application of Prevailing Wage Laws. Notwithstanding the foregoing, the Developer fully bears any and all risk that Prevailing Wage Laws may be found to apply to the Project. To this end, Developer acknowledges and agrees that should any third party, including but not limited to the Director of the Department of Industrial Relations ("**DIR**"), require Developer or any of its contractors or subcontractors to pay the general prevailing wage rates of per diem wages and overtime and holiday wages determined by the Director of the DIR under Prevailing Wage Law for all or any of the assistance provided hereunder, then Developer shall indemnify, defend, and hold Agency harmless from any such determinations, or actions (whether legal, equitable, or administrative in nature) or other proceedings, and shall assume all obligations and liabilities for the payment of such wages and for compliance with the provisions of the Prevailing Wage Law. The Agency/Authority make no representation that any construction completed by Developer is or is not subject to Prevailing Wage Law.

Except as specifically set forth in this Agreement, Developer shall be responsible for paying all fees and charges typically required by the City, Authority or Agency for similar development projects. Except as set forth herein, Developer shall be responsible for all construction and development costs to construct the Project on the Site, including: grading and

site preparation; building construction; site development and infrastructure; design; building permit and development fees; and financing, Site management and maintenance, and enforcement of income restrictions applicable to Restricted Units.

F. (§ 106) No Speculation.

Agency, Authority and Developer each understand and acknowledge that the purposes of (i) this Agreement, and (ii) the conveyance of Parcel II to the Authority, and (iii) the conveyance of the Site to Developer through the Lease/Regulatory Agreement, are the acquisition and development of affordable housing on the Site, including land assembly and the design, processing, financing and construction necessary to complete the Project on the Site. This Agreement and the land conveyances hereof are not undertaken to facilitate speculation or excess profit taking in the Site within the meaning of California Health and Safety Code §33437.5 as that section exists on the date of this Agreement or as it may thereafter be amended, repealed and reenacted, or otherwise modified.

II. (§200) DEFINITIONS.

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

A. (§201) Adjunct Contribution.

The term "Adjunct Contribution" shall mean that One Hundred Ten Thousand Dollars ($110,000) made by Authority to Developer in consideration for the Developer's acceptance of, and agreement to, the construction or implementation of certain improvements and services, respectively, identified in Exhibit "G" hereto. Adjunct Contribution funds will be paid to Developer as Developer incurs the actual costs of installing/providing the improvements and services listed in Exhibit "G".

B. (§202) Affordable or Affordable Rent.

The terms "affordable" or "affordable rent" shall have the meaning prescribed in Health and Safety Code Section 50053(b) and the regulations promulgated pursuant to or incorporated therein, including, without limitation, any applicable regulations promulgated pursuant to Health and Safety Code Section 50093.

C. (§203) Agency Assistance.

The term "Agency Assistance" shall mean, collectively, all monetary assistance to be paid by the Agency and/or Authority to Developer pursuant to this Agreement as generally described in Section 105 as items (i) through (v).

D. (§ 204) Agreement.

The term "Agreement" shall mean this entire Disposition and Development Agreement, including all attached exhibits, which exhibits are a part hereof and incorporated herein in their entirety, and all other documents incorporated herein by reference.

E. (§205) City.

The term "City" shall mean the City of Irwindale, a municipal corporation.

F. (§ 206) Commencement of Tenancy.

The term "Commencement of Tenancy" shall mean the effective date of the Developer's tenancy and commencement of possessory rights over and upon the Site pursuant to the Lease/Regulatory Agreement at Exhibit "F".

G. (§207) Days.

The term "days" shall mean calendar days and the statement of any time period herein shall be calendar days, and not working days, unless otherwise specified.

H. (§208) Deed.

The term "Deed" or "Quitclaim Deed" shall mean that Quitclaim Deed in substantially the form attached hereto as "Exhibit E" by which Agency as Grantor will convey fee title to the Site to Authority as Grantee.

I. (§209) Effective Date.

The "Effective Date" of this Agreement shall occur after public hearing and approval hereof by the Agency and Authority, and shall mean the date this Agreement is executed on behalf of Agency and Authority.

J. (§210) Enforced Delay.

The term "Enforced Delay" shall mean any delay described in Section 1003 caused without fault and beyond the reasonable control of a party, which delay shall justify an extension of time to perform as provided in Section 1003.

K. (§ 211) Extremely Low.

The term "extremely low" shall refer to a household whose annual household income does not exceed thirty percent (30%) of the area median income for Los Angeles County, adjusted for applicable household size, as computed in accordance with the Community Redevelopment Law and the regulations promulgated pursuant thereto or incorporated therein,

including, without limitation, all regulations promulgated pursuant to Health and Safety Code § 50093, or any successor statute.

L. (§ 212) Guaranteed Rent.

The term "Guaranteed Rent" shall mean the warranty that the Authority will provide Developer with a minimum, guaranteed rental income for the 55-Year Affordability Period. The table and financial data at Exhibit "H" hereto shows the amount of Guaranteed Rent, Total Revenues, Expenses and Net Operating Income of the Project throughout the 55-Year Affordability Period. The Guaranteed Rent starts, in Calendar Year One, at $500 per unit and escalates each year thereafter by $2.5%.

M. (§ 213) Lease/Regulatory Agreement.

The term "Lease/Regulatory Agreement" shall mean the lease of a tenancy on, over and across the Site to be granted from Authority to Developer, along with covenants, conditions and restrictions imposing affordable rent restrictions, maintenance requirements and other use restrictions running for the term of the 55-Year Affordability Period. The Lease/Regulatory Agreement is in the form attached hereto as Exhibit "F".

N. (§214) Low Income Household.

The terms "low income" or "low income household" shall mean a household whose annual household income does not exceed sixty percent (60%) of area median income for Los Angeles County, adjusted for applicable household size, as computed in accordance with the Community Redevelopment Law and the regulations promulgated pursuant thereto or incorporated therein, including, without limitation, all regulations promulgated pursuant to Health and Safety Code § 50093, or any successor statute.

O. (§215) Manager's Unit.

The term "Manager's Unit" shall mean the one (1) unit on the Site that shall be designated by Developer as a residence for a "Qualified Manager." The Manager's Unit shall not be an income-restricted unit.

P. (§ 216) Moderate Income Household.

The terms "moderate income" or "moderate income household" shall mean a household whose annual household income does not exceed one hundred ten percent (110%) of area median income for Los Angeles County, adjusted for applicable household size, as computed in accordance with the Community Redevelopment Law and the regulations promulgated pursuant thereto or incorporated therein, including, without limitation, all regulations promulgated pursuant to Health and Safety Code § 50093, or any successor statute.

Q. (§ 217) Old Lease.

The term "Old Lease" shall mean that lease the Authority entered into with Developer for Developer's affordable housing uses upon Parcel I on May 1, 1995. A copy of the Old Lease is on-file with the Agency secretary.

R. (§ 218) Parcel I.

The term "Parcel I" shall mean approximately .77 acres located at 5164 Ayon Street, Irwindale, California, bearing Los Angeles County APN #8417-029-919, which Parcel I is legally described and depicted in Exhibit "A" hereto.

S. (§ 219) Parcel II.

The term "Parcel II" shall mean approximately .21 acres located at 16140 Arrow Highway, Irwindale, California, bearing Los Angeles County APN #8417-029-917 which Parcel II is legally described and depicted in Exhibit "B" hereto.

T. (§ 220) Phase I.

The term "Phase I" shall mean the development upon Parcel I that was completed in 1996 and consisted of the construction and operation of sixteen (16) low/moderate income senior apartment units.

U. (§ 221) Phase II.

The term "Phase II" shall mean the development to be performed upon Parcel II, which has not commenced, and will consist of the construction and operation of ten (10) low/moderate income senior apartment units on Parcel II.

V. (§ 222) Prepayment.

The term "Prepayment" shall mean that payment to be made by the Authority to Developer within twenty (20) days after the Effective Date hereon in the amount of Two-Hundred Thousand Dollars ($200,000) representing the Developer's Profits from the Phase I development that have to date been held by the Authority.

W. (§223) Project.

The term "Project" shall mean all of the improvements required to be constructed by Developer on the Site pursuant to this Agreement, including, but not limited to, construction and rehabilitation of buildings, glass and concrete work, landscaping, construction of parking areas, and related improvements. The overall Project consists of the rehabilitation of sixteen (16) apartments on Parcel I, new construction of ten (10) apartments upon Parcel II, and is more particularly described in the Scope of Work, Schedule of Performance and Project Budget attached hereto as Exhibit "C", the Concept Plans at Exhibit "D", and as described in Section

103 hereof. Upon completion, the Project will be a residential apartment complex with a total of (26) units for rent to extremely low, very low, low and moderate income households with one (1) unit restricted for rent to a Qualified Manager. The term "Project" shall further include the process to issue permits to entitle the development, the construction of new units on Parcel II and rehabilitation of Parcel I units and their appurtenant improvements; the operation of the Site as an income-restricted rental housing complex affordable to extremely low, very low, low and moderate income residents; and the negotiation of, and carrying out of, this Agreement and the related Lease/Regulatory Agreement.

X. (§224) Project Contribution.

The term "Project Contribution" shall mean that portion of the Agency Assistance representing the Authority's direct monetary contribution towards Developer's Estimated Project Costs in an amount not-to-exceed One Million, Seven-Hundred and Eighty-Seven Thousand, Five Hundred Dollars ($1,787,500.00).

Y. (§225) Qualified Manager.

The term "Qualified Manager" shall mean the resident Project manager selected and retained by Developer pursuant to the Lease/Regulatory Agreement. The Qualified Manager shall reside in the "Manager's Unit" designated by Developer. The Manager's Unit shall be restricted to occupancy by the Qualified Manager and his/her household, but shall not be subject to any income restrictions.

Z. (§226) Qualified Tenant.

The term "Qualified Tenant" shall mean those households seeking to rent a Restricted Unit who satisfy all of the following requirements:

a. Upon execution of a lease with Developer, each member of the household will occupy the Restricted Unit as its principal residence, and each member intends to thereafter continuously occupy such Restricted Unit as its principal residence.

b. Upon execution of a lease with Developer, the household is an extremely low, low or very low, or moderate income household.

c. The household has been selected in accordance with the tenant selection criteria set forth in the Lease/Regulatory Agreement.

d. At least one person in residence in each Senior Unit must be a Senior Citizen, and other residents in the same Senior Unit who are not Senior Citizens must be Qualified Permanent Residents, as defined in California Civil Code Section 51.3(b).

AA. (§ 227) Reserve Fund.

The term "Reserve Fund" shall mean that separately-held, non-comingled account to be established by the Developer and held solely for the purposes of Project maintenance, refurbishment, cleaning, etc. The Developer shall place at least $9,000 into the Reserve Fund each year. This amount is reflected in the Financial Analysis attached hereto as Exhibit "H" (the Reserve Fund is denominated as the "Replacement Reserves" in the Financial Analysis).

BB. (§ 228) Redevelopment Plan.

The term "Redevelopment Plan" shall mean the Redevelopment Plan for the Redevelopment Project Area in the City of Irwindale, as adopted by Ordinance No. 272 of the City Council on January 10, 1974, and as such Redevelopment Plan has been amended from time to time. Agency hereby warrants and represents that the Redevelopment Plan was validly adopted and is in full force and effect, that the applicable limitations period for challenging the validity of the Redevelopment Plan has expired and that the proposed Project is in accordance with and permissible under the Redevelopment Plan. A copy of the Redevelopment Plan is on file in the office of the City Clerk of the City, located at 5050 North Irwindale Avenue, Irwindale, CA 91706. The Redevelopment Plan is incorporated herein by reference and made a part hereof as though fully set forth herein.

CC. (§229) Redevelopment Project Areas.

The term "Redevelopment Project Area" shall mean the three (3) redevelopment project areas that have been adopted and amended by the Agency since 1973 and are located in the City of Irwindale, California. The exact boundaries of the Redevelopment Project Area are specifically described in the Redevelopment Plan.

DD. (§230) Rent Refund.

The term "Rent Refund" shall refer to the requirement that, on a monthly, per-unit basis, the Developer will pay the Authority for any rent received *in excess* of the Guaranteed Rent (the "Rent Refund"). The Rent Refund system is described in greater detail in Section 708 hereof.

EE. (§231) Rent Subsidy.

The term "Rent Subsidy" shall refer to the requirement that, on a monthly, per-unit basis, the Authority will pay the Developer for any rental rate *shortfalls* below the Guaranteed Rent. The Rent Subsidy is described in greater detail in Section 708 hereof.

FF. (§232) Restricted Unit.

The term "Restricted Unit" shall mean and refer to one of the units in the Project which are restricted to occupancy by the Lease/Regulatory Agreement to an extremely low, low, very low or moderate income household at an affordable rent. "Restricted Units" shall mean and refer collectively to each and every Restricted Unit located on the Site.

GG. (§233) Senior Citizen.

The terms "senior" or "senior citizen" shall mean a person sixty-two (62) years of age or older, as defined in California Civil Code Section 51.3(b).

HH. (§ 234) Senior Unit.

The term "senior unit" shall mean a Restricted Unit that is specially designed for and restricted to occupancy by Senior Citizens and Qualified Permanent Residents.

II. (§235) Site and Site Map.

The Project shall be located upon that real property, consisting of both Parcel I and Parcel II, located in the City of Irwindale, hereinafter referred to as the "Site". The legal description for the total Site shall be available after the Authority has completed a Parcel Merger (through a lot line adjustment) as described in Section 501 of this Agreement.

JJ. (§236) Very Low Income Household.

The terms "very low" or "very low income household" shall mean a household whose annual household income does not exceed fifty percent (50%) of area median income for Los Angeles County, adjusted for applicable household size, as computed in accordance with the Community Redevelopment Law and the regulations promulgated pursuant thereto or incorporated therein, including, without limitation, all regulations promulgated pursuant to Health and Safety Code Section 50093, or any successor statute.

KK. (§237) 55-Year Affordability Period.

The term "55-Year Affordability Period" shall mean the length of time (i.e., 55 years) for which Developer must hold the Restricted Units at an affordable rent under the terms of the Lease/Regulatory Agreement.

III. (§300) PARTIES TO THE AGREEMENT

A. (§301) Agency and Authority.

1. **Identification.** Agency is a public body, corporate and politic, exercising governmental functions and powers, organized and existing under the CRL (Health and Safety Code Section 33000, et seq.). The office of Agency is located at 5050 North Irwindale Avenue, Irwindale, CA 91706. The term "Agency," as used in this Agreement, includes the Irwindale Redevelopment Agency and any assignee of, or successor to, its rights, powers and responsibilities.

Authority is a housing authority exercising governmental functions and powers, organized and existing under the Housing Authority Law of the State of California (Health and Safety Code Section 34200, et seq.) The office of Authority is located at 5050 North Irwindale

Avenue, Irwindale, CA 91706. The term "Authority," as used in this Agreement, includes the Irwindale Housing Authority and any assignee of, or successor to, its rights, powers and responsibilities.

2. **Agency/Authority Representations.** Agency and Authority hereby jointly represent the following to Developer for the purpose of inducing Developer to enter into this Agreement and to consummate the transactions contemplated hereby, all of which shall be true as of the date hereof and shall survive the conveyance of the Site and the Lease/Regulatory Agreement to Developer:

a. The Redevelopment Plan has been duly adopted in compliance with all applicable laws and is currently in full force and effect.

b. The Agency and Authority have the legal power, right and authority to enter into this Agreement and the instruments and documents referenced herein to which the Agency or Authority are a Party, to consummate the transactions contemplated hereby, to take any steps or actions contemplated hereby, and to perform their obligations hereunder.

c. All requisite action has been taken by the Agency or Authority and all requisite consents have been obtained in connection with Agency and Authority entering into this Agreement and the instruments and documents referenced herein to which the Agency or Authority is a Party, and the consummation of the transaction contemplated hereby, and the same are authorized by the Redevelopment Plan and, to the best knowledge of Agency/Authority, comply with all applicable laws, statutes, ordinances, rules and governmental regulations. There are no writs, injunctions, orders or decrees of any court or governmental body that would be violated by the Agency's/Authority's entering into or performing its obligations under this Agreement.

d. The uses of the Site as contemplated by this Agreement, the Lease/ Regulatory Agreement, and any regulatory permits, are authorized by the Redevelopment Plan.

B. (§302) <u>Developer</u>.

1. **Identification.** Developer is The Northridge Group, Inc., a California corporation, or its permitted transferee as described in Section 303.3. The principal office of Developer for the purposes of this Agreement is located at 798 Pine Knot Ave., PO Box 134401, Big Bear Lake, California 92315-8807. Developer warrants and represents to Agency that Developer will be qualified to do business in good standing under the laws of the State of California and has all requisite power and authority to carry out Developer's business as now and whenever conducted and to enter into and perform Developer's obligations under this Agreement.

2. **Successors and Assigns.** Except as may be expressly provided hereinbelow, all of the terms, covenants and conditions of this Agreement shall be binding on, and shall inure to the benefit of, Developer and the permitted successors, assigns and nominees

of Developer as to each portion of the Site. Wherever the term "Developer" is used herein, such term shall include any permitted successors and assigns of Developer as herein provided.

3. **Qualifications.** The qualifications and identity of Developer are of particular concern to the Agency and Authority, and it is because of such qualifications and identity that Agency and Authority have entered into this Agreement with Developer. The Agency and Authority have considered the experience, financial capability, and product being marketed by Developer, the Site location and characteristics, the public costs of acquiring and developing the Site and return on investment, and the product mix necessary to produce a Project. Based upon these considerations, the Agency and Authority impose those restrictions on transfer set forth in this Agreement.

4. **Developer Representations.** Developer hereby represents the following to Agency and Authority for the purpose of inducing Agency/Authority to enter into this Agreement and to consummate the transactions contemplated hereby, all of which shall be true as of the date hereof and shall survive the conveyance of the Site and the Lease/Regulatory Agreement:

a. Developer has the legal power, right and authority to enter into this Agreement and the instruments and documents referenced herein, to consummate the transactions contemplated hereby, to take any steps or actions contemplated hereby, and to perform its obligations hereunder. Developer is qualified to do business in good standing under the laws of the State of California and has all requisite power and authority to carry out Developer's business as now and whenever conducted and to enter into and perform Developer's obligations under this Agreement.

b. All requisite action has been taken by Developer, including, but not limited to, approval by any of Developer's committees, boards, or other such authorities as may be needed for the leasing and development of real property, and all requisite consents have been obtained by Developer in connection with entering into this Agreement and the instruments and documents referenced herein, and the consummation of the transactions contemplated hereby.

c. To the best knowledge of Developer, the execution, delivery and performance by Developer of this Agreement will not violate any provision of law, any order of any court or other agency of government, or any indenture, agreement or other instrument to which Developer is a party or by which Developer or any of its properties is bound.

d. This Agreement is, and all agreements, instruments and documents to be executed by Developer pursuant to this Agreement shall be, duly executed by and are, or shall be, valid and legally binding upon Developer and enforceable in accordance with their respective terms and the execution and delivery thereof shall not, with due notice or the passage of time, constitute a default under or violate the terms of any indenture, agreement or other instrument to which Developer is a party.

e. Reasonable and good faith inquiry has determined that there is no pending or threatened litigation which would prevent Developer from performing its duties and obligations hereunder.

C. (§303) Restrictions on Transfer.

1. **Transfer Defined.** As used in this section, the term **"Transfer"** shall include any assignment, sublease, hypothecation, mortgage, pledge, conveyance, or encumbrance of this Agreement, the Site, or the improvements thereon. A Transfer shall also include the transfer to any person or group of persons acting in concert of more than twenty-five percent (25%) of the present ownership and/or control of Developer in the aggregate, taking all transfers into account on a cumulative basis, except transfers of such ownership or control interest between members of the same immediate family, or transfers to a trust, testamentary or otherwise, in which the beneficiaries are limited to members of the transferor's immediate family. In the event Developer or its successor is a corporation or trust, such transfer shall refer to the transfer of the issued and outstanding capital stock of Developer, or of beneficial interests of such trust; in the event that Developer is a limited or general partnership, such transfer shall refer to the transfer of more than twenty-five percent (25%) of the limited or general partnership interest; in the event that Developer is a joint venture, such transfer shall refer to the transfer of more than twenty-five percent (25%) of the ownership and/or control of any such joint venture partner, taking all transfers into account on a cumulative basis.

2. **Restrictions.** Developer shall not Transfer this Agreement or any of Developer's rights hereunder, or any rights under the Lease/Regulatory Agreement, or any interest in the Site or in the improvements thereon, directly or indirectly, voluntarily or by operation of law, except as provided below, without the prior written approval of Agency and Authority, and if so purported to be Transferred, the same shall be null and void. In considering whether they will grant approval to any Transfer by Developer of its interest in the Site before the termination or expiration of the Lease/Regulatory Agreement, which Transfer requires Agency/Authority approval, Agency and Authority shall consider factors such as (i) whether the completion or implementation of the Project is jeopardized; (ii) the financial strength and capability of the proposed assignee to perform Developer's obligations hereunder; and (iii) the proposed assignee's experience and expertise in the planning, financing, development, ownership, and operation of similar projects.

In the absence of specific written agreement by Agency and Authority, prior to the termination or expiration of the Lease/Regulatory Agreement no Transfer by Developer of all or any portion of its interest in the Site, the Agency Assistance or this Agreement (including without limitation an assignment or transfer not requiring Agency/Authority approval hereunder) shall be deemed to relieve it or any successor party from any obligations under this Agreement with respect to the completion of the development of the Project with respect to that portion of interests which are so transferred. In addition, no attempted assignment of any of Developer's obligations hereunder shall be effective unless and until the successor party executes and delivers to Agency and Authority an assumption agreement in a form approved by the Agency/Authority assuming such obligations. Following any such assignment or Transfer of any of the rights and

interests of Developer under this Agreement, the exercise, use and enjoyment shall continue to be subject to the terms of this Agreement to the same extent as if the assignee or transferee were Developer. Agency's, Authority's or City's consent to a Transfer shall not be deemed to release Developer of liability for performance under this Agreement unless such release is specific and in writing executed by Agency, Authority or City, as appropriate. Upon the written consent of Agency/Authority/City to the Transfer of this Agreement and the express written assumption of the assigned obligations of Developer under this Agreement by the assignee, Developer shall be relieved of its legal duty from the assigned obligations under this Agreement, except to the extent Developer is in default under the terms of this Agreement prior to said Transfer.

3. **Exceptions**. The foregoing prohibition shall not apply to any of the following:

a. The granting of easements to any appropriate governmental agency or utility or permits to facilitate the development of the Site.

b. A sale or transfer resulting from or in connection with a reorganization as contemplated by the provisions of the Internal Revenue Code of 1986, as amended or otherwise, in which the ownership interests of a corporation are assigned directly or by operation of law to a person or persons, firm or corporation which acquires the control of the voting capital stock of such corporation or all or substantially all of the assets of such corporation.

c. A sale or transfer of 49% or more of ownership or control interest between members of the same immediate family, or transfers to a trust, testamentary or otherwise, in which the beneficiaries consist solely of immediate family members of the Trustor or transfers to a corporation or partnership in which the immediate family members or shareholders of the transferor have a controlling majority interest of 51% or more.

d. A sale or transfer of an interest in the Developer by Developer to an entity controlled by Developer.

e. The conveyance of leases to Qualified Tenants and/or the Qualified Manager as contemplated in this Agreement and the Lease/Regulatory Agreement.

4. **Restrictions After Project Completion**. It is hereby acknowledged by Developer and Agency that the Site will be leased to the Developer by the Authority at below market rent. Therefore, subsequent to the completion of actual Project construction, except as set forth in Section 303.3 above, Developer may not sell, Transfer, convey, hypothecate, assign or lease all or any portion of its interest in the Site without complying with any transfer restrictions contained within the Lease/Regulatory Agreement, as applicable.

5. **Costs of Transfers.** Developer will pay Agency, Authority or City, as appropriate, their reasonable expenses for attorneys' fees and investigation costs necessary to

investigate the suitability of any proposed assignee, and to review and finalize any documentation required as a condition for approving any Transfer.

6. **Agency/Authority/City Assignments.** It is expressly agreed that Agency and Authority shall have the unrestricted right to sell or assign their respective rights under this Agreement either to each other or to the City of Irwindale, or to any public or quasi-public entity, or any other agency or body that is controlled by the City without notice to or approval of Developer. If the Developer's interest and estate in and to the Site is sold or assigned by the Agency or Authority, the Agency/Authority, as applicable, shall be entirely freed, relieved, and discharged of all covenants, agreements, and obligations under this Agreement, except those occurring prior to the date of such transfer or assignment by Agency or Authority. Developer shall in the event of sale or assignment of Agency's or Authority's interest in the Site, or in the event of any proceedings brought for the foreclosure of, or in the event of exercise of the power of sale under any mortgage or deed of trust made by Agency or Authority covering the Site, attorn to the purchaser and recognize such purchaser as the Agency's/Authority's successor party under this Agreement and City's successor under any other agreement, if applicable.

IV. (§400) DISPOSITION OF PARCEL II TO AUTHORITY.

A. (§ 401) Conveyance of Parcel II to Authority.

Conveyance of Parcel II to the Authority shall be made in consideration of Authority's payment of one dollar ($1) to Agency.

Commensurate with the Effective Date of this Agreement, but subject the satisfaction of the Conditions Precedent stated in Section 402, the Agency shall deposit with the Authority an Agency-executed original of that Quitclaim Deed attached hereto as Exhibit "E"; said conveyance shall be made without any escrow holder or period. Upon satisfaction of the Conditions Precedent stated in Section 402, the Authority shall promptly record the Quitclaim Deed with the Los Angeles County Recorder. Conveyance of Parcel II fee title all possessory rights thereto shall vest with the Authority upon recordation of the Quitclaim Deed.

B. (§ 402) Conditions Precedent to Conveyance of Parcel II Fee Title.

1. **Authority's Conditions to Parcel II Acquisition.** Authority's acquisition of Parcel II from the Agency hereunder shall, in addition to any other conditions set forth herein in favor of Authority, be conditional and contingent upon the satisfaction (or waiver by Developer), in its sole and absolute discretion, of each and all of the following conditions (collectively the "**Authority's Conditions to Closing**"):

a. Title shall be conveyed in a good condition approved by Authority subject only to: (i) the Redevelopment Plan, this Agreement, the other Agreements to the extent applicable, and the Deed; (ii) current taxes, a lien not yet payable; (iii) quasi-public utility, public alley and public street easements of record; and (iv) CC&Rs and other encumbrances and title

exceptions approved by Authority. Authority shall not accept fee title to Parcel II unless and until it is satisfied, in its reasonable discretion, with the condition of Parcel II title.

b. As of the recordation of the Quitclaim Deed, a Title Policy in the amount of the fair market value of Parcel II (or such other amount as may be reasonably accepted by the Authority) shall be in place with such endorsements as may be reasonably required by Authority.

c. Agency shall have deposited the Quitclaim Deed with the Authority.

d. Authority shall have approved, accepted or waived the environmental and physical condition of Parcel II and have accepted Parcel II free and clear of any tenants rights of possession of any other persons or entities.

e. Agency shall have deposited with the Authority a certificate of non-foreign status ("FIRPTA Certificate") in such form as may be required by the Internal Revenue Service pursuant to Section 1445 of the Internal Revenue Code.

Any waiver of the foregoing conditions must be expressly agreed-upon in writing by both Authority and Agency. In the event that Agency fails to satisfy Authority's foregoing conditions or defaults in the performance of its obligations hereunder, all parties to this Agreement shall meet to negotiate in good faith an alternative or remedial action towards the end of completing the Agency's conveyance of Parcel II's fee title to the Authority.

2. **Agency's Conditions to Conveyance of Parcel II.** The Agency's obligation to deliver fee title to Parcel II to Authority and close Escrow hereunder shall, in addition to any other conditions set forth herein, be conditional and contingent upon the satisfaction (or waiver by Agency), of each and all of the following conditions (collectively the "**Agency's Conditions to Closing**"):

a. Agency's assurances that it shall convey the Site to Authority and Authority shall acquire the Site from Agency, upon the terms and conditions hereinafter set forth in the Lease/Regulatory Agreement.

b. Developer shall not have made a transfer in violation of Section 303 hereof.

c. Authority shall have approved the Lease/Regulatory Agreement as to form and shall be prepared to have same recorded against the Site.

Any waiver of the foregoing conditions must be expressly agreed-upon in writing by both Authority and Agency. In the event that Authority fails to satisfy Agency's foregoing conditions or defaults in the performance of its obligations hereunder, all parties to this Agreement shall meet to negotiate in good faith an alternative or remedial action towards the end of completing the Agency's conveyance of Parcel II's fee title to the Authority.

V. (§ 500) AUTHORITY'S DISPOSITION OF SITE TO DEVELOPER BY THE LEASE/REGULATORY AGREEMENT.

A. (§ 501) Site Assembly.

Upon recordation of the Quitclaim Deed vesting fee title to Parcel II with the Authority, Authority agrees that it shall immediately commence the process for completing the Parcel Merger pursuant to Chapter 16.22 of the Irwindale Municipal Code. Once commenced, the Authority will diligently proceed with its efforts to complete the Parcel Merger without unreasonable delay or disruption. The Agency and Authority estimate, without making any assurances, that the Parcel Merger will be completed within forty-five (45) days after the recordation of the Quitclaim Deed vesting fee title to Parcel II with the Authority.

B. (§ 502) Feasibility Period Before Effective Date of Lease.

Upon the Effective Date of this Agreement, the Agency and Authority, as appropriate to the entity then owning fee title to Parcel II, hereby grants Developer a license(s) for right-of-entry on, over and across Parcel II for the purposes of determining whether (i) the physical condition of Parcel II (e.g., environmental, geotechnical analyses) is suitable for Developer's intended use, (ii) all title and survey matters are acceptable, and (iii) Developer will be able to obtain all necessary approvals, permits and/or consents Developer determines is necessary for the Project (the **"Feasibility Period"**). The Feasibility Period shall end at the earlier of either (i) such time that Developer enters into the Lease/Regulatory Agreement as provided in Section 503 hereof, or (ii) the running of the Lease Acceptance Deadline, as defined below. Developer's execution of the Lease/Regulatory Agreement shall constitute Developer's approval of Parcel II's condition pursuant to any investigations conducted under this Section.

Any investigations of Parcel II undertaken pursuant to this Section shall be conducted in a good and professional manner that does not unreasonably interfere with any governmental operations, the quiet enjoyment of surrounding City citizens or the condition of Parcel II. Developer shall indemnify, defend and hold Agency and Authority harmless from and against any claims, injuries, or damages arising out of any such entry or activity undertaken pursuant to the authority of this Section to the same extent as provided in Sections 504 and 608 below. Moreover, any activity by Developer pursuant to this Section shall only be undertaken after Developer has secured all necessary permits from the appropriate governmental agencies.

C. (§ 503) Authority's Disposition of the Site by the Lease/Regulatory Agreement To Developer.

Not later than five (5) days after completion of the Parcel Merger, the Authority shall make available to Developer two copies of the Lease/Regulatory Agreement, which copies shall have been signed by the Authority and prepared for Developer's acceptance and execution (which delivery is hereinafter referred to as the **"Offer of Tenancy"**).

1. **Acceptance of Tenancy & Regulatory Covenants.** If Developer is satisfied with the Site's condition pursuant to its investigations during the Feasibility Period, Developer shall sign the Lease/Regulatory Agreement, thereby acquiring an immediate leasehold interest on, over and across the Site upon the terms and conditions set forth in the Lease/Regulatory Agreement. Developer may not accept the Lease/Regulatory Agreement without also accepting all regulatory conditions set forth therein. As of the date Developer signs the Lease/Regulatory Agreement, Developer's leasehold possessory rights over the Site shall take effect and this Agreement shall remain in full force and effect such that the parties shall have all of the rights and obligations set forth herein and in the Lease/Regulatory Agreement ("**Commencement of Tenancy**"). Upon Commencement of Tenancy the Developer shall deliver one original signed Lease/Regulatory Agreement to the Authority. The Authority shall record the Lease/Regulatory Agreement upon the Site within ten (10) days after Commencement of Tenancy.

2. **Terms of Lease/Regulatory Agreement Incorporated Herein.** Upon the Commencement of Tenancy, Developer shall have an immediate right of possession to the Site and Developer may enter the Site for Project construction subject to the terms of this Agreement and the Lease/Regulatory Agreement. Project completion shall result in all 26 Site units (other than the Manager's Unit) being occupied and maintained as rental units covenanted for occupancy by low income, extremely low income, very low and moderate income senior citizens (as such terms are herein defined to create a "senior citizen housing development" as defined in California Civil Code § 51.11(b)(4)) and shall be available to low income, extremely low income and very low income households. The Lease/Regulatory Agreement also contains the following principal provisions:

a. Execution of the Lease/Regulatory Agreement effectively terminates the Old Lease, and

b. Developer shall construct Phase II in its entirety and, with the exception of any Prepayment, Project Contribution and/or Adjunct Contribution funds provided hereunder, at its sole cost and expense, and

c. Developer shall act as the manager and operator of the Site with the duty to maintain the Site as a residential apartment complex available for affordable rent to extremely low, very low. low and moderate income senior households for the period of 55 years commencing from the later of either (i) December 1, 2011, or (ii) the opening of Phase II units as available for rent to Qualified Residents; and

d. That Authority's lease of the Site to Developer is made in an "AS-IS" condition and that neither Agency nor Authority shall be responsible for any Hazardous Materials (as defined hereinafter) on the Site.

e. That Developer fully accepts the condition of the Site and its suitability for the Project and agrees to release, hold harmless and indemnify the Agency and Authority from any environmental, physical, geologic or other conditions of the Site.

f. That Developer shall maintain and operate the Site in conformance with the provisions of the Lease/Regulatory Agreement.

All provisions of the Lease/Regulatory Agreement shall be automatically incorporated by reference into the terms and conditions of this Agreement.

3. **Rejection of Offer of Tenancy.** If Developer refuses to execute the Lease/Regulatory Agreement after more than thirty (30) days after the Offer of Tenancy by the Authority (the "**Lease Acceptance Deadline**"), then all obligations between the Authority, the Agency and Developer shall cease and no party shall have any further rights or obligations in or to another.

D. (§504) <u>Site Taken "As-Is" On Commencement of Tenancy; Hazardous Materials</u>.

1. **Disclaimer of Warranties.** Upon Developer's acceptance of the Site following the Feasibility Period and Commencement of Tenancy, Developer's occupation or possession of the Site shall be taken without further warranty of the Site's physical or environmental condition. The Feasibility Period set forth in Section 502 is Developer's sole recourse with respect to the Site's physical, geological and environmental condition and, accordingly, Developer's election to enter into the Lease/Regulatory Agreement shall not give rise to any further warranties or guaranties regarding the Site's physical or environmental condition or its suitability for Developer's uses. Developer's lease of the Site on and after the Commencement of Tenancy is therefore made on a strictly "AS-IS" basis. From and after Developer's acceptance of occupancy over the Site after the Feasibility Period, Developer shall be solely responsible for any defects in the Site, whether patent or latent, including, without limitation, the physical, environmental and geotechnical condition of the Site, and the existence of any contamination, Hazardous Materials, vaults, debris, pipelines, or other structures located on, under or about the Site; neither Agency nor Authority make any other representation or warranty concerning the physical, environmental, geotechnical or other condition of the Site, the suitability of the Site for the Project, or the present use of the Site, and Agency and Authority specifically disclaim all representations or warranties of any nature concerning the Site made by them, the City and their respective employees, agents and representatives except as otherwise provided in this Agreement, the Lease/Regulatory Agreement. The foregoing disclaimer includes, without limitation, topography, climate, air, water rights, utilities, soil, subsoil, existence of Hazardous Materials or similar substances, the purpose for which the Site is suited, or drainage. Agency and Authority make no representations or warranties concerning the compaction of soil upon the Site, nor of the suitability of the soil for construction.

2. **<u>Hazardous Materials</u>.** Developer understands and agrees that in the event Developer incurs any loss or liability concerning Hazardous Materials (as hereinafter defined) and/or oil wells and/or underground storage tanks and/or pipelines whether attributable to events occurring prior to or following the Commencement of Tenancy, then Developer may look to prior owners or occupants of the Site or other responsible parties, but under no circumstances shall Developer look to Agency, Authority or City, their directors, officers, share-

holders, employees, and agents, and their respective heirs, successors, personal representatives and assigns (collectively, "Indemnified Parties") for any liability or indemnification regarding Hazardous Materials and/or oil wells and/or underground storage tanks and/or pipelines. Developer, and each of the entities constituting Developer, if any, from and after the Commencement of Tenancy, hereby waives, releases, remises, acquits and forever discharges Indemnified Parties, of and from any and all Environmental Claims, Environmental Cleanup Liability and Environmental Compliance Costs, as those terms are defined below, and from any and all actions, suits, legal or administrative orders or proceedings, demands, actual damages, punitive damages, loss, costs, liabilities and expenses, which concern or in any way relate to the physical or environmental conditions of the Site, the existence of any Hazardous Material thereon, or the release or threatened release of Hazardous Materials therefrom, whether existing prior to, at or after the Closing. It is the intention of the parties pursuant to this release that any and all responsibilities and obligations of the Indemnified Parties, and any and all rights, claims, rights of action, causes of action, demands or legal rights of any kind of Developer, its successors, assigns or any affiliated entity of Developer, against the Indemnified Parties, arising by virtue of the physical or environmental condition of the Site, the existence of any Hazardous Materials thereon, or any release or threatened release of Hazardous Material therefrom, whether existing prior to, at or after the Closing, are by this Release provision declared null and void and of no present or future force and effect as to the parties; provided, however, that no parties other than the Indemnified Parties (defined below) shall be deemed third party beneficiaries of such release. *In connection therewith, Developer and each of the entities constituting Developer, expressly agree to waive any and all rights which said party may have under 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 favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

DEVELOPER'S INITIALS: _____ AUTHORITY'S INITIALS: _____

Developer and each of the entities constituting Developer, shall, from and after the Commencement of Tenancy, defend, indemnify and hold harmless the Indemnified Parties from and against any and all Environmental Claims, Environmental Cleanup Liability, Environmental Compliance Costs, and any other claims, actions, suits, legal or administrative orders or proceedings, demands or other liabilities resulting at any time from the physical and/or environmental conditions of the Site whether before or after the Closing or from the existence of any Hazardous Materials or the release or threatened release of any Hazardous Materials of any kind whatsoever, in, on or under the Site occurring at any time whether before or after the Commencement of Tenancy, including, but not limited to, all foreseeable and unforeseeable damages, fees, costs, losses and expenses, including any and all attorneys' fees and environmental consultant fees and investigation costs and expenses, directly or indirectly arising therefrom, and including fines and penalties of any nature whatsoever, assessed, levied or asserted against any Indemnified Parties to the extent that the fines and/or penalties are the result of a violation or an alleged violation of any Environmental Law. Developer further agrees that

in the event Developer obtains, from former or present owners of the Site or any other persons or entities, releases from liability, indemnities, or other forms of hold harmless relating to the subject matter of this section, Developer shall use its diligent efforts to obtain for Agency, Authority and City the same releases, indemnities and other comparable provisions.

For purposes of this Section 504, the following terms shall have the following meanings:

a. "*Environmental Claim*" means any claim for personal injury, death and/or property damage made, asserted or prosecuted by or on behalf of any third party, including, without limitation, any governmental entity, relating to the Site or its operations and arising or alleged to arise under any Environmental Law.

b. "*Environmental Cleanup Liability*" means any cost or expense of any nature whatsoever incurred to contain, remove, remedy, clean up, or abate any contamination or any Hazardous Materials on or under all or any part of the Site, including the ground water thereunder, including, without limitation, (A) any direct costs or expenses for investigation, study, assessment, legal representation, cost recovery by governmental agencies, or ongoing monitoring in connection therewith and (B) any cost, expense, loss or damage incurred with respect to the Site or its operation as a result of actions or measures necessary to implement or effectuate any such containment, removal, remediation, treatment, cleanup or abatement.

c. "*Environmental Compliance Cost*" means any cost or expense of any nature whatsoever necessary to enable the Site to comply with all applicable Environmental Laws in effect. "Environmental Compliance Cost" shall include all costs necessary to demonstrate that the Site is capable of such compliance.

d. "*Environmental Law*" means any federal, state or local statute, ordinance, rule, regulation, order, consent decree, judgment or common-law doctrine, and provisions and conditions of permits, licenses and other operating authorizations relating to (A) pollution or protection of the environment, including natural resources, (B) exposure of persons, including employees, to Hazardous Materials or other products, raw materials, chemicals or other substances, (C) protection of the public health or welfare from the effects of by-products, wastes, emissions, discharges or releases of chemical sub-stances from industrial or commercial activities, or (D) regulation of the manufacture, use or introduction into commerce of chemical substances, including, without limitation, their manufacture, formulation, labeling, distribution, transportation, handling, storage and disposal.

e. "*Hazardous Material*" is defined to include any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California, or the United States Government. The term "Hazardous Material" includes, without limitation, any material or substance which is: (A) petroleum or oil or gas or any direct or derivate product or byproduct thereof; (B) 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); (C) 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); (D) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Sections 25501(j) and (k) and 25501.1 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory); (E) 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); (F) "used oil" as defined under Section 25250.1 of the California Health and Safety Code; (G) asbestos; (H) listed under Chapter 11 of Division 4.5 of Title 22 of the California Code of Regulations, or defined as hazardous or extremely hazardous pursuant to Chapter 10 of Division 4.5 of Title 22 of the California Code of Regulations; (I) defined as waste or a hazardous substance pursuant to the Porter-Cologne Act, Section 13050 of the California Water Code; (J) designated as a "toxic pollutant" pursuant to the Federal Water Pollution Control Act, 33 U.S.C. § 1317; (K) defined as a "hazardous waste" pursuant to the Federal Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq. (42 U.S.C. § 6903); (L) defined as a "hazardous substance" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq. (42 U.S.C. § 9601); (M) defined as "Hazardous Material" pursuant to the Hazardous Materials Transportation Act, 49 U.S.C. § 5101 et seq.; or (N) defined as such or regulated by any "Superfund" or "Superlien" law, or any other federal, state or local law, statute, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning Hazardous Materials and/or oil wells and/or underground storage tanks and/or pipelines, as now, or at any time here-after, in effect.

3. **Survival.** Notwithstanding any other provision of this Agreement, Developer's release and indemnification as set forth in the provisions of this Section, as well as all provisions of this Section shall survive the termination of this Agreement and shall continue in perpetuity.

4. **Conditions Directly Caused by Indemnified Parties.** Notwithstanding anything to the contrary in this Section, Developer's release of the Indemnified Parties from liability pursuant to this Section shall not extend to Hazardous Materials directly brought onto the Site by the Indemnified Parties`.

VI. (§600) DEVELOPMENT OF THE SITE.

A. (§601) Prepayment to Developer.

Within twenty (20) days after the Effective Date of this Agreement, the Authority hereby agrees to pay to Developer the Prepayment of $200,000. The Prepayment represents the Developer's Profits from the Phase I development that have been held by the Authority to date.

B. (§602) **Development Plans, Final Building Plans, Subdivision Map Act Approvals, Environmental Review.**

The Site shall be developed by Developer as provided in the Scope of Work, the Lease/Regulatory Agreement, and the plans and permits approved by Agency and City pursuant to this Section 602.

1. **Proposed Development's Consistency With Plan and Codes.** Agency and Authority warrant and represent that the City's General Plan, Zoning Ordinance, and Redevelopment Plan permits Developer's proposed development, and construction, operation, and use of the Site as provided in this Agreement, including without limitation the Project, subject only to (i) approval of the Project pursuant to Health and Safety Code Sections 33433, (ii) those development approvals yet to be obtained, including proposed General Plan and Zoning Ordinance amendments if applicable, Site Plan Review and subdivision approval (if required), and (iii) City's and Agency's review and approval of the Project in accordance with the California Environmental Quality Act. It is expressly understood by the parties hereto that Agency makes no representations or warranties with respect to approvals required by any other governmental entity or with respect to approvals hereinafter required from City, Authority or Agency, and Authority, Agency and City reserve full police power authority over the Project. Nothing in this Agreement shall be deemed to be a prejudgment or commitment with respect to such items nor a guarantee that such approvals or permits will be issued within any particular time or with or without any particular conditions. Notwithstanding the foregoing, the Agency hereby acknowledges that permits and planning approvals for Phase II improvements have already been processed by the City's planning authorities, excepting that Developer's fulfillment of vehicular parking requirements for the Phase II development still require review and approval by the City of Irwindale Planning Commission and City Council.

2. **Evolution of Development Plan.** Submittals, reviews and plans for the Project covered by this Section 602 shall be processed in accordance with the Schedule of Performance attached hereto at Exhibit "C". Concurrently with the approval of this Agreement, the Agency and Authority, as appropriate, has approved the Developer's Conceptual Site Plans for the completed Project as presented in Exhibit "D" hereto. On or before the date set forth in the Schedule of Performance, Developer shall submit to the City preliminary, and thereafter final drawings and specifications for development of the Site and each Site thereof in accordance with the Scope of Work, and all in accordance with the City's requirements. The term preliminary and final drawings shall be deemed to include site plans, building plans and elevations, grading plans, if applicable, landscaping plans, parking plans, signage, a description of structural, mechanical, and electrical systems, and all other plans, drawings and specifications. Final drawings will be in sufficient detail to obtain a building permit. Said plans, drawings and specifications shall be consistent with the Scope of Work and the various development approvals referenced hereinabove, except as such items may be amended by City (if applicable) and by mutual consent of Agency/Authority and Developer. Plans (concept, preliminary and construction) shall be progressively more detailed and will be approved if there is a logical evolution of plans, drawings or specifications previously approved. Sufficiently detailed Plans to obtain all discretionary land use approvals, including for site plan approval, conditional use

permits, and other actions requiring Planning Commission approvals, if applicable, shall be submitted and processed concurrently for the Site.

3. **Developer Best Efforts to Obtain Approvals.** Developer shall exercise its best efforts to timely submit all documents and information necessary to obtain all development and building approvals from the City, Authority or Agency, as appropriate, in a timely manner. Not by way of limitation of the foregoing, in developing and constructing the Project, Developer shall comply with all applicable development standards in City's Municipal Code and shall comply with all building code, landscaping, signage, and parking requirements, except as may be permitted through approved variances and modifications.

4. **Agency Facilitation of Project Permits and Approvals.** Subject to Developer's compliance with (i) the applicable City, Authority and Agency development standards for the Site, and (ii) all applicable laws and regulations governing such matters as public hearings, site plan review and environmental review, Agency and Authority agree to provide reasonable assistance to Developer, at no cost to Agency/Authority, in the expeditious processing of Developer's submittals required under this Section in order that Developer can obtain a final City action on such matters within the time set forth in the Schedule of Performance. City or Agency's failure to provide necessary approvals or permits within such time periods, after and despite Developer's reasonable efforts to submit the documents and information necessary to obtain the same, shall constitute an Enforced Delay.

5. **Disapproval.** The Agency or Authority, as appropriate, shall approve or disapprove any submittal made by Developer pursuant to this Section within thirty (30) days after such submittal. All submittals made by Developer will note the 30-day time limit, and specifically reference this Agreement and this section. Any disapproval shall state in writing the reason for the disapproval and the changes which the Agency or Authority requests to be made. Developer shall make the required changes and revisions and resubmit for approval as soon as is reasonably practicable but no more than thirty (30) days after the date of disapproval. Thereafter, Agency or Authority, as appropriate, shall have an additional thirty (30) days for review of the resubmittal, but if the Agency/Authority disapproves the resubmittal, then the cycle shall repeat, until the required approval has been obtained. The foregoing time periods may be shortened if so specified in the Schedule of Performance.

6. **CEQA.** The Agency or Authority shall be responsible for obtaining the approval of this Agreement and the Project as required by the California Environmental Quality Act by the time set forth in the Schedule of Performance. Without limitation of the foregoing, Developer specifically acknowledges and agrees that the Developer shall satisfy all conditions necessary to ensure that the Project conforms to all applicable CEQA requirements. The Developer agrees to supply information and otherwise assist Agency, upon Agency's request, to determine the environmental impact of the proposed development and to allow Agency to prepare and process such environmental documents, if any, as may need to be completed for the development pursuant to the requirements of CEQA.

C. (§603) **Developer Responsibilities During Construction.**

The cost of constructing all of the improvements required to be constructed for the Project shall be borne by Developer, except for any Prepayment monies or Agency Assistance expressly set forth in this Agreement. In addition, in developing the Site, Developer shall conduct watering of the ground as reasonably required by Agency and Authority, and take such other actions as Agency/Authority shall reasonably require to minimize the impact of construction and airborne debris on nearby property.

D. (§604) **Schedule of Performance; Progress Reports.**

Developer shall begin and complete all plans, reviews, construction and development specified in the Scope of Work within the times specified in the Schedule of Performance (Exhibit "C") or such reasonable extensions of said dates as may be mutually approved in writing by the parties or approved by the Authority's director as necessary to reflect Enforced Delays or minor, acceptable changes in Project progress.

Once construction is commenced, it shall be diligently pursued to completion, and shall not be abandoned for more than thirty (30) consecutive days, except when due to an Enforced Delay. Developer shall keep the Agency/Authority informed of the progress of construction and shall submit monthly to the Authority written reports of the progress of the construction in the form required by the Authority. Developer's reports of Project progress may take the form of Developer's construction draw request, which include a percentage of work completed to date on all previous payments (per line item) as well as the percentage of work completed on the current request.

E. (§ 605) **Disbursement of Project Contribution To Be Commensurate With Project Progress; Funding Services Agent.**

That portion of the Agency Assistance consisting of the Project Contribution (up to the amount not to exceed One Million, Seven-Hundred and Eighty-Seven Thousand, Five Hundred Dollars ($1,787,500.00)) shall be paid to Developer directly by a third-party funding services agent responsible for holding and disbursing Project Contribution funds (the "**Funding Agent**"). The Authority shall pay the full amount of the Project Contribution to the Funding Agent within thirty (30) days of the Commencement of Tenancy and the Funding Agent shall hold such Project Contribution in a separate, distinct and non-mingled escrow fund. The Funding Agent will be retained by the Authority pursuant to an agreement for services in the form substantially similar to the Funding Services Agreement attached hereto as Exhibit "I" ("**Funding Services Agreement**"). As described in the Funding Services Agreement, the Funding Agent shall pay the Project Contribution to Developer as Developer incurs the actual costs of Project construction and commensurate with Project progress as detailed in the Scope of Work, Schedule of Performance and Project Budget attached hereto as Exhibit "C" and the Concept Plans at Exhibit "D". Funding Agent shall have the right to verify the accuracy of invoices and Project progress as permitted in the Funding Services Agreement. Developer agrees to pay all costs of the Funding Agent's services incurred in the course of performing the Funding Services

Agreement; the Funding Agent shall directly invoice Developer for Funding Agent's services, and Developer will pay such invoices out of the Prepayment funds referenced in Section 601.

If there are any funds associated with the Project Contribution remaining in the Project Contribution escrow account after the issuance of a Certificate of Completion for the Project pursuant to Section 615 hereof because such work did not match or exceed the Project Contribution amount, then any remaining funds shall be paid to the Developer.

F. (§ 606) Ownership of Project Improvements.

Developer warrants that title to all Project improvements constructed or placed on the Site by Lessee, including buildings and structures, whether approved by Authority or constructed in violation of this Agreement and/or the Lease/Regulatory Agreement, are and shall be vested in Developer during the 55-Year Affordability Period, but shall automatically become the property of Authority upon the expiration or sooner termination of this Agreement and/or the Lease/Regulatory Agreement. In such case that the Developer does breach the Lease/Regulatory Agreement prior to the expiration of its 55-Year Affordability Period, the Authority shall have the Right of Reverter to re-take possession of the Site pursuant to Section 905 hereof.

G. (§607) Adjunct Contribution.

The $110,000 Adjunct Contribution is made available to the Developer by Authority in consideration for the Developer's acceptance of, and agreement to, the construction or implementation of those improvements and services identified in Exhibit "G" hereto. The Funding Agent will pay Adjunct Contribution funds to Developer as Developer incurs the actual costs of installing/providing the improvements and services listed in Exhibit "G".

Similar to the Project Contribution, the Authority shall establish a separate, distinct and unmingled escrow account with the Funding Agent for purposes of the Funding Agent's holding and disbursement of the Adjunct Contribution. The Funding Agent's services will be contracted for purposes of holding and disbursing the Adjunct Contribution via the same, or substantially the same, Funding Services Agreement as the one at Exhibit "I". Authority shall pay the full amount of the Adjunct Contribution into escrow with the Funding Agent no later than thirty (30) days after the Effective Date of this Agreement. If there are any funds associated with the Adjunct Contribution remaining in escrow after the issuance of a Certificate of Completion for the Project pursuant to Section 615 hereof because the cost of such work did not match or exceed the Adjunct Contribution amount, then any remaining funds shall be placed into the Reserve Fund to be used for future Project maintenance or refurbishments.

1. **Settlement/Release.** The parties have agreed that the Authority will pay the Adjunct Contribution for two primary purposes: (1) because the improvements stated in Exhibit "G" are beyond the scope of Project improvements as originally contemplated and therefore warrant additional consideration from the Authority, and (ii) because the Developer, Agency and Authority have been in some dispute as to which precise party was intended to be the payee of those funds which have been identified herein as the Prepayment and the Adjunct

Contribution (i.e., a total amount of $310,000). In order to resolve the dispute over funds identified in the preceding sentence as item (ii), the parties have agreed to the monetary arrangements set forth in Section 601 hereof (as to the Prepayment) and this Section 607. Therefore, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties do hereby release and forever discharge each others' respective "Releasees" hereunder, consisting of themselves and their respective elected or appointed public officials, officers, employees and agents, including, but not limited to, each of their associates, predecessors, successors, heirs, assignees, agents, directors, officers, employees, representatives, elected or appointed public officials, attorneys, and all persons acting by, through, under or in concert with them, or any of them, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims, demands, damages, loss, cost or expenses, of any nature whatsoever, known or unknown, fixed or contingent (hereinafter called "Claims"), which any party now has or may hereafter have against the Releasees, or any of them, arising out of, based upon, or relating to the Agency's or Authority's holding, accounting and/or distribution of those funds that have been identified herein as the Prepayment and/or the Adjunct Contribution (i.e., an amount of funds totaling $310,000).

Further, the parties acknowledge that they may hereafter discover facts different from or in addition to those that they now know or believe to be true with respect to the Claims that are the subject of the release set forth in the foregoing paragraph, and the parties expressly agree to assume the risk of the possible discovery of additional or different facts, and the parties agree that this Agreement shall be and remain effective in all respects regardless of such additional or different facts. To that end, the parties expressly and mutually agree to waive and relinquish all rights and benefits she may have under Section 1542 of the Civil Code of the State of California. That section reads as follows:

> "§1542. [General release; extent] A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

H. (§608) Indemnification During Construction.

During the periods of construction on the Site and until such time as the Agency or Authority has issued a Release of Construction Covenants with respect to the construction of the improvements thereon, the Developer agrees to and shall indemnify and hold the Agency, Authority and the City harmless from and against all liability, loss, damage, costs, or expenses (including reasonable attorneys' fees and court costs) arising from or as a result of the death of any person or any accident, injury, loss, or damage whatsoever caused to any person or to the property of any person which shall occur on the Site and which shall be directly or indirectly caused by any acts done thereon or any errors or omissions of the Developer or its agents, servants, employees, or contractors. The Developer shall not be responsible for (and such indemnity shall not apply to) any acts, errors, or omissions of the Agency, Authority or the City,

or their respective agents, servants, employees, or contractors. The Agency, Authority and City shall not be responsible for any acts, errors, or omissions of any person or entity except the Agency, Authority and the City and their respective agents, servants, employees, or contractors, subject to any and all statutory and other immunities. The provisions of this Section shall survive the termination of this Agreement.

I. (§609) Insurance.

Except as provided in this Section, prior to the entry by Developer on the Site pursuant to Section 503.2 and prior to the commencement of any construction by Developer on the Project, Developer shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to Agency, during the entire term of such entry or construction, the following policies of insurance:

1. **Commercial General Liability Insurance.** A policy of commercial general liability insurance written on a per occurrence basis in an amount not less than a combined single limit of TWO MILLION DOLLARS ($2,000,000.00)

2. **Worker's Compensation Insurance.** A policy of worker's compensation insurance in such amount as will fully comply with the laws of the State of California and which shall indemnify, insure and provide legal defense for the Developer, Agency, Authority and the City against any loss, claim or damage arising from any injuries or occupational diseases occurring to any worker employed by or any persons retained by the Developer in the course of carrying out the work or services contemplated in this Agreement.

3. **Automobile Insurance.** A policy of automobile liability insurance written on a per occurrence basis in an amount not less than ONE MILLION DOLLARS ($1,000,000.00) combined single limit per accident for bodily injury and property damage covering owned, leased, hired, and non-owned vehicles.

4. **Course of Construction/Builder's Risk Insurance.** A course of construction insurance policy that includes Builder's Risk coverage covering the full replacement value of all of the improvements to be constructed by Developer pursuant to this Agreement, and Developer's personal property and equipment. Developer shall procure the builder's risk insurance policy prior to commencing construction.

All of the above policies of insurance, except the Builder's Risk Insurance, shall be primary insurance and shall name Agency, Authority, City, and their officers, employees, and agents as additional insureds. The insurer shall waive all rights of subrogation and contribution it may have against Agency, Authority, City, and their officers, employees and agents and their respective insurers. All of said policies of insurance shall provide that said insurance may not be amended or cancelled without providing thirty (30) days prior written notice by registered mail to Agency, Authority and City. In the event any of said policies of insurance are cancelled, the Developer shall, prior to the cancellation date, submit new evidence of insurance in conformance with this Section to the Executive Director. No work or services under this Agreement shall

commence until the Developer has provided Agency with Certificates of Insurance or appropriate insurance binders evidencing the above insurance coverages and said Certificates of Insurance or binders are approved by Agency.

The policies of insurance required by this Agreement shall be satisfactory only if issued by companies qualified to do business in California, rated "A" or better in the most recent edition of Best Rating Guide, The Key Rating Guide or in the Federal Register, and only if they are of a financial category Class VII or better, unless such requirements are waived by the Risk Manager of the City ("Risk Manager") due to unique circumstances.

Developer shall provide in all contracts with contractors, subcontractors, architects, and engineers that said contractor, subcontractor, architect, or engineer shall maintain the same policies of insurance required to be maintained by Developer pursuant to this Section, unless waived or modified by the Risk Manager (which waiver or modification shall not be unreasonably denied or delayed). The parties hereby acknowledge that the Risk Manager shall waive the foregoing requirement where it is not reasonably possible or cost-effective for the Developer to require a certain class of professional service providers to maintain the same policies of insurance required to be maintained by Developer pursuant to this Section.

The Developer agrees that the provisions of this Section shall not be construed as limiting in any way the extent to which the Developer may be held responsible for the payment of damages to any persons or property resulting from the Developer's activities or the activities of any person or persons for which the Developer is otherwise responsible.

J. (§610) <u>City and Other Governmental Agency Permits</u>.

Before commencement of construction or development of any buildings, structures, or other works of improvement upon the Site which are Developer's responsibility under the applicable Scope of Work, Developer shall at his own expense secure or cause to be secured any and all permits which may be required by City or any other governmental agency affected by such construction, development or work. The Developer shall not be obligated to construction if any such permit is not issued despite good faith effort by Developer. If there is delay beyond the usual time for obtaining any such permits due to no fault of Developer, the Schedule of Performance shall be extended to the extent such delay prevents any action which could not legally or would not in accordance with good business practices be expected to occur before such permit was obtained. Developer shall pay all normal and customary fees and charges applicable to such permits and any fees or charges hereafter imposed by City, Authority or Agency which are standard for and uniformly applied to similar projects in the City.

K. (§611) <u>Rights of Access</u>.

Representatives of the Agency and Authority shall have the reasonable right of access to the Site without charges or fees, at any time after the Commencement of Tenancy and upon reasonable notice to Developer, for the purpose of assuring compliance with this Agreement, the Lease/Regulatory Agreement, including but not limited to the inspection of Project construction,

rehabilitation and maintenance work being performed by or on behalf of Developer. Each such representative of Agency or Authority shall identify himself or herself at the Developer's representative or Site manager upon his or her entrance to the Site, and shall provide Developer, or the Site Manager or similar person in charge on the Site, a reasonable opportunity to have a representative accompany him or her during the inspection. Agency and Authority shall indemnify, defend, and hold Developer harmless from any injury or property damage caused or liability arising out of Agency's or Authority's exercise of this right of access.

L. (§612) Applicable Laws.

Developer shall carry out the construction of the Project improvements to be constructed or rehabilitated by Developer in conformity with all applicable laws, including all applicable federal and state labor laws.

M. (§613) Nondiscrimination During Construction.

Developer, for himself and his successors and assigns, agrees that in the construction of the improvements to be constructed by Developer, it shall not discriminate against any employee or applicant for employment because of race, color, creed, religion, sex, sexual preference, marital status, ancestry or national origin.

N. (§614) Rights of Holders of Approved Security Interests in Site.

1. **Definitions.** As used in this Section, the term "mortgage" shall include any mortgage, whether a leasehold mortgage or otherwise, deed of trust, or other security interest, or sale and lease-back, or any other form of conveyance for financing. The term "holder" shall include the holder of any such mortgage, deed of trust, or other security interest, or the lessor under a lease-back, or the grantee under any other conveyance for financing.

2. **Mortgages Subject to Agency and Authority Written Approval.** Excepting the Leasehold Mortgage permitted by this Agreement, Developer shall not permit or encumber any interest in the Site with any mortgage, directly or indirectly, voluntarily or by operation of law, without the prior written approval of Agency and Authority, and if any interest in the Site is so purported to be mortgaged, the same shall be null and void. In any event, the Developer shall promptly notify the Agency and Authority of any mortgage, encumbrance, or lien that has been created or attached to the Site whether by voluntary act of the Developer or otherwise.

3. **Developer's Breach Not to Defeat Mortgage Lien.** Developer's breach of any of the covenants or restrictions contained in this Agreement shall not defeat or render invalid the lien of any mortgage made in good faith and for value as to the Site, or any part thereof or interest therein, but unless otherwise provided herein, the terms, conditions, covenants, restrictions, easements, and reservations of this Agreement shall be binding and effective against the holder of any such mortgage of the Site whose interest is acquired by foreclosure, trustee's sale or otherwise.

4. **Holder Not Obligated to Construct or Complete Improvements.** The holder of any mortgage shall in no way be obligated by the provisions of this Agreement to construct or complete the improvements or to guarantee such construction or completion. Nothing in this Agreement shall be deemed or construed to permit or authorize any such holder to devote the Site or any portion thereof to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

5. **Notice of Default to Mortgages, Deed of Trust or other Security Interest Holders.** Whenever Agency or Authority shall deliver any notice or demand to Developer with respect to any breach or default by Developer hereunder, Agency/Authority shall at the same time deliver a copy of such notice or demand to each holder of record of any mortgage who has previously made a written request to Agency/Authority therefor, or to the representative of such lender as may be identified in such a written request by the lender. No notice of default shall be effective as to the holder unless such notice is given.

6. **Right to Cure.** Each holder (insofar as the rights of Agency and Authority are concerned) shall have the right, at its option, within ninety (90) days after the receipt of the notice, to:

a. Obtain possession, if necessary, and to commence and diligently pursue said cure until the same is completed, and

b. Add the cost of said cure to the security interest debt and the lien or obligation on its security interest;

c. Provided that in the case of a default which cannot with diligence be remedied or cured within such ninety (90) day period, such holder shall have additional time as reasonably necessary to remedy or cure such default.

In the event there is more than one such holder, the right to cure or remedy a breach or default of Developer under this Section shall be exercised by the holder first in priority or as the holders may otherwise agree among themselves, but there shall be only one exercise of such right to cure and remedy a breach or default of Developer under this Section.

No holder shall undertake or continue the construction or completion of the Project improvements (beyond the extent necessary to preserve or protect the improvements or construction already made) without first having expressly assumed Developer's obligations to Agency and Authority by written agreement satisfactory to Agency/Authority with respect to the Site or any portion thereof in which the holder has an interest. The holder must agree to complete, in the manner required by this Agreement, the improvements to which the lien or title of such holder relates, and submit evidence satisfactory to the Agency and Authority that it has the qualifications and financial responsibility necessary to perform such obligations.

7. **Agency/Authority's Rights upon Failure of Holder to Complete Improvements.** In any case where one hundred eighty (180) days after default by Developer in

completion of construction of improvements under this Agreement, the holder of any mortgage creating a lien or encumbrance upon the Site or improvements thereon has not exercised the option to construct afforded in this Section or if it has exercised such option and has not proceeded diligently with construction, Agency or Authority may, after ninety (90) days' notice to such holder and if such holder has not exercised such option to construct within said ninety (90) day period, purchase the mortgage, upon payment to the holder of an amount equal to the sum of the following:

a. The unpaid mortgage debt plus any accrued and unpaid interest (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings, if any);

b. All expenses incurred by the holder with respect to foreclosure, if any;

c. The net expenses (exclusive of general overhead), incurred by the holder as a direct result of the ownership or management of the Site, such as insurance premiums or real estate taxes, if any;

d. The costs of any improvements made by such holder, if any; and

e. An amount equivalent to the interest that would have accrued on the aggregate of such amounts had all such amounts become part of the mortgage debt and such debt had continued in existence to the date of payment by the Agency/Authority.

In the event that the holder does not exercise its option to construct afforded in this Section, and Agency/Authority elects not to purchase the mortgage of holder, upon written request by the holder to Agency and Authority, Agency and Authority agree to use reasonable efforts to assist the holder selling the holder's interest to a qualified and responsible party or parties (as determined by Agency and Authority), who shall assume the obligations of making or completing the improvements required to be constructed by Developer, or such other improvements in their stead as shall be satisfactory to Agency and Authority. The proceeds of such a sale shall be applied first to the holder of those items specified in subparagraphs a. through e. hereinabove, and any balance remaining thereafter shall be applied as follows:

a. First, to reimburse Agency/Authority, on their own behalf and on behalf of the City, for all costs and expenses actually and reasonably incurred by Agency/Authority, including but not limited to payroll expenses, management expenses, legal expenses, and others.

b. Second, to reimburse Agency/Authority, on their own behalf and on behalf of the City, for all payments made by Agency/Authority to discharge any other encumbrances or liens on the Site or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults, or acts of Developer, its successors or transferees.

c. Third, to reimburse Agency/Authority, on their own behalf and on behalf of the City, for all costs and expenses actually and reasonably incurred by Agency/Authority, in connection with its efforts assisting the holder in selling the holder's interest in accordance with this Section.

d. Fourth, any balance remaining thereafter shall be paid to Developer.

8. **Right of Agency/Authority to Cure Mortgage, Deed of Trust or Other Security Interest Default.** In the event of a default or breach by Developer of a mortgage where the holder of any such mortgage has not exercised its option to complete the Project development, Agency or Authority may cure the default prior to completion of any foreclosure. In such event, Agency/Authority shall be entitled to reimbursement from Developer or other entity of all costs and expenses incurred by Agency/Authority in curing the default, to the extent permitted by law, as if such holder initiated such claim for reimbursement, including legal costs and attorneys' fees, which right of reimbursement shall be secured by a lien upon the Site to the extent of such costs and disbursements. Any such lien shall be subject to:

a. Any mortgage for financing permitted by this Agreement; and

b. Any rights or interests provided in this Agreement for the protection of the holders of such mortgages for financing;

c. Provided that nothing herein shall be deemed to impose upon Agency or Authority any affirmative obligations (by the payment of money, construction or otherwise) with respect to the Site in the event of its enforcement of its lien.

O. (§615) Certificate Of Completion.

Upon the completion of all Project construction required to be completed by Developer on the Site pursuant to the Scope of Work, Authority shall furnish Developer with the Certificate of Completion for the Site thereof in the form attached hereto as Exhibit "J" upon written request therefor by Developer. The Certificate of Completion shall be executed and notarized so as to permit it to be recorded in the Office of the Recorder of Los Angeles County. Authority shall not unreasonably withhold a Certificate of Completion.

A Certificate of Completion shall be, and shall state that it constitutes, conclusive determination of satisfactory completion of the construction and development of the improvements required by the Scope of Work upon the Site and of full compliance with the terms of this Agreement with respect thereto.

Authority shall not unreasonably withhold a Certificate of Completion. If Authority refuses or fails to furnish a Certificate of Completion within thirty (30) days after written request from Developer or any entity entitled thereto, Authority shall provide a written statement of the reasons Authority refused or failed to furnish a Certificate of Completion. The statement shall also contain Authority's opinion of the action Developer must take to obtain a Certificate of

Completion. If the reason for such refusal is confined to the immediate availability of specific items or materials for landscaping, or other minor so-called "punch list" items, Authority will issue its Certificate of Completion upon the posting of a bond or other security reasonably acceptable to Authority by Developer with Authority in an amount representing one hundred fifty percent (150%) of the fair value of the work not yet completed.

A Certificate of Completion shall 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 securing money loaned to finance the improvements, or any part thereof. Such Certificate of Completion is not notice of completion as referred to in the California Civil Code Section 3093. Nothing herein shall prevent or affect Developer's right to obtain a Certificate of Occupancy from the City, if applicable, before the Certificate of Completion is issued.

P. (§616) Estoppels.

No later than thirty (30) days after the request of Developer or any holder of a mortgage or deed of trust, Agency/Authority shall, from time to time and upon the request of such holder, execute and deliver to Developer or such holder a written statement of Agency/Authority that no default or breach exists (or would exist with the passage of time, or giving of notice or both) by Developer under this Agreement, if such be the determination of the Agency/Authority, and certifying as to whether or not Developer has at the date of such certification complied with any obligation of Developer hereunder as to which such holder may inquire. The form of any estoppel letter shall be prepared by the holder or Developer and shall be at no cost to Agency/Authority, though the Agency/Authority's acceptance of such form of estoppel statement shall be made in the sole and absolute discretion of the Agency/Authority.

VII. (§700) USES AND MAINTENANCE OF THE SITE

A. (§701) Uses of the Site.

The Developer covenants and agrees for itself, its successors, its assigns and every successor in interest that during construction and thereafter, the Developer, such successors and such assigns shall devote the Site to the uses as follows:

The Developer covenants and agrees for itself, its successors and assigns, which covenants shall run with the land and bind every successor or assign in interest of Developer, that during development of the Site pursuant to this Agreement and thereafter, neither the Site nor the improvements, nor any portion thereof, shall be improved, used or occupied in violation of any applicable governmental restrictions or the restrictions of this Agreement. Furthermore, Developer and its successors and assigns shall not initiate, maintain, commit, or permit the maintenance or commission on the Site or in the improvements, or any portion thereof, or any nuisance, public or private, as now or hereafter defined by any statutory or decisional law applicable to the Site or the improvements, or any portion thereof. The Developer further covenants and agrees on behalf of itself and its successors and assigns to devote, use, operate and maintain the Site in accordance with this Agreement, the Lease/Regulatory Agreement, and the

other documents recorded against the Restricted Units pursuant to the provisions of this Agreement, and the Lease/Regulatory Agreement.

Notwithstanding anything to the contrary or that appears to be to the contrary in this Agreement, Developer hereby covenants, on behalf of itself, and its successors and assigns, which covenants shall run with the land and bind every successor and assign in interest of Developer, that, Developer and such successors and assigns shall use the Site solely for the purpose of constructing, maintaining and operating a residential project meeting the requirements and restrictions of this Agreement, including, without limitations, restriction of the rental and occupancy of the Restricted Units only to Qualified Tenants for a rent not in excess of an affordable rent for the period specified herein.

B. (§702) Affordable Housing.

1. **Construction of Affordable Housing.** The Developer covenants and agrees to construct a maximum of twenty-five (25) Restricted Units and one (1) Manager's Unit in conformity with the Scope of Work and Lease/Regulatory Agreement. All of the Restricted Units shall be restricted to rental at an affordable rent to extremely low, low, very low, and moderate income households. Nine (9) of the Restricted Units shall be restricted rental to extremely low income senior households; Six (6) of the Restricted Units shall be restricted rental to very low income senior households; Five (5) of the Restricted Units shall be restricted to low income senior households; and, Five (5) of the Restricted Units shall be restricted to moderate income senior households. Only one (1) unit will be income *un*restricted as the Manager Unit. The specific location, size and specifications of the Restricted Units shall be as set forth in the Scope of Work and as further designated by the Authority. All Restricted Units shall be subject to and shall be leased in compliance with the tenant selection criteria described in the Lease/Regulatory Agreement.

2. **Restricted Unit Requirements.** All Restricted Units constructed pursuant to this Agreement shall be occupied at all times only by the household of the Qualified Tenant who has rented that Restricted Unit. Developer covenants to cooperate with Authority in taking all steps necessary to implement this requirement with respect to all Qualified Tenants. In addition, all Qualified Tenants shall meet and shall be prioritized in accordance with the "tenant selection criteria" set forth in the Lease/Regulatory Agreement. The restrictions upon rental and use of each Restricted Unit shall continue for a period of fifty-five (55) years from the earlier of either (i) December 1, 2011, or (ii) the opening of Phase II units as available for rent to Qualified Tenants (the **"55-Year Affordability Period"**). In the interest of achieving its affordable housing needs, the Authority will provide those Rent Subsidies described in Section 708 below.

3. **Leasing of Residences by Developer.**

a. *Authority To Implement Vacancy Marketing & Initial Rent Rates.* The Authority shall undertake responsibility for the directed marketing of first-time tenant-applicants suited for the Restricted Units. Authority shall further undertake the income

verification process for all first-time tenant applicants. The Authority shall be responsible for setting the initial rent rate for each tenant in accordance with Section 708, below.

b. *Leases to be Processed by Developer.* Once the Authority has verified that a prospective tenant is qualified to fill a vacant Restricted Unit and set a rental rate for that tenant, the lease documentation for that Unit shall be processed by the Developer. All processing of leases and lease renewals (including the implementation of the automatic 2.5% yearly rent increases) shall be undertaken by Developer.

c. *Restricted Residences.* As set forth above, each of the Restricted Units shall be rented to a Qualified Tenant for a rental rate which does not exceed an affordable rent for the applicable Restricted Unit.

d. *Rent Increases—2.5% Annually.* Rent rates shall automatically increased each calendar year by a factor of 2.5% as shown in Exhibit "H" and more particularly described in the Lease/Regulatory Agreement. Such annual rent increases shall not be charged to a Qualified Tenant if the increase would exceed the affordable rent level for which a Restricted Unit is designated (though the escalated rent rate will be treated as Guaranteed Rent for purposes of calculating any Rent Subsidy under Section 708(3)).

e. *Monthly Rent Report.* Within seven (7) days of the end of each month, the Developer will provide a monthly unit-by-unit written report to the Authority (the "**Monthly Rent Report**"). The Monthly Rent Report shall show the actual level of rent paid that month for each Restricted Unit and to what extent, if any, the unit's set rental rate is either in excess of, or below, the Guaranteed Rent. The Monthly Rent Report shall further report any leases in default, any material changes in tenant income levels, a unit-by-unit report of the initial rent rate for each tenant and the current rent paid by such tenant, a statement of any amounts of either Rent Subsidy or Rent Refund due and owing and documentation supporting such amounts, and such other information as Authority may reasonably request.

f. *Annual Tenancy Recertification Report.* Developer shall provide Authority annually with a report on Project occupancy for each Restricted Unit, including information concerning the number of months during which each Restricted Unit was occupied, the income category, senior citizen status of each tenant household occupying a Restricted Unit. This annual report shall include Developer's report on income-recertification for each household leasing a Restricted Unit. The annual report and Developer's records related to each tenancy shall be subject to inspection and audit upon Authority's written request.

C. (§703) Obligation to Refrain from Discrimination.

There shall be no discrimination against, or segregation of, any persons, or group of persons, on account of race, color, creed, religion, sex, marital status, sexual preference, national origin or ancestry in the rental, sale, lease, sublease, transfer, use, occupancy, or enjoyment of the Site, or any portion thereof, nor shall Developer, or any person claiming under or through Developer, 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 portion thereof (except as permitted by this Agreement). The nondiscrimination and nonsegregation covenants contained herein shall remain in effect in perpetuity.

D. (§704) Form of Nondiscrimination and Nonsegregation Clauses.

Subject to the tenancy/occupancy restrictions on the Restricted Units not prohibited by federal law as embodied in this Agreement, which may modify the following nondiscrimination clauses, the following shall apply: Developer shall refrain from restricting the rental, sale, or lease of any portion of 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. **Deeds:** In Deeds the following language shall appear: "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 race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee, or any persons 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 land herein conveyed. The foregoing covenants shall run with the land."

2. **Leases:** In Leases the following language shall appear: "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 race, color, creed, religion, sex, marital status, national origin or ancestry in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee, 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."

3. **Contracts:** Any contracts which Developer or Developer's heirs, executors, administrators, or assigns propose to enter into for the sale, transfer, or leasing of the Site shall contain a nondiscrimination and nonsegregation clause substantially as set forth in Section 613 and in this Section. Such clause shall bind the contracting party and subcontracting party or transferee under the instrument.

E. (§705) Maintenance of Improvements.

1. **In General**. Developer covenants and agrees for itself, its successors and assigns, and every successor in interest to the Site or any part thereof, that, from the Commencement of Tenancy, Developer shall be responsible for maintenance of all improvements that may exist on the Site from time to time, including without limitation buildings, parking lots, lighting, signs, and walls, in first-class condition and repair, and shall keep the Site free from any accumulation of debris or waste materials. The Developer shall also maintain all landscaping required pursuant to Developer's approved landscaping plan in a healthy condition, including replacement of any dead or diseased plants. The foregoing maintenance obligations shall run with the land in accordance with and for the term of the Lease/Regulatory Agreement. Developer's further obligations to maintain the Site, and Authority's remedies in the event of Developer's default in performing such obligations, are set forth in the Lease/Regulatory Agreement. Developer hereby waives any notice, public hearing, and other requirements of the public nuisance laws and ordinances of the City that would otherwise apply, except as specified in said Lease/Regulatory Agreements. Upon the sale of any portion of the Site, Developer (but not Developer's successor) shall be released from the requirements imposed by this Section 705, and the financial liability therefor, as to the portion of the Site conveyed.

2. **Qualified Manager for the Entire Site**. The Site shall at all times be managed in a manner that will provide decent, safe and sanitary residential facilities to occupants thereof. The Developer shall be or provide the initial "Qualified Manager" of the Site. The Developer may retain, at no cost or expense to the Authority, on-site personnel and other consultants and service providers to assist Developer/Qualified Manager to operate the Site effectively and in compliance with the provisions of this Agreement and the Lease/Regulatory Agreement, and state and federal law. Developer may not terminate its self-management of the Site without the prior written approval of the Authority, which may be given or withheld in the Authority's sole and absolute discretion.

3. **Termination of Manager; Notice/Cure Periods**. If Authority determines in its reasonable judgment that the Site is not being operated or managed in accordance with all the requirements and standards of this Agreement or the Lease/Regulatory Agreement, or other applicable laws and ordinances, then the Authority may deliver written notice to Developer setting forth with reasonable detail the nature of the deficiencies. Within ten (10) days following the Developer's receipt of such notice, the Authority, Qualified Manager and the Developer shall meet and confer in good faith concerning the nature of the Authority's alleged deficiencies and the actions which the Authority believes necessary to cure such deficiencies. Within thirty (30) days from the conclusion of such discussions, the Developer shall cure such deficiencies and shall ensure that such deficiencies do not recur. If such deficiencies are not cured within said thirty (30) day period, or if such deficiencies recur at a future date, the Authority may, at its option, require the Developer to replace the Site manager with another Qualified Manager selected by the Developer in it's reasonable discretion, provided, that the Developer shall ensure that such replacement Qualified Manager has the necessary skills, experience and financial ability to operate and manage the Site in accordance with all of the

requirements and standards of this Agreement, the Lease/Regulatory Agreement and all other applicable laws and ordinances.

Any contract for the operation or management of the Site entered into by the Developer shall provide that such contract shall be terminated upon thirty (30) days' notice, with or without cause. The Developer's failure to remove and replace a Site manager in accordance with the provisions of this Section 705 shall constitute an event of default under this Agreement and the Lease/Regulatory Agreement.

F. (§ 706) Specific Maintenance Requirements.

Without limiting the provisions of Section 705, Developer's maintenance requirements shall include the following:

a. For Parcel I: Upgrades to interior and exterior lighting on the Site including, without limitation, the replacement or retrofitting of existing lighting with equipment designed for high-efficiency lumens per watt; the replacement of existing interior fixtures with new decorative fixtures that are both attractive and compatible with high-efficiency bulbs; the and installation of motion-sensitive or other crime-deterrent exterior lighting to the extent such lighting can be installed in an attractive and non-obtrusive manner; and, the installation or retrofitting of decorative exterior lighting with equipment designed for high-efficiency lumens per watt. Developer shall utilize renewable energy for exterior lighting, such as solar power, where reasonably possible, cost-effective, attractive and non-obtrusive to residents.

b. For Parcel I: Thorough cleaning and repair to all household appliances. Any household appliance that has not been replaced in the last five (5) years prior to the Effective Date of this Agreement shall be fully replaced. To the extent reasonably possible and cost-effective, appliances not subject to replacement, as provided herein, shall be retrofitted with equipment designed for high-efficiency energy or water consumption, as appropriate.

c. For Parcel I: Full replacement of all carpeting in the Phase I improvements where such carpeting has not been replaced in the last 2 years prior to the Effective Date of this Agreement.

d. For the whole Site: Should any carpeting be more than ten (10) years old upon the vacation of a tenant from the unit, then Developer shall fully replace such carpeting and its underlying padding. Carpeting or padding that has been significantly damaged regardless of its age (i.e., beyond normal wear and tear) shall be replaced upon the tenant's vacation from the unit. Carpeting shall be shampooed every three (3) years, unless the tenant elects to not have shampooing performed.

e. For Parcel I: Thorough cleaning and repair to all cabinetry, countertops showers, tubs and sinks; or if such cabinetry, countertops showers, tubs and sinks are appliances are irreparably and visibly broken, cracked, chipped, damaged, pitted or stained, then replacement with new ones. To the extent reasonably possible and cost-effective, showers, tubs

and sinks that are not to be replaced shall be retrofitted with equipment designed for high-efficiency water consumption.

f. For Parcel I: Thorough cleaning and any necessary repairs to all Heating, Ventilating and Air Conditioning ("HVAC") systems. To the extent reasonably possible and cost-effective, HVAC systems shall be retrofitted with equipment designed for high-efficiency energy consumption. Developer or its Site management shall utilize the air filters recommended by the HVAC system manufacturer (or more effective filter technology if reasonably available); changeable filters shall be changed at a minimum as often as recommended by the HVAC system manufacturer.

g. For the whole Site: To the extent reasonably possible and cost-effective, the Developer shall install solar panels upon Site roofs at Project completion to supplement and support electric energy needs of the Site. Solar paneling will not be required to the extent it would be unsightly, inefficient or ineffective, or obtrusive to Site residents.

h. For the whole Site: Maintain the appearance and safety of the Site (including all improvements, fixtures, and landscaping) in good order, condition, and repair, and free from the accumulation of trash, waste materials, and other debris.

i. For the whole Site: Remove all graffiti placed upon the Site (including all improvements, fixtures, and landscaping) within seventy-two (72) hours of its appearance.

j. For the whole Site: Maintain in good order, condition and repair, properly functioning landscape irrigation systems, including rain gutters and drains, on the Site.

k. For the whole Site: Remove and promptly replace all dead or diseased landscaping material on the Site.

l. For the whole Site: Regularly maintain all painted, metal, stucco or similar exterior finishes in a neat condition without substantially visible chips, rust, cracking, peeling or other such deterioration.

m. For the whole Site: A full upgrade and refurbishment of Site improvements will be undertaken once every ten (10) years in cooperation with the Authority to the extent upgrades and refurbishments are reasonable and cost-efficient for Developer. To this end, Developer will review the interior and exterior condition of Site structures to determine what improvements can be reasonably upgraded or refurbished. A representative of the Authority may accompany Developer during such ten-year Site review to assist and reasonably negotiate which improvements or units require an upgrade. Developer shall not be required to pay for the ten-year upgrades or refurbishments required by this Section if such improvements would cost in excess of 75% of the Reserve Fund identified in the Financial Analysis at Exhibit "H" hereto.

G. (§707) Effect of Lease/Regulatory Agreement.

1. **In General.** Agency and Authority are deemed beneficiaries of the terms and provisions of this Agreement and of the restrictions and covenants running with the land, whether appearing in this Agreement or the Lease/Regulatory Agreement, for and in their own right for the purposes of protecting the interests of the community in whose favor and for whose benefit the covenants running with the land have been provided. The covenants in favor of Agency and Authority shall run without regard to whether Agency/Authority have been, remain or are owners of any land or interest therein in the Site, or in the Redevelopment Project Area, and shall be effective as both covenants and equitable servitudes against the Site. Agency and Authority shall have the right, if any of the covenants set forth in this Agreement which are provided for their benefit are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it may be entitled. With the exception of the City, no other person or entity shall have any right to enforce the terms of this Agreement under a theory of third-party beneficiary or otherwise. The covenants running with the land and their duration are set forth in the Lease/Regulatory Agreement.

2. **Termination/Replacement of Old Lease & 30-Year Restrictions.** The Lease/Regulatory Agreement shall terminate and replace the Old Lease in its entirety. The Lease/Regulatory Agreement shall further terminate the 30-Year Restrictions extent upon Parcel I and replace such restrictions with new covenants enduring for the 55-Year Affordability Period.

H. (§708) Agency Assistance: Guaranteed Rent Structure.

1. **Guaranteed Rent in General.** In consideration for the Authority's payment of the Project Contribution, the Authority will provide Developer with a minimum, Guaranteed Rent for each Restricted Unit in the Project. Said Guaranteed Rent shall commence at the same time as the start of the 55-Year Affordability Period (i.e., the later of either (i) December 1, 2011, or (ii) the opening of Phase II units as available for rent). The Guaranteed Rent shall also expire at the same time as the expiration of the 55-Year Affordability Period.

2. **Exhibit "H".** The estimated Guaranteed Rent structure is shown in the Financial Analysis at Exhibit "H" hereto. As seen in Exhibit "H", Guaranteed Rent starts, in Calendar Year One, at $500 per unit and escalates each year thereafter by 2.5%. Thus, from Year One to Year Two, the monthly, per-unit Guaranteed Rent for a Restricted Unit will increase from $500 to $513. This annual 2.5% rent escalation shall be automatically charged to Qualified Tenants on an annual basis and fully disclosed in all lease documentation. However, such annual rent increases shall not be charged to a Qualified Tenant if the increase would exceed the affordable rent level for which a Restricted Unit is designated (though the escalated rent rate will be treated as Guaranteed Rent for purposes of calculating any Rent Subsidy). The methodology and procedures for applying annual rent escalations is more particularly described in the Lease/Regulatory Agreement.

3. **Rent Subsidy**. On a monthly, per-unit basis, the Authority will pay the Developer for any shortfalls in Guaranteed Rent for any rent authorized by the Authority below the applicable Guarantee Rent amount for the applicable year. Such Rent Subsidy shall equal the difference between the monthly rental rate approved by Authority for a Restricted Unit and the monthly Guaranteed Rent (e.g., Authority-approved monthly rental rate minus monthly Guaranteed Rent). For example, if in any month of Year Two (which has a minimum Guaranteed Rent per-unit of $513/month) Authority approves rental of a Restricted Unit at a rental rate of only $450 per month, then the Authority will remit Sixty Three Dollars ($63) to Developer for that month (i.e., $513 minus $450).

4. **Rent Refund**. On a monthly, per-unit basis, the Developer will pay the Authority for any rent actually received in excess of the Guaranteed Rent. Such Rent Refund shall equal the difference between the monthly Guaranteed Rent and the actual rent received for a Restricted Unit (e.g., monthly Guaranteed Rent minus actual monthly rent received). For example, if in any month of Year Two (which has a minimum Guaranteed Rent per-unit of $513/month) the Qualified Tenant of a Restricted Unit pays $550 in a monthly rent, then the Developer will refund Thirty-Seven Dollars ($37) to Authority for that month (i.e., $550 minus $513).

5. **Setting Rental Rates.** The Authority shall have the responsibility of setting the initial rental rates for new tenants, which rates shall be set in accordance with the affordable rent appropriate to the available Restricted Unit. Monthly rent levels for each Qualified Tenant of a Restricted Unit will be set at levels affordable to the tenant's household income qualifications, as detailed in the Lease/Regulatory Agreement. Those tenants who are currently living in Phase I units as of the commencement of the 55-Year Affordability Period shall not be subject to any rent increases except as expressly permitted and approved by the Authority in writing. For those units that are vacant as of the commencement of the 55-Year Affordability Period (i.e., Phase II units and any new vacancies of other Restricted Units), such vacancies shall be rented to Qualified Tenants at the following affordable rent rates:

a. Affordable Moderate Income Rent. For those Restricted Units designated for moderate income households, rent shall not annually exceed the maximum percentage of income that can be devoted to rent as set forth by Health & Safety Code Section 50053, or its successor, which is currently Thirty Percent (30%) of One Hundred and Ten Percent (110%) of the Los Angeles County median income adjusted for the family size appropriate for the unit (or, it shall be optional for the Authority to require that moderate affordable rent be established at a level not to exceed 30 percent of gross income of the household).

b. Affordable Low Income Rent. For those Restricted Units designated for low income households, rent shall not annually exceed the maximum percentage of income that can be devoted to rent as set forth by Health & Safety Code Section 50053, or its successor, which is currently Thirty

Percent (30%) of Sixty Percent (60%) of the Los Angeles County median income adjusted for the family size appropriate for the unit.

c. Affordable Very Low Income Rent. For those Restricted Units designated for very low income households, rent shall not annually exceed the maximum percentage of income that can be devoted to rent as set forth by Health & Safety Code Section 50053, or its successor, which is currently Thirty Percent (30%) of Fifty Percent (50%) of the Los Angeles County median income adjusted for the family size appropriate for the unit.

d. Affordable Extremely Low Income Rent. For those Restricted Units designated for extremely low income households, rent shall not annually exceed the maximum percentage of income that can be devoted to rent as set forth by Health & Safety Code Section 50053, or its successor, which is currently Thirty Percent (30%) of Thirty Percent (30%) of the Los Angeles County median income adjusted for the family size appropriate for the unit.

6. **Payments.** The Authority shall pay any Rent Subsidies owing for the reported month in a Monthly Rent Report within thirty (30) days of receiving such Report. The Authority shall pay any Rent Refund owing for the reported month in a Monthly Rent Report within thirty (30) days of submitting such Report to the Authority.

7. **Amendments; Default.** As of the Effective Date of this Agreement, the parties are unable to estimate or predict with certainty the exact level of property taxes that will be applicable to the Site throughout the 55-Year Affordability Period. Therefore, the parties acknowledge and accept that the calculations in Exhibit "H" may be amended or adjusted mutually by the Authority and Developer as needed to reflect the actual amounts of property taxes applicable to the Site throughout the 55-Year Affordability Period.

Notwithstanding the foregoing or any other provision of this Agreement, any amendments or adjustments to Exhibit "H" that alter the amount of Rent Subsidy or Rent Refund to be paid must be in writing and signed by the appropriate authorities of Agency, Authority and Developer. Any purported adjustments to Exhibit "H" not so memorialized in mutually-signed agreement shall be void *ab initio*. If Developer commits an uncured default resulting in termination of this Agreement and/or the Lease/Regulatory Agreement, the Authority shall have the immediate right to cease any and all Rent Subsidy payments effective as of the date the breach becomes an uncured default under Section 901.

VIII. (§800) SPECIAL PROVISIONS

A. (§801) Compliance with Authority's Las Casitas Housing Guidelines.

In addition to the provisions of this Agreement and the Lease/Regulatory Agreement, Developer agrees to abide by the Authority's duly-adopted "Las Casitas Housing Guidelines" ("**Guidelines**") as such Guidelines may be amended by the Authority from time to time. A true

and correct copy of the Guidelines as in effect as of the Effective Date of this Agreement are attached hereto as Exhibit "K". The Authority shall notify Developer in writing of any proposed, substantive amendments to the Guidelines.

IX. (§900) DEFAULTS, REMEDIES AND TERMINATION

A. (§901) Defaults, Right to Cure and Waivers.

Subject to any Enforced Delay, failure or delay by either party to timely perform any covenant of this Agreement constitutes a default under this Agreement, but only if the party who so fails or delays does not commence to cure, correct or remedy such failure or delay within thirty (30) days after receipt of a written notice specifying such failure or delay, and does not thereafter prosecute such cure, correction or remedy with diligence to completion.

The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. 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.

Except as otherwise provided in this Agreement, waiver by either party of the performance of any covenant, condition, or promise, shall not invalidate this Agreement, nor shall it be considered a waiver of any other covenant, condition, or promise. Waiver by either party of the time for performing any act shall not constitute a waiver of time for performing any other act or an identical act required to be performed at a later time. The delay or forbearance by either party in exercising any remedy or right as to any default shall not operate as a waiver of any default or of any rights or remedies or to deprive such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

B. (§902) Legal Actions.

a. **Institution of Legal Actions.** In addition to any other rights or remedies, and subject to the requirements of Section 901, either party may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Legal actions must be instituted and maintained in the Superior Court of the County of Los Angeles, State of California, in any other appropriate court in that county, or in the Federal District Court in the Central District of California.

b. **Applicable Law and Forum.** The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

c. **Acceptance of Service of Process.** In the event that any legal action is commenced by Developer against Agency or Authority, service of process

on Agency or Authority shall be made by personal service upon the Executive Director or Secretary of Agency or Authority, as applicable, or in such other manner as may be provided by law.

In the event that any legal action is commenced by Agency/Authority against Developer, service of process on Developer shall be made in such manner as may be provided by law and shall be valid whether made within or without the State of California.

C. (§903) 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.

D. (§904) Specific Performance.

In addition to any other remedies permitted by this Agreement, if either party defaults hereunder by failing to perform any of its obligations herein, each party agrees that the other shall be entitled to the judicial remedy of specific performance, and each party agrees (subject to its reserved right to contest whether in fact a default does exist) not to challenge or contest the appropriateness of such remedy. In this regard, Developer specifically acknowledges that Agency is entering into this Agreement for the purpose of assisting in the redevelopment of the Site and not for the purpose of enabling Developer to speculate with land.

E. (§905) Right of Reverter.

The Authority shall have the right, at its option, to reenter and re-take possession of the Site or any portion thereof (thus cancelling the Lease/Regulatory Agreement) with all improvements thereon and to terminate and revest in the Authority the estate conveyed to the Developer, if after the Commencement of Tenancy, the Developer (or his successors in interest) shall:

a. Fail to commence construction of Project improvements as required by this Agreement, if such failure is in violation of the Schedule of Performance, for a period of 90 days after written notice to proceed from the Authority, provided that the Developer shall not have obtained an extension or postponement to which the Developer may be entitled pursuant to this Agreement; or

b. Abandon or substantially suspend construction of the improvements for a period of 90 days after written notice of such abandonment or suspension from the Agency, provided that the Developer shall not have obtained an extension of time to which the Developer may be entitled pursuant to this Agreement; or

c. Assign or attempt to assign this Agreement, or any rights herein, or transfer, or suffer any involuntary transfer of, the Site, or any part thereof, in violation of this Agreement, and such violation shall not be cured within one hundred twenty (120) days after the date of receipt of written notice thereof by the Agency or Authority to the Developer.

d. Developer fails to maintain the use of the Site in accordance with the Lease/Regulatory Agreement.

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

1. Any mortgage, deed of trust, or other security interests permitted by this Agreement; or

2. Any rights or interests provided in this Agreement for the protection of the holders of such mortgages, deeds of trust, or other security interests.

Upon the revesting in the Authority possession of the Site, or any part thereof, as provided in this Section 905, the Authority shall, pursuant to its responsibilities under state law, use its best efforts to release, or resell the Site, as the case may be, or any part thereof, as soon and in such manner as the Authority shall find feasible and consistent with the objectives of such law and of the Redevelopment Plan to a qualified and responsible party or parties (as determined by the Authority), who will assume the obligation of making or completing the improvements, or such other improvements in their stead, as shall be satisfactory to the Authority and in accordance with the uses specified for the Site, or any part thereof, in the Redevelopment Plan.

F. (§906) Attorney's Fees.

If any party to this Agreement is required to initiate or defend any action or proceeding in any way arising out of the parties' agreement to, or performance of, this Agreement, or is made a party to any such action or proceeding by a third party, such that the parties hereto are adversarial, the prevailing party, as between the Developer and Agency/Authority only, in such action or proceeding, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to reasonable attorney's fees from the other. As used herein, the "prevailing party" shall be the party determined as such by a court of law, pursuant to the definition Code of Civil Procedure Section 1032(a)(4), as it may be subsequently amended. Attorney's 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, taking depositions and discovery and all other necessary costs the court allows which are incurred in 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.

X. (§1000) GENERAL PROVISIONS

A. (§1001) Notices, Demands and Communications Between the Parties.

Except as expressly provided to the contrary herein, any notice, consent, report, demand, document or other such item to be given, delivered, furnished or received hereunder shall be deemed given, delivered, furnished, and received when given in writing and personally delivered to an authorized agent of the applicable party, or upon delivery by the United States Postal Service, first-class registered or certified mail, postage prepaid, return receipt requested, or by a national "overnight courier" such as Federal Express, at the time of delivery shown upon such receipt; or by facsimile, if such facsimile is followed by a notice sent out the same day by mail; in any case, delivered to the address, addresses and persons as each party may from time to time by written notice designate to the other and who initially are:

Agency:	Irwindale Redevelopment Agency 2175 Cherry Avenue Irwindale, CA 90755 Attn: Executive Director
Authority:	Irwindale Housing Authority 2175 Cherry Avenue Irwindale, CA 90755 Attn: Executive Director
Copy to:	Aleshire & Wynder, LLP 18881 Von Karman Avenue, Suite 400 Irvine, CA 92612 Attn: Fred Galante, Esq.
Developer:	The Northridge Group, Inc. 798 Pine Knot Ave., P.O. Box 134401, Big Bear Lake, CA 92315 Attn: William Jahn
Copy to:	Patrick Ragan, Esq. 1881 S. Business Center Dr., Suite 7B San Bernardino, CA 92408

B. (§1002) Nonliability of City, Authority and Agency Officials and Employees; Conflicts of Interest; Commissions.

a. **Personal Liability.** No member, official, employee, agent or contractor of City, Authority or Agency shall be personally liable to Developer in the event of any default or breach by Agency or Authority or for any amount

which may become due to Developer or on any obligations under the terms of the Agreement; provided, it is understood that nothing in this Section 1002 is intended to limit Agency's or Authority's liability.

b. **Financial Interest.** No member, official, employee or agent of City, Authority or Agency shall have any financial interest, direct or indirect, in this Agreement, nor participate in any decision relating to this Agreement which is prohibited by law.

c. **Commissions.** Neither the Agency nor the Authority nor the Developer has retained any broker or finder or has paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Agreement. No party shall be liable for any real estate commissions, brokerage fees or finders fees which may arise from this Agreement, and each party agrees to hold the other harmless from any claim by any broker, agent, or finder retained by such party.

C. (§1003) Enforced Delay: Extension of Times of Performance.

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

Notwithstanding the foregoing, in addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lock-outs; riots, floods; earthquakes; fires; casualties; supernatural causes; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; subsurface conditions on the Site and unknown soils conditions; governmental restrictions or priority litigation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor or supplier; acts of the other party; acts or the failure to act of a public or governmental agency or entity (except that acts or the failure to act of Agency, Authority or City shall not excuse performance by Agency or Authority unless the act or failure is caused by the acts or omissions of Developer); or any other causes beyond the reasonable control or without the fault of the party claiming an extension of time to perform. In the event of such a delay (herein "Enforced Delay"), the party delayed shall continue to exercise reasonable diligence to minimize the period of the delay. An extension of time for any such cause shall be limited to the period of the enforced delay, and shall commence to run from the time of the commencement of the cause, provided notice by the party claiming such extension is sent to the other party within ten (10) days of the commencement of the cause.

The following shall not be considered as events or causes beyond the control of Developer, and shall not entitle Developer to an extension of time to perform: (i) Developer's failure to obtain financing for the Project, and (ii) Developer's failure to negotiate agreements with prospective users for the Project or the alleged absence of favorable market conditions for such uses.

Times of performance under this Agreement may also be extended by mutual written agreement by Agency, Authority and Developer. The Executive Directors of Agency and Authority shall have the authority on behalf of Agency and Authority, respectively, to approve extensions of time not to exceed a cumulative total of one hundred eighty (180) days with respect to the development of the Site.

D. (§1004) Books and Records.

a. **Developer to Keep Records.** Developer shall prepare and maintain all books, records and reports necessary to substantiate Developer's compliance with the terms of this Agreement or reasonably required by the Agency.

b. **Right to Inspect.** Either party shall have the right, upon not less than seventy-two (72) hours notice, at all reasonable times, to inspect the books and records of the other party pertaining to the Site as pertinent to the purposes of this Agreement.

c. **Ownership of Documents.** Copies of all drawings, specifications, reports, records, documents and other materials prepared by Developer, its employees, agents and subcontractors, in the performance of this Agreement, which documents are in the possession of Developer and are not confidential shall be delivered to Agency upon request in the event of a termination of this Agreement, and Developer shall have no claim for additional compensation as a result of the exercise by Agency of its rights hereunder; provided that drawings, specifications, reports, records, documents and other materials prepared by Developer's subcontractors shall be delivered without representation or warranty by Developer. The Agency shall have an unrestricted right to use such documents and materials as if it were in all respects the owner of the same. Developer makes no warranty or representation regarding the accuracy or sufficiency of such documents for any future use by Agency, and Developer shall have no liability therefor.

E. (§1005) Assurances to Act in Good Faith.

Agency, Authority and Developer agree to execute all documents and instruments and to take all action, including deposit of funds in addition to such funds as may be specifically provided for herein, and as may be required in order to consummate conveyance and development of the Site as herein contemplated, and shall use their best efforts, to accomplish the closing and subsequent development of the Site in accordance with the provisions hereof. Agency, Authority and Developer shall each diligently and in good faith pursue the satisfaction of any conditions or contingencies subject to their approval.

F. (§1006) Interpretation.

The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply. The Section headings are for purposes of convenience only, and shall not be construed to limit or extend the meaning of this Agreement. This Agreement includes all attachments attached hereto, which are by this reference incorporated in this Agreement in their entirety. This Agreement also includes the Redevelopment Plan and any other documents incorporated herein by reference, as though fully set forth herein.

G. (§1007) Entire Agreement, Waivers and Amendments.

This Agreement integrates all of the terms and conditions mentioned herein, or incidental hereto, and this Agreement 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, unless specified otherwise herein, must be in writing and signed by the appropriate authorities of Agency, Authority or Developer, as applicable, and all amendments hereto must be in writing and signed by the appropriate authorities of Agency, Authority and Developer.

H. (§1008) Severability.

In the event any term, covenant, condition, provision or agreement contained herein is held to be invalid, void or otherwise unenforceable, by any court of competent jurisdiction, such holding shall in no way affect the validity or enforceability of any term, covenant, condition, provision or agreement contained herein.

I. (§1009) Effect of Redevelopment Plan Amendment.

Pursuant to the provisions of the Redevelopment Plan for modification or amendment thereof, Agency agrees that no further amendment to the Redevelopment Plan which changes the uses or development permitted on the Site, or changes the restrictions or controls that apply to the Site, or otherwise affects the Site, shall be made or become effective as to the Site without the prior written consent of Developer. Further amendments to the Redevelopment Plan applying to other property in the Project Area shall not require the consent of Developer.

J. (§1010) Time for Acceptance of Agreement by Agency.

This Agreement, when executed by Developer and delivered to Agency, must be authorized, executed and delivered by Agency, not later than the time set forth in the Schedule of Performance or this instrument shall be void, except to the extent that Developer shall consent in writing to further extensions of time for the authorization, execution, and delivery of this Agreement. After execution by Developer, this Agreement shall be considered an irrevocable offer until such time as such offer shall become void due to the failure of the Agency to authorize, execute and deliver the Agreement in accordance with this Section.

K. (§1011) **Execution.**

a. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

b. Agency represents and warrants that: (i) it is a Redevelopment Agency duly organized and existing under the laws of the State of California; (ii) by proper action of Agency, Agency has been duly authorized to execute and deliver this Agreement, acting by and through its duly authorized officers; and (iii) the entering into this Agreement by Agency does not violate any provision of any other agreement to which Agency is a party.

c. Authority represents and warrants that: (i) it is a Housing Authority duly organized and existing under the laws of the State of California; (ii) by proper action of Authority, Authority has been duly authorized to execute and deliver this Agreement, acting by and through its duly authorized officers; and (iii) the entering into this Agreement by Authority does not violate any provision of any other agreement to which Authority is a party.

d. Developer represents and warrants that: (i) it is duly organized and existing under the laws of the State of California; (ii) by proper action of Developer, Developer has been duly authorized to execute and deliver this Agreement, acting by and through its duly authorized officers; and (iii) the entering into this Agreement by Developer does not violate any provision of any other agreement to which Developer is a party.

[End -- Signatures on Next Page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date of execution by the Agency.

"AGENCY"
IRWINDALE REDEVELOPMENT AGENCY,
a public body corporate and politic

Date 03-23-11

Chair

ATTEST:

Agency Secretary
Assistant

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

Fred Galante, Agency Counsel

"AUTHORITY"
IRWINDALE HOUSING AUTHORITY,
a public agency

Date 03.23.11

Chair

ATTEST:

Agency Secretary
Assistant

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

Fred Galante, Authority Counsel

"DEVELOPER"
THE NORTHRIDGE GROUP, INC., a California corporation

Date: March 19th 2011

W.E. Jahn, Executive Vice President

Date: _____

Alex Blanco, CFO
AKA ALEJANDRO BLANCO

[End of Signatures]

STATE OF CALIFORNIA)
) ss.
COUNTY OF XX)
San Bernardino

On INSERT 3-19, 2011, before me, Fawnya Ramirez, a Notary Public, personally appeared William E. Jahn, 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 Fawnya Ramirez (Seal)

FAWNYA RAMIREZ
Commission # 1911802
Notary Public - California
San Bernardino County
My Comm. Expires Nov 2, 2014

STATE OF CALIFORNIA)
) ss.
COUNTY OF XX)

On INSERT MAR 21, 2011, before me, CINDY L. BOULWARE, a Notary Public, personally appeared ALEJANDRO BLANCO, 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 Cindy L. Boulware (Seal)

CINDY L. BOULWARE
Commission # 1906109
Notary Public - California
San Bernardino County
My Comm. Expires Oct 28, 2014

EXHIBIT "A"
PARCEL I MAP AND DESCRIPTION

8417 | 29 SHEET | P. A. 8618-18 | TRA 3055 3057 3127 | REVISED 2005120706001001-06 2005101704003001-06 | 2005112705013001-06 2008120307001001-27 | SEARCH NO | OFFICE OF THE ASSESSOR COUNTY OF LOS ANGELES COPYRIGHT © 2002

2009

BK 8619

LAS CASITAS PHASE 2

LAS CASITAS PHASE 1

N 1/4 COR SEC 9 T1S R10W

CF 2396 CS 7590 CSB-1833-3 CSB-2112 CS B-181-1

1364.85 1004.73 380.12

ARROW HWY

N89°48'05"W

MAPPING AND GIS SERVICES SCALE 1" = 100'

HIDALGO ST

JUAREZ ST

PG 28

PG 30

PG 34

IRWINDALE AVE 39

CS 7590

DM 3842-16

AVE 35

AYON AVE

PAT & MIRANDA LN

ALLEN

DR

TRACT NO 23613

TRACT NO 65236

1.03±AC

1.58±AC

RS 114 - 4 - 10

OM 4-86

OM

CITY 910 26570±SF

CITY 911 27010±SF

CITY 912 12580±SF

CITY 913

IRWINDALE HOUSING AUTHORITY 17 919 3710±SF

16 POR 17 9220±SF

18 POR

19 POR 61

20 POR

21 POR 23 10335 SF

22 24 23 25 15432 SF

1 POR 3 61

2-A 2-B 927

3 POR 914 10380±SF

4 POR 5 58

916 247.80

11 POR 90

12 13 POR 58

14 POR 58

15 POR

3127

4

1 POR 917 4

5 POR 7

6 POR 7

3055 37 2

39 3 M B

7 POR 6

903 4 9530±SF

873

99

100

41 5

38 6

42 7

43 8

40 9

34 8000±SF

47 8412 SF

48 7852 SF

15 14 POR 16900±SF

20 POR 22

21 POR 23 10335 SF

45 5880±SF

46 9350±SF

50 1 8837 SF

51 2 8450 SF

52 3 8451 SF

53 4 8555 SF

54 5 8552 SF

28 27 7787 SF

49 28 8470±SF

16314 SF 30 29

8634 SF 31 30

7804 SF 32 31

33 32

3057

3057

3057

1322

M B

P M 285-48-49

R=353.03 R=291.03 R=15 R=400 R=600

VARIES 62

CALLE 62

DE NORTE 62

ALL 900 SERIES PARCELS ON THIS PAGE ARE ASSESSED TO REDEVELOPMENT AGENCY OF THE CITY OF IRWINDALE, UNLESS OTHERWISE NOTED

LEGAL DESCRIPTION

PARCEL 1:

That portion of the West half of the Northeast Quarter of Section 9, Township 1 South, Range 10 West, in the City of Irwindale, according to the official Plat of said land filed in the District Land Office April 21, 1877 described as follows:

Beginning at a point in the North line of said Section 9, distant Easterly thereon 1102.10 feet from the West line of said Northeast Quarter of said Section, thence continuing along said Northerly line North 89 degrees 48' 05" East 79.60 feet, thence South 0 degrees 40' 25" West 190.09 feet, thence South 89 degrees 00' 07" West 79.30 feet to a point nearing South 0 degrees 43' 02" West 191.74 feet from the point of beginning, thence North 0 degrees 43' 02" East 191.74 feet to the point of beginning.

Excepting from said land the interest in the North 20 feet thereof reserved by A. G. Bottller in dead recorded April 29, 1898, in Book 1220, page 190 of Deeds.

Said land is also known as Parcel 17 of Official Maps, in the City of Irwindale, County of Los Angeles, as per map recorded in Book 4, page(s) 58 to 61, inclusive, of Official Maps, in the Office of the County Recorder of said County.

PARCEL 2:

Parcel 18, in the City of Irwindale, as per Map recorded in Book 4, page(s) 58 to 61, inclusive, of Official Maps, in the Office of the County Recorder of said County.

Said land is also known as a portion of the West half of the Northeast Quarter of Section 9, Township 1 South, Range 10 West, San Bernardino Base and Meridian, in the City of Irwindale, according to the Official Plat of said land filed in the District Land Office April 21, 1877, official records.

95- 934048

PARCEL 3:

That portion of the West half of the Northeast Quarter of Section 9, Township 1 South, Range 10 West, San Bernardino Base and Meridian, in the City of Irwindale, according to the Official Plat of said land filed in the District Land Office, April 21, 1877, described as follows:

Beginning at a point in the Northerly line of said Section 9, distant Easterly thereon 1007.50 feet from the West line of said Northeast Quarter of said Section; thence Easterly along said Northerly line 94.60 feet; thence South 0° 43' 02" West 191.74 feet; thence South 89° 00' 07" West 94.30 feet to a point bearing South 0° 37' 40" West from the point of beginning; thence North 0° 37' 40" East 193.73 feet to the point of beginning.

Portion of said land is also known as Parcel 16 of Official Maps, in the City of Irwindale, County of Los Angeles, as per map recorded in Book 4, pages 58-61, inclusive, of Official Maps, in the Office of the County Recorder of said County.

EXHIBIT "B"
PARCEL II MAP AND DESCRIPTION

8417 | 29 SHEET | P. A. 8818-18 | TRA 3055 3057 3127 | REVISED 20051207060011001-06 20061017040033001-06 | 20061127050130001-06 20081243070010001-27 | SEARCH NO | OFFICE OF THE ASSESSOR COUNTY OF LOS ANGELES COPYRIGHT © 2002

2009

BK 8619

LAS CASITAS PHASE 2

LAS CASITAS PHASE 1

N 1/4 COR SEC 9 T1S R10W

CF 2395 | CS 7590 | CS B-1833-3 | CS B-2112 | CS B-1661-1

1364.85

1004.73

360.12

HWY 60

ARROW

N69°48'05"W

MAPPING AND GIS SERVICES SCALE 1" = 100'

HIDALGO ST

JUAREZ ST

IRWINDALE AVE 80

CS 6667

DM 3842-10

PG 28

CS 7590

TRACT NO 23613

RS 114 - 4 - 10

1.58±AC

1.03±AC

OM 4-86

OM

M B

PAT & MIRANDA BLVD

DE NORTE

AYON AVE

IRWINDALE HOUSING AUTHORITY

CITY 910 26570±SF

CITY 911 27010±SF

CITY 912 12560±SF

CITY 913

CITY 919 33710±SF

9020±SF

6578 SF

15432 SF

8837 SF

8459 SF

8451 SF

8555 SF

7767 SF

8470±SF

16314 SF

8834 SF

7804 SF

8412 SF

7852 SF

16990±SF

10335 SF

P M 285-48-49

NO 65236

1322

3055

3057

CALLE 12

VARIES

PG 30

PG 34

ALL 900 SERIES PARCELS ON THIS PAGE ARE ASSESSED TO REDEVELOPMENT AGENCY OF THE CITY OF IRWINDALE, UNLESS OTHERWISE NOTED

Real property in the City of Irwindale, County of Los Angeles, State of California, described as follows:

THAT PORTION OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 9, TOWNSHIP 1 SOUTH, RANGE 10 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF IRWINDALE, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE, APRIL 21, 1877, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE NORTHERLY LINE OF SAID SECTION 9, DISTANT EASTERLY THEREON 1007.50 FEET FROM THE WEST LINE OF SAID NORTHEAST QUARTER OF SAID SECTION; THENCE EASTERLY ALONG SAID NORTHERLY LINE 94.60 FEET; THENCE SOUTH 0° 43' 02" WEST 191.74 FEET; THENCE SOUTH 89° 00' 07" WEST 94.30 FEET TO A POINT BEARING SOUTH 0° 37' 40" WEST FROM THE POINT OF BEGINNING; THENCE NORTH 0° 37' 40" EAST 193.73 FEET TO THE POINT OF BEGINNING.

PORTION OF SAID LAND IS ALSO KNOWN AS PARCEL 16 OF OFFICIAL MAPS, IN THE CITY OF IRWINDALE, COUNTY OF LOS ANGELES, AS PER MAP RECORDED IN BOOK 4, PAGES 58-61, INCLUSIVE, OF OFFICIAL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 8417-029-017

EXHIBIT "C"
LAS CASITAS II DDA
SCOPE OF WORK, SCHEDULE OF PERFORMANCE & PROJECT BUDGET

Las Casitas Senior Housing Project, Phase II
Development Budget

Updated on : November 29, 2010		Amount	Total per group
Pre-Development Costs			
1	Engineer Plans	$ 60,000	
11	Field Engineering/Staking	13,000	
10	Insurance, Liability and Course of Constr	20,000	
3	Soils Testing & Reports	7,500	
4	Landscaping Plans	22,000	
2	Architectural Plans & Specs.	70,000	
5	Building Fees & Permits	120,000	
	Total Pre-Development Costs		**$ 312,500**
Hard Construcgtion Costs			
11	Demolition of existing structure	$ 35,000	
12	Excavation/Rough Grading	30,000	
13	Sewer & Water Systems	35,000	
14	Cable Undergrounding	23,000	
21	Concrete Foundations & Slabs	38,000	
23	Rough Carpentry	87,500	
24	Rough Lumber	87,500	
25	Rough Hardware	8,000	
26	Rough Plumbing	36,000	
27	Rough Electrical	18,000	
28	Finish Carpentry, Labor & Materials	41,000	
30	Stairways & Wrought Iron Railings	12,000	
31	Finish Plumbing, including fixtures	15,000	
33	H. V. A. C.	34,400	
34	Waterproofing, second floor	15,000	
35	Insulation	12,000	
35	Tile Roofing	32,000	
36	Sheet Metal	3,000	
37	Weatherstripping	1,200	
38	Lightweight Concrete	10,000	
39	Windows and Sliding Doors	12,000	
40	Mirrors	900	
41	Stucco	45,000	
42	Drywall	36,700	
43	Counter Tops	12,000	
44	Exterior/Interior Painting	23,000	

Las Casitas Senior Housing Project, Phase II
Development Budget (Continued)

Updated on : November 29, 2010		Amount	
45	Fire Extinguishers	$ 800	
46	Kitchen Appliances	10,000	
47	Cabinets	18,200	
48	Carpeting/Hard surfaces	15,000	
49	Drapes/Blinds	7,500	
50	Fire Protection Systems	18,500	
52	Emergency Call System	12,000	
53	Finish Electrical	6,000	
19	Interior Lighting	9,500	
54	Cleaning & Hauling	10,000	
15	Finish Grading	10,000	
20	Landscaping	26,400	
16	Parking Lot	22,000	
17	Gazebo	12,000	
18	Curbs/Gutters/Sidewalks	10,000	
19	Exterior Lighting	9,000	
29	Ornamental Iron	15,100	
22	Masonry -site block wall-	22,000	
32	Water Fountain	5,000	
	Total Hard Construction Costs		**$ 942,200**
Soft Construction Costs			
7	Temporary Office/Utilities	$ 20,000	
8	Legal & Accounting	15,000	
9	Security Fencing/Lighting	5,000	
6	Rent-Up Expenses	5,000	
55	Supervision	62,000	
56	General Labor	10,000	
58	Overhead	51,100	
59	Profit	75,700	
57	Contingencies	40,000	
	Total Soft Construction Costs		**$ 283,800**
	Total Development Costs for Phase II		**$ 1,538,500**

LAS CASITAS SENIOR HOUSING PROJECT
Construction Budget for Upgrades & Blending of Phase I

Updated on November 29, 2010

		Amount
Pre-Development Costs		
Architectural/Structural Engineering and Permits		$ 21,000
Hard Construction Costs		
Instal Cover on existing patio		13,000
Construct a second patio at Club House with cover		27,000
Upgrade club house and apartment windows to		
energy efficient dual pane		32,000
Install landscape lighting on Phase I		4,000
Install Parking Lot lighting		18,000
Install energy efficiency solar pannels for club house		
and common area lighting		40,000
Fog stucco Phase I to match Phase II units		12,500
Install nonslip surface on all walkways for Phase I		19,500
Install cover over Trash enclosure, Phase I		8,000
Install secondary Emergency Call System pannel for		
all 26 apartments in Resident Manager's Unit		3,500
Upgrade Club House HVAC system to be energy efficient units		9,000
Reseal and Strip Phase I Parking Lot to match Phase II		3,500
Install energy efficient LED Lighting System for Club House		
common areas		7,500
Total Hard Cosntruction Costs		$ 197,500
Soft Construction Costs		
Construction Supervision & Labor		10,000
Contractor's Overhead		7,600
Contractor's Profits		12,900
Total Soft Construction Costs		$ 30,500
Total Budget for Upgrades/Blending in Phase I		$ 249,000

ESTIMATED DEVELOPMENT COSTS - PHASE II
LAS CASITAS SENIOR APARTMENTS
CITY OF IRWINDALE

	Totals	Per Unit		Notes (3)
I. Direct Costs (1)				
Off-Site Improvements (2)	$0	$0	$0	Per SF Site
On-Site Improvements/Landscaping	$130,100	$13,010	$14	Per SF Site
Parking - Surface	$0	$0		Included above
Shell Construction	$812,100	$81,210	$119	Per SF GBA
Amenities/FF&E	$0	$0		Allowance
General Contractor Overhead and Profit	$126,800	$12,680	13.5%	of Directs
Contingency	$40,000	$4,000	4.2%	of Directs
Total Direct Costs	$1,109,000	$110,900	$163	Per SF GBA
II. Indirect Costs				
Architecture & Engineering	$172,500	$17,250	15.6%	of Directs
Permits & Fees (2)	$120,000	$12,000	$18	Per SF GBA
Other Indirect Costs	$137,000	$13,700	12.4%	of Directs
Total Indirect Costs	$429,500	$42,950	38.7%	of Directs
III. Financing Costs	$0	$0	0.0%	of Directs
IV. Total Development Costs - Phase II	**$1,538,500**	**$153,850**	**$226**	**Per SF GBA**
Or Say (Rounded)	**$1,539,000**			
V. Add: Upgrades and Blending with Phase I	$249,000	$24,900	$20	Per SF GBA - Phase I
VI. Grand Total Development Costs	**$1,787,500**	**$178,750**	**$262**	**Per SF GBA**

(1) Does not include the payment of prevailing wages.
(2) Estimated allowance; not verified by KMA.
(3) Unless otherwise noted, reflect costs for Phase II only.

Prepared by: Keyser Marston Associates, Inc.
Filename: Irwindale\Las Casitas Pro Forma_v3_33433 Report;3/1/2011;rks

Las Casitas Senior Housing Project

Performance Schedule

Phase I Upgrades & Phase II Construction

As updated on February 28, 2011

	March, 2011			April, 2011				May, 2011					June, 2011				July, 2011				August, 2011					September, 2011				
Week ---------->	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
Engineering Plans																														
Soils Testing & Reports																														
Landscaping Plans																														
Architectural Plans & Specs.																														
Architectural/Structural Eng.																														
Demolition & Clearance																														
Excavation/Rough Grading																														
Sewer System																														
Water System																														
Rough Plumbing																														
Cable Undergrounding																														
Concrete Foundations/Slabs																														
Rough Carpentry																														
Cover over existing patio																														
Second Patio w/cover																														
Rough Electrical																														
Windows/Sliding Doors																														
Upgrade existing Windows																														
Cover Trash Enclosure																														
Stairways & Railings																														
Roofing																														
Sheet Metal																														
Lightweight Concrete																														
Fire Protection - Sprinklers																														
H. V. A. C.																														
Clubhouse H.V.A.C.																														
Emergency Call System																														
Mgr Apt Emergency Panel																														
Insulation																														
Stucco																														

Las Casitas Senior Housing Project Phase II

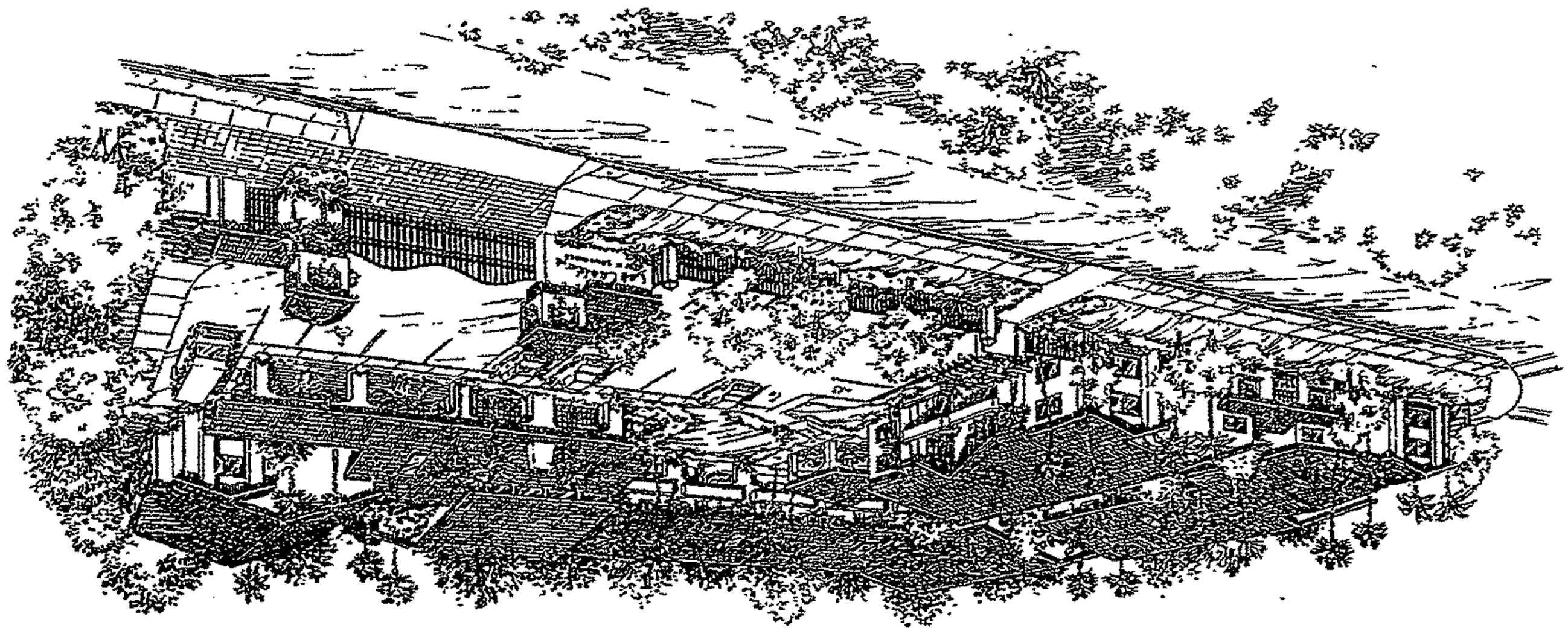
Performance Schedule

Phase I Upgrades & Phase II Construction

As updated on February 28, 2011

	Oct. , 2011			Nov., 2011				December, 2011					January, 2012				February, 2012				March, 2012					April, 2012				
Week ---------->	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61
Fog Stucco																														
Drywall																														
Waterproofing, second floor																														
Finish Carpentry																														
Finish Plumbing																														
Weatherstripping																														
Counter Tops																														
Interior Painting																														
Cabinets																														
Finish Electrical																														
Interior Lighting																														
Kitchen Appliances																														
Solar Panels																														
Exterior Lighting																														
LED Lighting System																														
Carpeting/Hard surfaces																														
Finish Grading																														
Parking Lot																														
Reseal/Stripe Parking Lot																														
Parking Lot Lighting																														
Ornamental Iron																														
Masonry -site block wall-																														
Water Fountain																														
Gazebo																														
Curbs/Gutters/Sidewalks																														
Nonslip Surface/Walkways																														
Landscaping																														
Install Landscape Lighting																														
Final City Inspections																														
GRAND OPENING																														

EXHIBIT "D"
LAS CASITAS II DDA
CONCEPTUAL PLANS



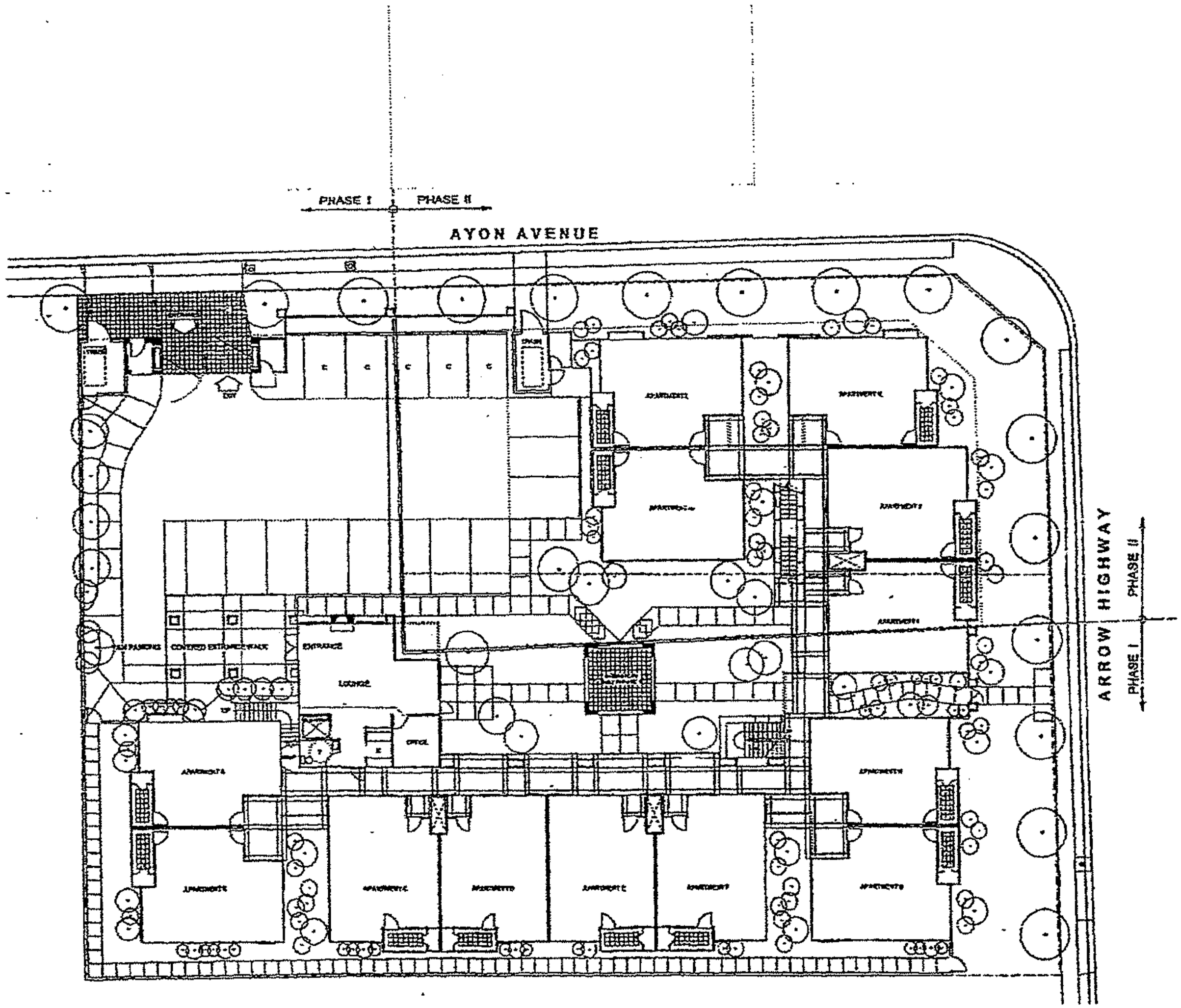

PHASE I
PHASE II
AYON AVENUE
ARROW HIGHWAY
PHASE II
PHASE I
CAR PARKING
COVERED ENTRANCE WALK
ENTRANCE
LOUNGE
OFFICE

EXHIBIT "E"
LAS CASITAS II DDA
QUITCLAIM DEED

FREE RECORDING REQUESTED BY AND
AFTER RECORDATION RETURN TO:

Irwindale Housing Authority
2175 Cherry Avenue
Irwindale, CA 90755
Attn: Executive Director

(Space Above This Line For Recorder's Office Use Only)

QUITCLAIM DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the IRWINDALE COMMUNITY REDEVELOPMENT AGENCY, a public body, corporate and politic ("Grantor"), hereby remises, releases and forever quitclaims to THE IRWINDALE HOUSING AUTHORITY, a a public body, corporate and politic ("Grantee"), all of Grantor's right, title and interest in that certain real property located in the City of Irwindale, County of Los Angeles, State of California, described in Exhibit "A" (the "Site") attached hereto and incorporated herein by this reference.

IN WITNESS WHEREOF, the Grantor and Grantee have caused this instrument to be executed on their behalf by their respective officers thereunto duly authorized, this _____ day of _____, 2011.

"GRANTOR"
IRWINDALE HOUSING AUTHORITY,
a public body corporate and politic

_____
Chair

ATTEST:

_____
Authority Secretary

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

_____
Fred Galante
Authority Counsel

01005/0013/88667.7

STATE OF CALIFORNIA)

) ss.

COUNTY OFLOS ANGELES)

On _____, 2011, before me, _____, a 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"
DESCRIPTION OF SITE

That certain real property located in the City of Irwindale, County of Los Angeles, State of California, more particularly described as:

[To Be Inserted]

Real property in the City of Irwindale, County of Los Angeles, State of California, described as follows:

THAT PORTION OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 9, TOWNSHIP 1 SOUTH, RANGE 10 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF IRWINDALE, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE, APRIL 21, 1877, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE NORTHERLY LINE OF SAID SECTION 9, DISTANT EASTERLY THEREON 1007.50 FEET FROM THE WEST LINE OF SAID NORTHEAST QUARTER OF SAID SECTION; THENCE EASTERLY ALONG SAID NORTHERLY LINE 94.60 FEET; THENCE SOUTH 0° 43' 02" WEST 191.74 FEET; THENCE SOUTH 89° 00' 07" WEST 94.30 FEET TO A POINT BEARING SOUTH 0° 37' 40" WEST FROM THE POINT OF BEGINNING; THENCE NORTH 0° 37' 40" EAST 193.73 FEET TO THE POINT OF BEGINNING.

PORTION OF SAID LAND IS ALSO KNOWN AS PARCEL 16 OF OFFICIAL MAPS, IN THE CITY OF IRWINDALE, COUNTY OF LOS ANGELES, AS PER MAP RECORDED IN BOOK 4, PAGES 58-61, INCLUSIVE, OF OFFICIAL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 8417-029-017

EXHIBIT "F"
LAS CASITAS II DDA
LEASE/REGULATORY AGREEMENT

[To Be Inserted]

FREE RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Irwindale Housing Authority
5050 N. Irwindale Ave.
Irwindale, CA 91706

Attn: Executive Director

COPY
09/17/2013
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processing has been completed.
LOS ANGELES COUNTY REGISTRAR-RECORDER

(Space Above This Line for Recorder's Office Use Only)

REGULATORY AGREEMENT AND DECLARATION OF COVENANTS AND RESTRICTIONS

THIS REGULATORY AGREEMENT AND DECLARATION OF COVENANTS AND RESTRICTIONS ("**Agreement**") is made and entered into this 23RD day of MARCH, 2011, by and between the IRWINDALE HOUSING AUTHORITY, a public body, corporate and politic ("**Authority**"), and THE NORTHRIDGE GROUP INC., a California corporation ("**Participant**").

RECITALS:

A. Pursuant to a Disposition and Development Agreement between and among the Irwindale Community Redevelopment Agency ("**Agency**"), Participant and the Authority dated MARCH 23, 2011 (the "**DDA**"), Agency/Authority agreed to provide to Participant financial assistance (the "**Agency Assistance**") in the form of (i) a guarantee of minimum rent rates, with possible rent subsidies from the Authority, and (ii) a forgivable loan in an amount not-to-exceed One Million, Seven-Hundred and Eighty-Seven Thousand, Five Hundred Dollars ($1,787,500.00) to be used toward low/moderate income housing, and (iii) a rent write-down in favor of Participant in that the rental amount to be paid by Participant is less than the fair market rental value of the Site. In addition, the DDA provided for certain payments by the Authority to the Participant for the purposes of (i) settling a certain dispute of funds, and (ii) paying for a variety of unanticipated improvements and services; these additional amounts totaled a payment of $310,000 to the Participant (the "**Miscellaneous Payments**"). The Miscellaneous Payments and the Agency Assistance are provided to Participant all for the purpose of assisting Participant with the leasing and development of the Senior affordable apartment complex commonly known as "**Las Casitas**". Such development consists of the expansion of an existing 16-unit Senior apartment complex into a total of 26 residential rental units that, with the exception of one unrestricted manager's unit, will be available solely for rents affordable to Extremely Low, Very Low, Low, and Moderate Income Senior households for the next 55 years (the "**Project**").

B. The Las Casitas Senior housing Project consists of two separate parcels:

(i) The parcel underlying the first phase of the Las Casitas project is located at 5164 Ayon Street, Irwindale, California, bearing Los Angeles County APN #8417-029-919 ("**Parcel I**"), which Parcel I is legally described and depicted in Exhibit "A" hereto. Parcel I consists of approximately .77 acres. Parcel I has been, and currently is, occupied by Senior Citizen tenants (the "**Preexisting Tenants**").

(ii) The parcel underlying the second phase of the Las Casitas project is located directly adjacent to Parcel I at 16140 Arrow Highway, Irwindale, California, bearing Los Angeles County APN #8417-029-917 ("**Parcel II**"), which Parcel II is legally described and depicted in Exhibit "B" hereto. Parcel II consists of approximately .21 acres.

C. Parcel I and Parcel II are collectively referred to as the "**Site**" in this Agreement. In order to consolidate Parcel I and Parcel II into a single Site, the Authority has undertaken the processing of a lot line adjustment pursuant to Chapter 16.22 of the Irwindale Municipal Code. A legal description of the entire Site as merged through the Parcel Merger is attached hereto as Exhibit "C". The Site is owned by the Authority in fee. Participant's occupation of the Site for purposes of Project construction, operation and management shall be undertaken pursuant to the lease provisions contained in Article B of this Agreement. Therefore, this Agreement serves as both the lease agreement between Participant and Authority for Participant's occupation of the Site and as the low-income housing regulatory agreement required by the DDA.

D. That portion of Agency Assistance consisting of a forgivable loan provided to Participant is to be used by Participant solely for Project construction. Payment of Agency Assistance shall be (or was) disbursed to Participant commensurate with Project construction progress. Therefore, pursuant to the DDA, Participant has agreed to develop, construct, and maintain a rental apartment housing project consisting of a maximum of twenty-six (26) total residential units (including one (1) Qualified Manager's unit) on the Site. The Project is also referred to in the DDA as the "Project." The Project will provide the following number of income-restricted units ("**Restricted Units**") by income category:

(i) Up to nine (9) of the Restricted Units shall be restricted rental to Extremely Low Income Senior households.

(ii) Up to six (6) of the Restricted Units shall be restricted rental to Very Low Income Senior households.

(iii) Up to five (5) of the Restricted Units shall be restricted to Low Income Senior households.

(iv) Up to five (5) of the Restricted Units shall be restricted to Moderate Income Senior households.

(v) Only one (1) unit will be income unrestricted as the unit reserved for the Qualified Manager (the "Manager Unit").

E. The Agency, Authority and/or the City of Irwindale ("**City**") have fee or easement interests in various streets, sidewalks and other property within the City and are responsible for the planning and development of land within the City in such a manner so as to provide for the health, safety and welfare of the residents of the City. That portion of the Agency's, Authority's and City's interest in real property most directly benefitted by this Agreement is depicted in Exhibit "D" attached hereto and incorporated herein by reference ("**Public Parcels**").

F. Authority and Participant now desire to place restrictions upon the use and operation of the Project and Site in order to ensure that the Project and Site shall be operated continuously as a rental apartment housing project available for rental by Extremely Low, Very Low, Low and Moderate Income Senior persons for the 55-year term of this Agreement.

G. It is the intent of the parties that this Agreement shall be recorded in Office of the County Recorder for the County of Los Angeles concurrent with, or shortly after, this Agreement has been signed by the Participant. This Agreement (i) runs with the land, and (ii) shall be binding on the Participant and its successors in interest in the Site for so long as this Agreement shall remain in effect, and (iii) provides for the proper maintenance of the Site and resale restrictions guaranteeing that the Project will be preserved as residential rental units available for rents affordable to Extremely Low, Very Low, Low and Moderate Income Senior households for the period of 55 years.

AGREEMENT:

NOW, THEREFORE, the Participant, Authority, and Agency declare, covenant and agree, by and for themselves, their heirs, executors, administrators and assigns, and all persons claiming under or through them, that the Site shall be held, transferred, encumbered, used, sold, conveyed, leased and occupied, subject to the covenants and restrictions hereinafter set forth, all of which are declared to be in furtherance of a common plan for the improvement and sale of the Site, and are established expressly and exclusively for the use and benefit of the Agency, the Authority, the citizens of the City of Irwindale, and every person renting a dwelling unit on the Site.

A. DEFINITIONS.

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

1. Affordable Rent. The term "Affordable Rent" shall refer to, collectively, a rental level that is appropriate to a specified category of household income. For purposes of this Agreement, the term "Affordable Rent" or "affordable" with respect to each household income category shall means as follows:

a. *Affordable Moderate Income Rent.* For those Restricted Units designated for moderate income households, rent shall not annually exceed the maximum percentage of income that can be devoted to rent as set forth by Health & Safety Code Section 50053, or its successor, which is currently Thirty Percent (30%) of One Hundred and Ten Percent (110%) of the Los Angeles County median income adjusted for the family size appropriate for the unit (or, it shall be optional for the Authority to require that moderate affordable rent be established at a level not to exceed 30 percent of gross income of the household).

b. *Affordable Low Income Rent.* For those Restricted Units designated for low income households, rent shall not annually exceed the maximum percentage of income that can be devoted to rent as set forth by Health & Safety Code Section 50053, or its

successor, which is currently Thirty Percent (30%) of Sixty Percent (60%) of the Los Angeles County median income adjusted for the family size appropriate for the unit.

c. *Affordable Very Low Income Rent.* For those Restricted Units designated for very low income households, rent shall not annually exceed the maximum percentage of income that can be devoted to rent as set forth by Health & Safety Code Section 50053, or its successor, which is currently Thirty Percent (30%) of Fifty Percent (50%) of the Los Angeles County median income adjusted for the family size appropriate for the unit.

d. *Affordable Extremely Low Income Rent.* For those Restricted Units designated for extremely low income households, rent shall not annually exceed the maximum percentage of income that can be devoted to rent as set forth by Health & Safety Code Section 50053, or its successor, which is currently Thirty Percent (30%) of Thirty Percent (30%) of the Los Angeles County median income adjusted for the family size appropriate for the unit.

For all income categories, the calculation of "Affordable Rent" shall include a reasonable allowance (or deduction) for utilities and any service charges or fees that Qualified Households are required to pay. Such allowance for service charges and utilities shall be adjusted for household size and the types of utilities available. The Authority shall have the unilateral right, at its election, to require Participant to use up-to-date utility allowance schedules published by the Los Angeles County Housing Authority.

2. Annual Adjustment. The term "Annual Adjustment" shall mean that 2.5% annual increase in rent chargeable to tenants pursuant to Section D.7 hereof.

3. Extremely Low Income. The terms "Extremely Low" or "Extremely Low Income" shall refer to a household whose annual household income does not exceed Thirty Percent (30%) of the Los Angeles County Median Income for, adjusted for applicable household size, as computed in accordance with the Community Redevelopment Law and the regulations promulgated pursuant thereto or incorporated therein, including, without limitation, all regulations promulgated pursuant to Health and Safety Code § 50093, or any successor statute.

4. Los Angeles County Median Income. The term "Los Angeles County Median Income" shall be determined by reference to the regulations published by the California Department of Housing and Community Development pursuant to Health and Safety Code Section 50093, or its successor.

5. Low Income Tenant. The terms "Low" or "Low Income" shall refer to a household whose annual household income does not exceed Sixty Percent (60%) of the Los Angeles County Median Income for, adjusted for applicable household size, as computed in accordance with the Community Redevelopment Law and the regulations promulgated pursuant thereto or incorporated therein, including, without limitation, all regulations promulgated pursuant to Health and Safety Code § 50093, or any successor statute.

6. Manager's Unit. The term "Manager's Unit" shall mean the one (1) unit on the Site that shall be designated by Participant as a residence for a "Qualified Manager." The Manager's Unit shall not be an income-restricted Unit.

7. Moderate Income Tenant. The terms "Moderate" or "Moderate Income" shall refer to a household whose annual household income does not exceed One Hundred Ten Percent (110%) of the Los Angeles County Median Income for, adjusted for applicable household size, as computed in accordance with the Community Redevelopment Law and the regulations promulgated pursuant thereto or incorporated therein, including, without limitation, all regulations promulgated pursuant to Health and Safety Code § 50093, or any successor statute.

8. Nonconforming Tenant. The term "Nonconforming Tenant" shall mean any of the following: (i) a tenant in a Restricted Unit who qualified as a Qualified Household upon initial occupation of a Restricted Unit, but whose household income subsequently increased such that the household income levels exceed the income restrictions under which the Restricted Unit was initially occupied, or (ii) a Preexisting Tenant who does not qualify as a Qualified Household.

9. Permitted Health Care Resident. As used in this Agreement, the term "Permitted Health Care Resident" shall have the meaning ascribed by Section 51.3(b)(7) of the California Civil Code, as may be amended. Section 51.3(b)(7) currently and substantially provides that a Permitted Health Care Resident is a person who is hired to provide live-in, long-term, or terminal health care to a qualifying resident, or a family member of the qualifying resident providing that care. A Permitted Health Care Resident must be substantial in nature and must provide either assistance with necessary daily activities or medical treatment, or both.

10. Preexisting Tenants. The term "Preexisting Tenants" shall refer to those tenants who were, and are, already occupying Restricted Units upon Parcel I prior to the start of the 55-Year Affordability Period.

11. Qualified Manager. The term "Qualified Manager" shall mean the resident Qualified Manager selected and retained by Participant pursuant to this Agreement. The Qualified Manager shall reside in the "Manager's Unit" designated by Participant. The Manager's Unit shall be restricted to occupancy by the Qualified Manager and his/her household, but shall not be subject to any income restrictions.

12. Qualified Permanent Resident. The term "Qualified Permanent Resident" shall have the meaning ascribed in California Civil Code Section 51.3(b)(2), as may be amended. Section 51.3(b)(2) currently provides that a Qualifying Permanent Resident is a person who meets all of the following requirements:

a. Was residing with the Senior Citizen prior to the death, hospitalization, or other prolonged absence of, or the dissolution of marriage with, the Senior Citizen;

b. Was 45 years of age or older, or was a spouse, cohabitant, or person providing primary physical or economic support to the Senior Citizen; and

c. A disabled person or person with a disabling illness or injury who is a child or grandchild of the Senior Citizen or a Qualified Permanent Resident who needs to live with the Senior Citizen or Qualified Permanent Resident because of the disabling condition, illness, or injury. For purposes of this section, "disabled" means a person who has a disability as defined in subdivision (b) of Civil Code Section 54. A "disabling injury or illness" means an

illness or injury which results in a condition meeting the definition of disability set forth in Civil Code Section 54(b).

d. Has an ownership interest in, or is in expectation of an ownership interest in, the Unit.

13. Qualified Household. The term "Qualified Household" shall refer to individuals or households meeting all of the following criteria:

a. At least one of the residents in the household is a Senior Citizen occupying the Unit as a primary permanent residence; and

b. Every member of the household who is not a Senior Citizen must be a Qualified Permanent Resident, or a Permitted Health Care Resident, or a person otherwise entitled to occupy a Restricted Unit pursuant to the requirements of the Unruh Civil Rights Act as stated in Section D.2 of this Agreement; and

c. The household as a whole qualifies as either an Extremely Low, Very Low, Low, or Moderate Income Tenant.

14. Reserve Fund. The term "Reserve Fund" shall mean that separately-held, non-comingled account to be established by the Participant and held solely for the purposes of Project maintenance, refurbishment, cleaning, etc. The Participant shall place at least $9,000 into the Reserve Fund each year. This amount is reflected in the Financial Analysis attached hereto as Exhibit "E" (the Reserve Fund is denominated as the "Replacement Reserves" in the Financial Analysis).

15. Qualified Manager. The term "Qualified Manager" shall refer to that individual (or those individuals) who may reside in the Project, employed by the Qualified Manager, and who are responsible for day-to-day management of the Project and its Restricted Units.

16. Restricted Unit. The term "Restricted Unit" shall refer to any of the Units reserved for Qualified Households. The Unit for the Qualified Manager shall not be restricted.

17. Senior Citizen. The terms "Senior" or "Senior Citizen" shall mean a person sixty-two (62) years of age or older, as defined in California Civil Code Section 51.3(b)(4).

18. Unit. The term "unit" shall refer to any of the up to twenty-six (26) residential rental units in the Project.

19. Very Low Income Tenant. The terms "Very Low" or "Very Low Income" shall refer to a household whose annual household income does not exceed Fifty Percent (50%) of the Los Angeles County Median Income for, adjusted for applicable household size, as computed in accordance with the Community Redevelopment Law and the regulations promulgated pursuant thereto or incorporated therein, including, without limitation, all regulations promulgated pursuant to Health and Safety Code § 50093, or any successor statute.

20. 55-Year Affordability Period. The term "55-Year Affordability Period" shall mean the length of time (i.e., 55 years) for which Participant must hold the Restricted Units at an Affordable Rent under the terms of this Agreement. The 55-Year Affordability Period shall commence upon the later of either (i) December 1, 2011, or (ii) the opening of Phase II units as available for rent.

B. LEASEHOLD CONVEYANCE OF SITE TO PARTICIPANT.

1. Lease & Use of Site. In order to consolidate Parcel I and Parcel II into a single Site, the Authority has undertaken a lot line adjustment pursuant to Chapter 16.22 of the Irwindale Municipal Code. The result is that consolidated Site legally described in Exhibit "C". Authority hereby leases to Participant, and Participant hereby rents from Authority, all of the Site, including non-exclusive use of all common areas, as specifically described in Exhibit "C" and incorporated herein by this reference. This lease of the Site is made to Participant solely for the purpose of facilitating the Project and maintaining the Site as the "Las Casitas" Senior apartment complex with Units available solely for rents affordable to Extremely Low, Very Low, Low, and Moderate Income Senior households for the duration of the 55-Year Affordability Period. Participant's rights of tenancy are strictly subject to the covenants and terms contained throughout this Agreement and any default of such covenants shall be deemed a default of Participant's tenancy.

2. Term of Tenancy. The "**Commencement of Tenancy**" shall be that date on which all parties execute fully this Agreement. Such Commencement of Tenancy has been accomplished pursuant to the procedures set forth in Section 503 of the DDA. Upon the Commencement of Tenancy, Participant shall take possession of the Site in accordance with the terms and intent of this Agreement. Participant's tenancy in the Site shall expire at the same time as the expiration of the 55-Year Affordability Period.

3. Termination/Replacement of Old Lease and Restrictions.

a. *Historical Background:* The Authority has been the fee owner of Parcel I since 1995. On May 1, 1995, the Authority entered into a lease with Participant (the "**Old Lease**"). The Old Lease required Participant to construct the sixteen Phase I units as low income senior apartment units, which construction was completed in 1996. Under the Old Lease, Participant was designated as the acting manager and operator of the Phase I apartment units for a period of thirty (30) years. The Old Lease also required all Phase I units to remain restricted to low income, senior only residents for a period of thirty (30) years (the "**30-Year Restrictions**").

b. *Termination of Old Lease & Restrictions.* The parties agree to now terminate the Old Lease, terminate the 30-Year Restrictions, and effect this Agreement in their stead. To this end, upon the Commencement of Tenancy, the Old Lease and 30-Year Restrictions shall be terminated with no further force or effect and replaced with this new Agreement.

4. Rent. The rights of tenancy granted to Participant in this Article B are entered into for good and valuable consideration for the period commencing on the Commencement of

Tenancy and ending on the expiration of the 55-Year Affordability Period. Participant shall pay to Authority as and for consideration the yearly rental amount of one dollar ($1.00).

5. Utilities. The Authority shall not be responsible for the payment of any utilities serving the Site other than waste hauling and recycling services. The Authority shall pay all costs for the Site's waste hauling and recycling services. Participant shall either bear the costs of all other utilities (including but not limited to gas, electricity, heat, power, sewer, water, telephone, all associated connection charges, and all similar utility bills taxed, levied, or charged upon the Site) and/or Participant shall ensure that such utilities are separately billed to each Unit for payment by the tenant. Without limiting the generality of the foregoing, Participant shall pay all charges for utilities and services furnished to the Site during the term hereof.

6. Taxes. Participant shall be solely responsible for the real estate taxes that are assessed against the Site or arise because of the occupancy, use, or possession of the Site subsequent to the Commencement of Tenancy, and all installments of assessments that are due during the term of this Agreement as required by law. Participant shall pay such real estate assessments to the public authorities charged with their collection on or before the last day on which payment may be made without penalty or interest.

7. Condition of Site.

a. *Exercise of Feasibility Period.* Pursuant to Section 502 of the DDA, Participant acknowledges that prior to the Commencement of Tenancy, Participant had a sufficient and reasonable period of time from and after entering into the DDA in order to perform its due diligence investigations of the Site (the "**Feasibility Period**") to determine whether (i) the physical condition of Parcel II (e.g., environmental, geotechnical analyses) is suitable for Participant's intended use, (ii) all title and survey matters are acceptable, and (iii) Participant will be able to obtain all necessary approvals, permits and/or consents Participant determines is necessary for the Project. Participant further acknowledges that it has had the opportunity to review matters of title pertaining to the Site to its satisfaction during the Feasibility Period. Participant hereby represents and warrants that it is satisfied with the condition of the Site for all purposes of this Agreement.

b. *AS-IS Condition.* Now, therefore, Participant accepts, acknowledges and agrees that the Site is to be leased to, and accepted by Participant, in an "AS-IS" condition with all faults. Participant has investigated and has knowledge of operative or proposed governmental laws and regulations (including, but not limited to, zoning, environmental and land use laws and regulations) to which the Site is or may be subject and accepts the Site solely upon the basis of its review and determination of the applicability and effect of such laws and regulations. Participant acknowledges that it is entering into this Agreement on the basis of Participant's own investigation of the physical and environmental conditions of the Site, including subsurface conditions, and Participant assumes the risk that adverse physical and environmental conditions may not have been revealed by its own investigation.

c. *Disclaimer of Representations.* Upon taking the tenancy provided by this Agreement, Participant shall be solely responsible for any defects in the Site, whether patent or latent, including, without limitation, the physical, environmental and geotechnical condition of

the Site, and the existence of any contamination, Hazardous Materials (as hereinafter defined), vaults, debris, pipelines, or other structures located on, under or about the Site, and Authority/Agency make no other representation or warranty concerning the physical, environmental, geotechnical or other condition of the Site, the suitability of the Site for the Project, or the present use of the Site, and Participant specifically disclaims all representations or warranties of any nature concerning the Site made by it, the City, Agency, Authority and their respective employees, agents and representatives except as otherwise provided in this Agreement or the DDA. The foregoing disclaimer includes, without limitation, topography, climate, air, water rights, utilities, soil, subsoil, existence of Hazardous Materials or similar substances, the purpose for which the Site is suited, or drainage. Authority/Agency make no representation or warranty concerning the compaction of soil upon the Site, nor of the suitability of the soil for construction.

d. *Hazardous Materials.* Participant understands and agrees that in the event it incurs any loss or liability concerning Hazardous Materials (as hereinafter defined) and/or oil wells and/or underground storage tanks and/or pipelines whether attributable to events occurring prior to or following the Commencement of Tenancy, then Participant may look to current or prior owners of the Site, but under no circumstances shall Participant look to Authority, Agency or the City for any liability or indemnification regarding Hazardous Materials and/or oil wells and/or underground storage tanks and/or pipelines. Participant, and each of the entities constituting Participant, if any, hereby waives, releases, remises, acquits and forever discharges and its officers, employees, and agents of and from any and all Environmental Claims, Environmental Cleanup Liability and Environmental Compliance Costs, as those terms are defined below, and from any and all actions, suits, legal or administrative orders or proceedings, demands, actual damages, punitive damages, loss, costs, liabilities and expenses, which concern or in any way relate to the physical or environmental conditions of the Site, the existence of any Hazardous Material thereon, or the release or threatened release of Hazardous Materials therefrom, whether existing prior to, at or after the Commencement of Tenancy. It is the intention of the Parties pursuant to this release that any and all responsibilities and obligations of Authority, Agency or the City and any and all rights, claims, rights of action, causes of action, demands or legal rights of any kind of Participant, its successors, assigns or any affiliated entity of Participant, arising by virtue of the physical or environmental condition of the Site, the existence of any Hazardous Materials thereon, or any release or threatened release of Hazardous Material therefrom, are by this release provision declared null and void and of no present or future force and effect as to the Parties. In connection therewith, Participant and each of the entities constituting Participant, expressly agree to waive any and all rights which said Party may have under 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 favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

PARTICIPANT'S INITIALS: _____ AUTHORITY'S INITIALS: _____

e. *Indemnity.* Participant shall indemnify and hold harmless City, Agency, Authority and their officers, employees, agents and representatives (collectively, the

"**Indemnified Parties**") from and against any and all Environmental Claims, Environmental Cleanup Liability, Environmental Compliance Costs, and any other claims, actions, suits, legal or administrative orders or proceedings, demands or other liabilities resulting at any time from the release or threatened release of any Hazardous Materials of any kind whatsoever, in, on or under the Site at any time during or after the Commencement of Tenancy and whether arising due to construction or thereafter, due to Project operations, and including, but not limited to, all foreseeable and unforeseeable damages, fees, costs, losses and expenses, including any and all attorneys' fees and environmental consultant fees and investigation costs and expenses, directly or indirectly arising therefrom, and including fines and penalties of any nature whatsoever, assessed, levied or asserted against any Indemnified Parties to the extent that the fines and/or penalties are the result of a violation or an alleged violation of any Environmental Law. Participant further agrees that in the event it obtains, from former or present owners of the Site or any other persons or entities, releases from liability, indemnities, or other forms of hold harmless relating to the subject matter of this section, Participant shall use its diligent efforts to obtain for Authority the same releases, indemnities and other comparable provisions.

f. *Definitions*. For purposes of this Section B.7, the following terms shall have the following meanings.

i. "Environmental Claim" means any claim for personal injury, death and/or property damage made, asserted or prosecuted by or on behalf of any third Party, including, without limitation, any governmental entity, relating to the Site or its operations and arising or alleged to arise under any Environmental Law.

ii. "Environmental Cleanup Liability" means any cost or expense of any nature whatsoever incurred to contain, remove, remedy, clean up, or abate any contamination or any Hazardous Materials on or under all or any part of the Site, including the ground water thereunder, including, without limitation, (i) any direct costs or expenses for investigation, study, assessment, legal representation, cost recovery by governmental agencies, or ongoing monitoring in connection therewith and (ii) any cost, expense, loss or damage incurred with respect to the Site or its operation as a result of actions or measures necessary to implement or effectuate any such containment, removal, remediation, treatment, cleanup or abatement.

iii. "Environmental Compliance Cost" means any cost or expense of any nature whatsoever necessary to enable the Site to comply with all applicable Environmental Laws in effect. "Environmental Compliance Cost" shall include all costs necessary to demonstrate that the Site are capable of such compliance.

iv. "Environmental Law". means any federal, state or local statute, ordinance, rule, regulation, order, consent decree, judgment or common-law doctrine, and provisions and conditions of permits, licenses and other operating authorizations relating to (i) pollution or

protection of the environment, including natural resources, (ii) exposure of persons, including employees, to Hazardous Materials or other products, raw materials, chemicals or other substances, (iii) protection of the public health or welfare from the effects of by-products, wastes, emissions, discharges or releases of chemical substances from industrial or commercial activities, or (iv) regulation of the manufacture, use or introduction into commerce of chemical substances, including, without limitation, their manufacture, formulation, labeling, distribution, transportation, handling, storage and disposal.

v. "Hazardous Material" is defined to include any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California, or the United States Government. The term "Hazardous Material" includes, without limitation, any material or substance which is: (i) petroleum or oil or gas or any direct or derivate product or byproduct thereof; (ii) 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); (iii) 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); (iv) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Sections 25501(j) and (k) and 25501.1 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory); (v) 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); (vi) "used oil" as defined under Section 25250.1 of the California Health and Safety Code; (vii) asbestos; (viii) listed under Chapter 11 of Division 4.5 of Title 22 of the California Code of Regulations, or defined as hazardous or extremely hazardous pursuant to Chapter 10 of Division 4.5 of Title 22 of the California Code of Regulations; (ix) defined as waste or a hazardous substance pursuant to the Porter-Cologne Act, Section 13050 of the California Water Code; (x) designated as a "toxic pollutant" pursuant to the Federal Water Pollution Control Act, 33 U.S.C. Section 1317; (xi) defined as a "hazardous waste" pursuant to the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, *et seq.* (42 U.S.C. § 6903); (xii) defined as a "hazardous substance" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, *et seq.* (42 U.S.C. § 9601); (xiii) defined as "Hazardous Material" pursuant to the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101, *et seq.*; or (xiv) defined as such or regulated by any "Superfund" or "Superlien" law, or any other federal, state or local law, statute, ordinance, code, rule, regulation, order or decree

regulating, relating to, or imposing liability or standards of conduct concerning Hazardous Materials and/or oil wells and/or underground storage tanks and/or pipelines, as now, or at any time hereafter, in effect.

g. *Participation in Litigation.* Participant agrees to indemnify Authority, Agency and City and its elected boards, commissions, officers, agents and employees and will hold and save them and each of them harmless from any and all actions, suits, claims, liabilities, losses, damages, penalties, obligations and expenses (including but not limited to attorneys' fees and costs) against the City, Agency and/or Authority for any claims or litigation which arise during the term of this Agreement arising from Participant's occupancy of or activities on the Site ("**Claims or Litigation**"). Authority shall promptly provide Participant with notice of the pendency of any such Claims or Litigation and request that Participant defend the same. If Authority fails promptly to notify Participant of any such Claims or Litigation or fails to cooperate fully in the defense thereof, Participant shall not, thereafter, be responsible to defend, indemnify, or hold harmless Authority. Participant may utilize the City Attorneys' office or use legal counsel of Participant's choosing, but shall reimburse Authority for any necessary legal cost incurred by Authority. If Participant fails to do so, Authority may defend the Claims or Litigation and Participant shall pay the cost thereof, but if Authority chooses not to defend the Claims or Litigation, it shall have no liability to Participant. Participant's obligation to pay the defense cost shall extend until judgment and thereafter through any appeals. In the event of an appeal, or a settlement offer, the Parties will confer in good faith as to how to proceed and the resolution of any such appeal and the Parties' response to any such settlement offer shall require the consent of both Parties, which consent shall not be unreasonably withheld.

h. *Survival of Indemnities.* Notwithstanding any other provision of this Agreement, Participant's release and indemnification as set forth in the provisions of this Section B.7 shall survive the termination or expiration of this Agreement and shall continue in perpetuity.

i. *Waiver of Subrogation.* Participant agrees that Participant shall not make any claim against, or seek to recover from Authority, Agency, City or their agents, servants, or employees, for any loss or damage to Participant, or to any person or property, including without limitation, the property of others under the control of Participant, and Participant shall give notice to any insurance carrier of the foregoing waiver of subrogation, and obtain from such carrier, so long as commercially reasonably available, a waiver of right to recovery against Authority, its agents and employees. In furtherance of the foregoing, Participant agrees that in the event of a sale of the Site by Authority, the hereinabove waiver of subrogation shall continue in favor of the original Authority hereunder, and any subsequent Authority, and their respective successors and assigns. In addition, Authority agrees that Authority shall not make any claim against or seek to recover from Participant or its agents, servants or employees for any loss or damage to Authority, but nothing contained herein shall be deemed to prevent Authority from terminating this Agreement due to the material default of Participant.

8. Quiet Enjoyment. Authority/Agency covenant that upon performance and observance by Participant of all of the agreements, covenants and conditions herein contained on the part of Participant to be performed and observed, and subject to any existing leases and

easements, Participant shall peaceably hold and quietly enjoy the Site during the entire term of this Agreement without hindrance, molestation or interruption by Authority/Agency or by anyone lawfully or equitably claiming by, through or under Authority/Agency.

9. Construction of the Project Pursuant to DDA. Participant shall construct all Project improvements on the Site as set forth and required in Article 600 of the DDA and all attachments thereto within the time established in the Schedule of Performance attached to the DDA. The development of the Site shall be subject to all provisions of the DDA, such that a termination of the DDA shall cause the termination of this Agreement without any resort to the rights or obligations provided under the laws of unlawful detainer. Prior to any termination of this Agreement, Authority shall have all rights to remedy Participant's breach of its development obligations as provided in the DDA. Authority's issuance of the Certificate of Completion, as provided in the DDA, shall conclusively establish that the improvements have been constructed in accordance with the provisions of the DDA.

a. *Ownership of Improvements.* During the term of this Agreement, title to all fixtures and improvements to realty constructed or placed on the Site by Participant, including buildings, structures, and other tenant improvements are and shall be vested in Participant, but shall automatically become the property of Authority upon the expiration or sooner termination of this Agreement. Ownership of moveables and personal property on the Site that do not below to residential tenants shall likewise be the vested in Participant during the term of this Agreement, unless such moveables and personal property are abandoned by Participant on the Site upon Authority's re-entry thereto.

b. *Additional Improvements; Repairs and Alterations.* Except as provided below, once construction of all Project improvements has been completed pursuant to Article 600 of the DDA, Participant shall not make or permit any other person to make any substantial alterations to the Site without prior written consent of Authority. For purposes of this Section, an alteration of the Site is considered to be "substantial" if it requires the issuance of a City building permit. In the event Participant determines that a significant alteration is necessary, such alteration shall not be undertaken without providing at least fourteen (14) days' written notice to Authority accompanied by plans and specifications detailing the proposed alteration. Participant's notice, plans and specifications for a proposed alteration must be provided to Authority in a manner giving City/Authority staff sufficient time to thoroughly review the proposed alterations before determining whether to provide written approval for said alterations (which approval shall not be unreasonably withheld or delayed). Notwithstanding the foregoing, Participant shall be entitled, without need for written consent, to make non-structural alterations to the Site that are intended to maintain or increase the efficient use or appearance of the Site and which do not require City building permits. Nothing herein shall be deemed to require Authority's or City's approval of normal and regular maintenance activities performed by Participant.

All improvements, repairs and alterations done in connection with this Section shall be done promptly and in good and workmanlike manner and in compliance with all laws. Participant shall comply with all applicable development standards in City's Municipal Code and shall comply with all building codes, landscaping, signage, and parking requirements, and all procedures for obtaining approval thereof, with reasonable diligence. All improvements once

made or installed shall be deemed to have attached to the freehold, except for Participant's trade fixtures which shall be and remain the property of Participant.

c. *No Mechanics Liens.* Participant shall not permit any mechanic's, materialman's, contractor's, subcontractor's or other lien arising from any work or improvement, for any labor done, services performed, or materials, appliances, transportation, or power used or furnished, however it may arise, to stand against the Site or any improvement thereon. If any such lien shall be filed or arise against the Site or improvements, Participant shall cause the same to be discharged within forty-five (45) days after such filing, by payment, deposit, or bond and shall save and hold Authority/Agency/City and the Site free and harmless from any and all such claims, liens, or suits. If an action to foreclose such lien has been filed before Participant discharges in full such lien, and a lis pendens or, similar encumbrance on the Site has been recorded in connection with such action, Participant shall, at the time it discharges such lien, take all measures necessary to procure the removal of such encumbrance from the record title of the Site. If Participant shall fail to discharge any such lien, Authority may, but shall not be obligated to, discharge the same and any amount so paid or deposite by Authority and any expenses so incurred by Authority, including reasonable attorney's fees, shall become immediately due and payable by the Participant to Authority together with interest as provided hereunder. Participant may in good faith and at Participant's own expense contest the validity of any such asserted lien, claim or demand, provided Participant has furnished the bond required in Section 3143 of the California Civil Code, any amendment thereof or any law of similar import hereafter enacted providing for a bond freeing a premise from such lien claim. Participant shall give Authority at least ten (10) days' written notice of the date of commencement of any construction, alteration, addition, or improvement or repair costing in excess of Fifty Thousand Dollars ($50,000.00) so that Authority may post appropriate Notices of Nonresponsibility. Authorized agents of Authority shall at all times have the right to go upon the Site to post, and keep posted thereon, Notices of Nonresponsibility provided by Section 3094 of the California Civil Code. No mechanic's or materialman's liens or mortgages, deeds of trust, or other liens of any character whatsoever created or suffered by Participant shall in any way or to any extent affect the interests or rights of Authority in the improvements on the Site or attach to or affect Authority's title to or rights in the Site.

10. Removal of Site.

a. *Destruction of Site.* Should the Site be totally or substantially destroyed by an uninsured peril by no fault of Participant, so that all or a substantial portion of the Site are rendered unfit or uninhabitable for purposes of serving as an apartment complex, Participant shall have the right, giving thirty (30) days' prior notice to Authority, to terminate this Agreement with respect to the portion of the Site so affected (or all of the Site if Participant concludes that it cannot reasonably continue its business operations at the Site), and all rent and other charges (if any) with respect to such portion of the Site shall be adjusted to the date of such destruction. This Agreement shall remain in full force and effect with respect to the unaffected portion of the Site. If Participant does not elect to terminate this Agreement as to any portion of the Site affected by such destruction, the Participant shall, within six (6) months, commence and diligently prosecute to completion the restoration of the destroyed buildings or improvements to a condition which will continue to fulfill the conditions, covenants, and requirements contained in the DDA and this Agreement and shall continue operations in accordance with the terms

hereof. Should the Site, or any part thereof, or any improvement thereon be totally or partially destroyed by an insured peril, the Participant shall promptly cause the restoration of the destroyed improvements to their original or comparable condition and shall continue operations in accordance with the terms hereof to the extent reasonably possible.

b. *Condemnation.* If, during the term of this Agreement, all or any part of the Site or any building or other improvement located thereon, or any interest in this Agreement is taken by the exercise of the power of eminent domain or by private purchase in lieu thereof, the condemnation award or amount paid in lieu thereof shall be apportioned as determined by law. In the event that any award is made to Participant, any lender to Participant shall share in such award to the extent of its interest.

11. Surrender of Site.

a. *In General.* In the event of any termination of Participant's leasehold interest, whether by lapse of time, cancellation, forfeiture, default, or otherwise, Participant shall immediately surrender and deliver the Site to Authority, and all rights and claims of Authority in and to use and enjoyment of such Site shall cease. Such termination shall not release the Participant from any liability which accrued under this Agreement to Participant prior to such termination or expiration.

b. *Condition of Site on Surrender.* Upon termination or expiration of Participant's leasehold interest, Participant shall surrender the Site neat and clean, in good and tenantable condition, reasonable wear and tear excepted. Participant shall do all work and make all repairs necessary to place the Site in said condition at Participant's sole expense, and should Participant fail to do such work and make such repairs after receipt of Participant's demand to do so, Authority may perform such work, and Participant shall reimburse Authority for the expense thereof within ten (10) days after being invoiced therefor by Authority.

c. *Removal of Property.* Upon termination or expiration of Participant's leasehold interest, Participant shall have the right to remove from the Site all furniture, furnishings, fixtures, and equipment placed in the Site, provided that Participant shall make all repairs to the Site required because of such removal. If any of such property shall remain in the Site after the end of the term hereof, such property shall be and become, at the option of Authority, the property of Authority without any claim therein of Participant; provided that Authority may direct Participant to remove such property and if Participant fails to remove such when directed to do so by Authority, then Authority may remove such property and Participant shall reimburse Authority for the expense thereof within ten (10) days after being invoiced therefor by Authority.

d. *Documents.* Upon termination or expiration of Participant's leasehold interest, Participant shall execute and deliver any and all deeds, bills of sale, assignments and other documents which in Authority's sole judgment may be necessary or appropriate to transfer, to evidence, or to vest in Authority clear title to any buildings, structures and improvements that may constitute a part of the Site and all machinery, equipment, fixtures or other property that may be used or intended to be used in connection with the Site or left at the time of such termination.

e. *Holding Over*. The leasehold interest granted hereby shall terminate and become null and void without further notice upon expiration of the 55-Year Affordability Period (or earlier termination, cancellation, forfeiture, or default) and any holding over by Participant after such termination or expiration shall not constitute a renewal hereof or give Participant any rights under this Agreement. If Participant fails to surrender the Site, Participant shall indemnify and hold Authority harmless from all loss or liability resulting from such failure, including any claims made by any succeeding tenant.

C. RESIDENTIAL RENTAL USES; TERM; 55-YEAR AFFORDABILITY PERIOD.

The Participant hereby agrees that the Project is to be owned, managed, and operated on a continuous basis as a 25-Unit project for residential rental restricted to Qualified Households, plus the one unrestricted Unit for the Qualified Manager. Such operation of the Project shall continue for a term equal to fifty-five (55) years, commencing upon the later of either (i) December 1, 2011, or (ii) the opening of all twenty-six (26) Project Units as available for rent to Qualified Households consistent with the standards and levels required by this Agreement (the **"55-Year Affordability Period"**). To that end, and for the 55-Year Affordability Period, the Participant hereby represents, covenants, warrants and agrees as follows:

1. Purpose. Participant shall own, manage, and operate the Project as a whole to provide rental housing to 25 Qualified Households, with the Project comprised of several interrelated buildings or structures, one Manager's Unit for the Qualified Manager, common areas, a clubhouse servicing all residents, parking areas, together with any functionally related and subordinate facilities (i.e., heating equipment, trash disposal equipment, laundry, etc.).

2. Residential Use; One Household Per Unit. None of the Units in the Project will at any time be utilized on a transient basis or used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, or trailer court or park without the Authority's prior written consent which consent may be given or withheld in its sole and absolute discretion. No more than one (1) Qualified Household shall occupy each Unit.

3. Conversion of Project. No part of the Project will at any time be owned by a cooperative housing corporation, nor shall the Participant take any steps in connection with the conversion to such ownership or uses to condominiums, or to any other form of ownership, without the prior written approval of Authority which approval may be given or withheld in its sole and absolute discretion.

4. Preference to Qualified Households. All of the Restricted Units will be available for rent in accordance with the terms of this Agreement, and the Participant shall not give preference to any particular class or group in renting the Restricted Units in the Project, except to the extent that the Restricted Units are required to be leased or rented to Qualified Households and except as provided in Section D.10 below.

5. Qualified Manager. Only one Unit in the Project may be occupied by a Qualified Manager. The occupancy of such Manager's Unit shall not be restricted by age or income.

6. Liability of Participant. Participant, Qualified Manager (if applicable) and Qualified Manager shall not incur any liability under this Agreement as a result of fraud or intentional misrepresentation by a tenant.

D. OCCUPANCY OF PROJECT BY QUALIFIED HOUSEHOLDS.

Participant hereby represents, warrants, and covenants as follows:

1. Income Restrictions; Affordability Mix. Except as expressly provided herein, throughout the 55-Year Affordability Period of this Agreement the occupancy of all of the Restricted Units in the Project (excluding the Manager's Unit) shall be restricted to Qualified Household as follows:

a. Nine (9) of the Restricted Units shall be restricted rental to Extremely Low Income Qualified Households, subject to the age restrictions in subpart (c) hereof.

b. Six (6) of the Restricted Units shall be restricted rental to Very Low Income Qualified Households, subject to the age restrictions in subpart (c) hereof.

c. Five (5) of the Restricted Units shall be restricted rental to Low Income Qualified Households, subject to the age restrictions in subpart (c) hereof.

d. Five (5) of the Restricted Units shall be restricted rental to Moderate Income Qualified Households, subject to the age restrictions in subpart (c) hereof.

e. Only the Manager's Unit will be unrestricted as to age or income.

Each Restricted Unit shall be designated as an Extremely Low, Very Low, Low or Moderate Income Unit such that the above affordability mix (i.e., 9 Extremely Low, 6 Very Low, 5 Low and 5 Moderate) will be maintained. Restricted Units designated for each income category shall be reasonably disbursed throughout the Site such that Restricted Units designated for a single income category are not clustered into one location on the Site. Restricted Units designated for Extremely Low and Very Low Income Households shall be compatible with the design of Low and Moderate Income Units in terms of appearance, maintenance, materials, and finished quality. The requirements of this Section are subject to the potential application of the "next available unit rule" referenced in Section D.11 hereof.

2. Senior Citizen Requirements. Permitted residency of a Restricted Unit shall be based upon the Unit being occupied by a Qualified Household having at least one Senior Citizen member occupying the unit as his/her primary permanent residence. Subject to the requirements of applicable law, all of the Restricted Units shall be independent living apartments specially designed for the physical and social needs of Senior Citizens in accordance with the Project entitlements. In enforcing and maintaining the Senior Citizen occupancy restriction, Participant agrees to abide by the terms of, without limitation, the Unruh Civil Rights Act, § 51 et seq. of the California Civil Code and the Federal Fair Housing Act, 42 USC § 3607 et seq., as such laws may be amended from time to time. Participant accepts and acknowledges that, as of the date of recordation of this Agreement, California Civil Code § 51.3 provides, in relevant part, as follows:

a. That the Authority may place restrictions upon the rental of the Restricted Units such that at least one person in residence in each dwelling unit must be a Senior Citizen, and other residents in the same dwelling unit who are not Senior Citizens must be one of the following: (i) a Qualified Permanent Resident, or (ii) a Permitted Health Care Resident, or (iii) a person who had the right to reside in, occupy, or use the Site housing or an unimproved lot on or before January 1, 1985, or (iv) any person who resided in, occupied, or used, prior to January 1, 1990, a dwelling in a Senior citizen housing development that relied on the exemptions to special design requirements provided by Civil Code Section 51.4 prior to January 1, 2001, shall not be deprived of the right to continue that residency, occupancy, or use. The occupancy of a Unit by a Permitted Health Care Resident shall be permitted during any period that the person is actually providing live-in, long-term, or hospice health care to the Senior Citizen for compensation; the term "for compensation" shall include provisions of lodging and food in exchange for care.

b. Temporary guests of a Senior Citizen or Qualified Permanent Resident under the age of sixty-two (62) shall be allowed for a period of not more than sixty (60) days in any twelve (12) month period, and within that period no temporary guest may reside in the Unit for more than fourteen (14) consecutive days.

c. Upon the death, dissolution of marriage, hospitalization or other prolonged absence of the Senior Citizen in a Unit, any Qualified Permanent Resident who has continuously resided in the dwelling unit with such Senior Citizen shall be permitted to continue as a resident of that dwelling unit provided such person shall meet the income restrictions applicable to a Qualified Household. This particular right of continued occupancy shall not apply to a Permitted Health Care Resident.

d. Notwithstanding the foregoing, in the event applicable laws enacted after the recordation of this Agreement prohibit the restriction of the Project to occupancy by Senior Citizens as defined herein, the Participant shall notify the Authority in writing of such prohibition and the Authority shall redefine the occupancy requirements for the Project in accordance with applicable law.

3. Expiration of Occupancy and Rent Restrictions. The Restricted Units shall be subject to the restrictions contained in this Article D for the duration of the 55-Year Affordability Period. All Qualified Households residing in the Restricted Units during the final two (2) years of the 55-Year Affordability Period shall be given notice of the expiration of the 55-Year Affordability Period at least once every six (6) months during said final two years. After the expiration of the 55-Year Affordability Period, rents for the Restricted Units may be raised to market rates.

4. Rental Rates Restricted to Affordable Rent—In General. Except as provided in Section D.11 below, Participant and Authority hereby agree to:

a. Rent those nine (9) Restricted Units designated for occupation by Extremely Low Income tenants at a monthly rental rate that is no greater than an Extremely Low Income Affordable Rent rate.

b. Rent those six (6) Restricted Units designated for occupation by Very Low Income tenants at a monthly rental rate that is no greater than a Very Low Income Affordable Rent rate.

c. Rent those five (5) Restricted Units designated for occupation by Low Income tenants at a monthly rental rate that is no greater than a Low Income Affordable Rent rate.

d. Rent those five (5) Restricted Units designated for occupation by Moderate Income tenants at a monthly rental rate that is no greater than a Moderate Income Affordable Rent rate.

5. Income Certification & Recertification. The income levels for each tenant and their household shall be initially certified, and annually recertified as follows:

a. *Initial Certification of Income & Senior Status.* The Authority shall undertake responsibility for the directed marketing of first-time tenant-applicants meeting the income and age requirements for the Restricted Units. Authority shall further undertake the income and age verification process for all new tenant applicants to ensure that they are a Qualified Household meeting the income and age limits set for an available, vacant Restricted Unit (e.g., such that a vacancy in a Low Income Unit can only be filled by a Senior Qualified Household at or below Low Income levels, etc.). The Authority shall be responsible for setting the initial rent rate for each new tenant in accordance with Sections D.6 below.

Once the Authority has verified that a prospective tenant is a Qualified Household and set a rental rate, the lease documentation for that Unit shall be processed by the Participant. All processing of leases, lease renewals (including the implementation of Annual Adjustments), and income/age recertification shall be undertaken by Participant.

b. *Income/Age Recertification.* Participant shall be responsible for all annual income recertification once a Restricted Unit has been initially certified by the Authority. From and after the commencement of the 55-Year Affordability Period, annually each year, or at any time upon the written request of Authority, Participant shall advise the Authority of the occupancy of the Project by delivering a **"Certificate of Continuing Program Compliance"** in the form attached hereto as Exhibit "F certifying: (i) the income and Senior Citizen status of each household occupying a Restricted Unit, (ii) the number of Restricted Units of the Project which were occupied or deemed occupied by a Qualified Household during such period, (iii) the number of months during which each Restricted Unit was occupied, and (iv) that to the knowledge of Participant either (a) no unremedied default has occurred under this Agreement, (b) a default has occurred, in which event the Certificate shall describe the nature of the default and set forth the measures being taken by the Participant to remedy such default. Participant agrees to pay Authority a fee pursuant to Health and Safety Code Section 33418(c) to offset Authority's actual costs of reasonable and necessary monitoring of affordable housing at the Site. The Certificate of Continuing Program Compliance shall be due to the Authority annually either on January 31 or June 15, as may be mutually-agreed by the parties.

c. *Certification of Preexisting Tenants*. Within thirty (30) days of this Agreement's recordation upon the Site, Participant shall conduct an income computation and age certification for those Preexisting Tenants who were already occupying Restricted Units on Parcel I prior to the date of recordation of this Agreement. Preexisting Tenants eligible as Qualified Households shall be entitled to continue their occupancy of their Restricted Unit subject to the rental rates stated in Section D.4 hereof. However, if a Preexisting Tenant is not eligible as a Qualified Household, then such ineligible Preexisting Tenant shall be remain in his/her tenancy and the Restricted Unit shall be subject to the provisions of Section D.11 hereof.

d. *Maintenance of Records*. Participant shall maintain materially complete and accurate records pertaining to the Units, and shall permit any duly authorized representative of the Authority to inspect the books and records of Participant pertaining to the Site including, but not limited to, those records pertaining to the occupancy of the Units.

e. *Reliance on Tenant Representations*. Each lease for a Restricted Unit shall contain a provision to the effect that Participant has relied on the income certification and supporting information supplied by the tenant in determining qualification for occupancy of the Restricted Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease. In order to assure the accuracy of income/age verification, lease documents executed between the Participant and/or Qualified Manager and each Qualified Household shall contain the following provision as a material term of the lease:

> Whenever Tenant's income changes or Tenant has a change in family composition (persons moving in or out of the household), the Tenant shall report that change to the Resident Manager (Landlord) in writing within 10 business days. Tenant's failure to so report any changes in household income or composition shall be deemed a material default of the Lease.

6. Setting of Base Rent Rates.

a. *Setting Affordable Rent Rates for New Qualified Households*. This Section applies to all new candidates for tenancy in the Project. Once the Authority has determined that a new prospective tenant is a Qualified Household, the Authority shall determine the Household's applicable income category (i.e., Extremely Low, Very Low, Low or Moderate). Based upon that determination, the Authority shall set the new tenant's initial, or base, rental rate. The base rent rate shall not exceed the Affordable Rent levels (by income category) mandated by Section D.4 above. Once the Authority has set the base rent rate for a new tenant, the Participant shall thereafter assume the responsibility of processing lease documentation, collecting rent, managing Annual Adjustments, and maintaining the rent at an Affordable Rent rate appropriate to the household's income level.

b. *Rent Rates for Preexisting Tenants Not to Change*. Those tenants who are currently living in Phase I Restricted Units as of the commencement of the 55-Year Affordability Period (the "**Preexisting Tenants**") shall not be subject to any rent increases above and beyond

the rental rates they pay/paid as of the commencement of the 55-Year Affordability Period. The foregoing requirement restricting rent increases for Preexisting Tenants shall not apply (i) to such Annual Adjustments applicable to the Preexisting Tenants under Section D.7.b hereof, or (ii) to rent increases approved by the Authority in writing.

7. Adjustments in Rent.

a. *Annual Adjustments*. Once the Authority has set the base rent rate for a Restricted Unit pursuant to Section D.6.a, above, the Participant may automatically apply a 2.5% rent increase each year (the "**Annual Adjustment**"). Subject to Section D.7.c below, such Annual Adjustment shall take effect, and be collectable from the tenant, in that month representing the anniversary of the tenant's lease. For example, if a Qualified Household initially enters its lease for a Restricted Unit at a base rent of $500/month in January, such rent will increase to $513/month (i.e., 2.5% increase) starting January of the next year. Lease documents between Participant and a Qualified Household shall fully disclose the nature and the amount of applicable Annual Adjustments.

b. *Special Rule for Annual Adjustments for Preexisting Tenants*. As opposed to the Annual Adjustments described in the foregoing Section D.7.a, Preexisting Tenants are subject to flat-rate Annual Adjustments each year. The Annual Adjustments for Preexisting Tenants shall take effect in the year following the 55-Year Affordability Period and adjust each anniversary thereafter as shown in the table attached hereto as Exhibit "G" hereto. Before any Annual Adjustment can be imposed upon a Preexisting Tenant, the Participant shall amend or revise all lease documents between Participant and each Preexisting Tenant in order to fully disclose the nature and the amount of applicable Annual Adjustments, and as required for providing the tenant sufficient, lawful notice of rent increases and/or such other tenant rights attendant to rent increases under all applicable laws, regulations or ordinances.

c. *No Annual Adjustment May Give Rise To Rental Rates Exceeding Affordable Rent.* No Annual Adjustment may be charged to a Qualified Household if such rent increase would exceed the Affordable Rent level applicable to the Household's Restricted Unit. For example, if an Annual Adjustment would cause a Low Income Household to pay a rent rate in excess of Low Income Affordable Rent, such Annual Adjustment shall not be charged to the household (though the escalated rent rate will be treated as Guaranteed Rent for purposes of calculating any Rent Subsidy under Section D.8.b). To this end, prior to levying any Annual Adjustment upon a Qualified Household, the Participant shall verify that the Annual Adjustment will not result in the household paying a rent rate that exceeds its Affordable Rent. To achieve this verification, Participant shall use the most recent income certification/re-certification reports and the Participant shall consider any other information as may be reasonably requested or provided by the Authority.

8. Guaranteed Rent; Rent Subsidy; Rent Refunds. In consideration for the Authority's payment of the Agency Assistance, the Authority will provide Participant with a minimum "**Guaranteed Rent**" for each Restricted Unit on the Site. Said Guaranteed Rent shall commence at the same time as the start of the 55-Year Affordability Period (i.e., the later of either (i) December 1, 2011, or (ii) the opening of Phase II units as available for rent). The

Guaranteed Rent shall also expire at the same time as the expiration of the 55-Year Affordability Period.

a. *Exhibit "E"*. The estimated Guaranteed Rent structure is shown in the Financial Analysis at Exhibit "E" hereto. As seen in Exhibit "E", Guaranteed Rent starts, in Calendar Year One, at $500 per unit and escalates each year thereafter by 2.5% (pursuant to the Annual Adjustment).

b. *Rent Subsidy*. On a monthly, per-Unit basis, the Authority will pay the Participant for any shortfalls in Guaranteed Rent (the "**Rent Subsidy**"). Such Rent Subsidy shall equal *the difference between*:

- The monthly Guaranteed Rent, *minus*
- The base rental rate set by Authority for a Restricted Unit pursuant to Section D.6 plus any applicable Annual Adjustments.

For example, under Exhibit "E" Year Two has a minimum per-unit Guaranteed Rent of $513/month. However, if the set base rent plus any Annual Adjustments for a Restricted Unit only comes to $450 per month, then the Authority will remit Sixty Three Dollars ($63) to Participant for that month (i.e., $513 minus $450).

c. *Rent Refund.* On a monthly, per-unit basis, the Participant will pay the Authority for any rent actually received in excess of the Guaranteed Rent. Such Rent Refund shall equal *the difference between:*

- The actual rent received for a Restricted Unit, minus
- The applicable monthly Guaranteed Rent.

For example, if in any month of Year Two (which has a minimum Guaranteed Rent per-unit of $513/month) the Qualified Tenant of a Restricted Unit pays $550 in a monthly rent, then the Participant will refund Thirty-Seven Dollars ($37) to Authority for that month (i.e., $550 minus $513).

d. *Payment of Rent Subsidies or Rent Refunds*. Within seven (7) days of the end of each month, the Participant will provide a monthly unit-by-unit written report to the Authority (the "**Monthly Rent Report**"). The Monthly Rent Report shall show the actual level of rent paid that month for each Restricted Unit and to what extent, if any, the unit's set rental rate is either in excess of, or below, the Guaranteed Rent. The Monthly Rent Report shall further report any leases in default, any material changes in tenant income levels, a unit-by-unit report of the initial rent rate for each tenant and the current rent paid by such tenant, a statement of any amounts of either Rent Subsidy or Rent Refund due and owing and documentation supporting such amounts, and such other information as Authority may reasonably request.

The Authority shall pay any Rent Subsidies owing for the reported month in a Monthly Rent Report within thirty (30) days of receiving such Report. The Authority shall pay any Rent Refund owing for the reported month in a Monthly Rent Report within thirty (30) days of submitting such Report to the Authority.

e. *Amendments; Default.* As of the recordation of this Agreement, the parties are unable to estimate or predict with certainty the exact level of property taxes that will be applicable to the Site throughout the 55-Year Affordability Period. Therefore, the parties acknowledge and accept that the calculations in Exhibit "E" may be amended or adjusted mutually by the Authority and Participant as needed to reflect the actual amounts of property taxes applicable to the Site throughout the 55-Year Affordability Period.

Notwithstanding the foregoing or any other provision of this Agreement, any amendments or adjustments to Exhibit "E" that alter the amount of Rent Subsidy or Rent Refund to be paid must be in writing and signed by the appropriate authorities of Authority and Participant. Any purported adjustments to Exhibit "E" not so memorialized in mutually-signed agreement shall be void *ab initio.* If Participant commits an uncured default resulting in termination of this Agreement, the Authority shall have the immediate right to cease any and all Rent Subsidy payments effective as of the date the breach becomes an uncured default under Article K.

9. Duration of Occupancy By Qualified Household. Except in the instance of Section D.11.a, a Restricted Unit occupied by a Qualified Household shall be treated as occupied by that Qualified Household until such time that re-certification of the household's income in accordance with Section D.5, above, demonstrates that the household's primary tenant no longer qualifies as a Qualified Household.

10. Rental Priority. During the term of this Agreement, and to the extent allowed under applicable Affordable Housing Program restrictions, Participant and Authority shall use their best efforts to lease vacant Restricted Units reserved for Qualified Households in the following order of priority: (i) displaced persons entitled to a preference pursuant to California Health and Safety Code Section 33411.3 or successor statute, with highest priority in this category to residents of Irwindale; (ii) residents of the City of Irwindale; and (iii) other persons meeting the eligibility requirements of this Agreement. Participant and Authority may maintain a list (the "**Housing List**") of persons who have filed a complete application with Authority to rent a Restricted Unit in the Project and who have incomes and Senior Citizen status which would qualify them as a Qualified Household.

11. Nonconforming Tenants. It is expressly understood between the parties to this Agreement that the Restricted Units are intended to be occupied solely by Qualified Households certified as Senior status and income-certified as Extremely Low, Very Low, Low or Moderate Income tenants pursuant to Health & Safety Code §50053 so that the Authority may count the Restricted Units towards its affordable production units; this is the express intent of entering into the DDA and this Agreement. Notwithstanding this intent, the parties acknowledge that there is an established policy against terminating the occupancy of Nonconforming Tenants who, in good faith, were either (i) over-income Preexisting Tenants, or (ii) Qualified Households who subsequently enjoyed a disqualifying increase in annual household income. With respect to such Nonconforming Tenants, the following rules shall apply:

a. *Continued Occupancy.* Any Nonconforming Tenant who, in good faith and in the absence of any fraud or misrepresentation, occupies a Restricted Unit may remain in occupancy of such unit; nothing herein shall be deemed to require Participant to evict or refuse renewal of a lease to such Nonconforming Tenant. For the purposes of this Agreement, a

Restricted Unit so occupied by a good faith Nonconforming Tenant is treated as though it was "occupied by a Qualified Household" throughout the duration of the Nonconforming Tenant's occupancy.

b. *Income Restrictions Resurrected Upon Vacation of Nonconforming Tenant.* When a Nonconforming Tenant occupying a Restricted Unit pursuant to subpart D.k(i) above vacates the Unit, that unit shall only be re-leased to a Qualified Household at the income level that was initially designated for the Restricted Unit prior to its occupation by the Nonconforming Tenant (except as otherwise provided by the "next available unit" rules stated below).

c. *Next Available Unit Requirement.* The parties intend that the Site shall be occupied by Extremely Low, Very Low, Low and Moderate Income households at the ratios and levels referenced in Section D.a hereof (i.e., 9 Extremely Low, 6 Very Low, 5 Low and 5 Moderate Units). To this end, Participant shall follow the "Available Unit Rules" set forth in Federal Internal Revenue Code § 42(g)(2), its successor statutes, Federal Treasury Regulation 1.42-15 (26 C.F.R § 1.42-15) and attendant Federal laws and regulations.

12. Conflicts. The leasing preference provision set forth in Section D.10 shall apply only in the event, and to the extent, such provisions are not in conflict with Internal Revenue Code provisions or IRS regulations.

13. Authority Remedy For Excessive Rent Charge.

a. It shall constitute a default for Participant to charge or accept for a Restricted Unit rent amounts in excess of the amounts provided for in Section D.4 of this Agreement. In the event that Participant charges or receives such higher rental amounts, in addition to any other remedy Authority shall have for such default, Participant shall be required to pay to Authority the entire amount of rent received in excess of the amount permitted pursuant to this Agreement.

b. It shall constitute a default for Participant to rent any Restricted Unit to a tenant who is not a Qualified Household for the particular Restricted Unit pursuant to the rental rate requirements set forth in Section D.4 of this Agreement. In the event Participant rents a Restricted Unit to an ineligible tenant, in addition to any other equitable remedy Authority shall have for such default, Participant, for each separate violation shall be required to pay to Authority an amount equal to (i) two times the greater of (A) the total rent Participant received from such ineligible tenant, or (B) the total rent Participant was entitled to receive for renting that Restricted Unit, plus (ii) any relocation expenses (if any) incurred by Authority or City as a result of Participant having rented to such ineligible person.

THE PARTIES HERETO AGREE THAT THE AMOUNTS SET FORTH IN SUBPARAGRAPHS (a) THROUGH (b) OF THIS SECTION D.13 (THE "DAMAGE AMOUNTS") CONSTITUTE A REASONABLE APPROXIMATION OF THE ACTUAL DAMAGES THAT AUTHORITY WOULD SUFFER DUE TO THE DEFAULTS BY PARTICIPANT SET FORTH IN SUBPARAGRAPHS (a) THROUGH (b), CONSIDERING ALL OF THE CIRCUMSTANCES EXISTING ON THE EFFECTIVE DATE OF THIS

AGREEMENT, INCLUDING THE RELATIONSHIP OF THE DAMAGE AMOUNTS TO THE RANGE OF HARM TO AUTHORITY AND ACCOMPLISHMENT OF AUTHORITY'S PURPOSE OF ASSISTING IN THE PROVISION OF AFFORDABLE HOUSING TO QUALIFIED HOUSEHOLDS THAT REASONABLY COULD BE ANTICIPATED AND THE ANTICIPATION THAT PROOF OF ACTUAL DAMAGES WOULD BE COSTLY OR INCONVENIENT. THE AMOUNTS SET FORTH IN THIS SECTION D.13 SHALL BE THE SOLE MONETARY DAMAGES REMEDY FOR THE DEFAULTS SET FORTH IN THIS SECTION D.13, BUT NOTHING IN THIS SECTION D.13 SHALL BE INTERPRETED TO LIMIT AGENCY'S REMEDY FOR SUCH DEFAULT TO SUCH A DAMAGES REMEDY. IN PLACING ITS INITIAL AT THE PLACES PROVIDED HEREINBELOW, EACH PARTY SPECIFICALLY CONFIRMS THE ACCURACY OF THE STATEMENTS MADE ABOVE AND THE FACT THAT EACH PARTY HAS BEEN REPRESENTED BY COUNSEL WHO HAS EXPLAINED

THE CONSEQUENCES OF THE LIQUIDATED DAMAGES PROVISION AT OR PRIOR TO THE TIME EACH EXECUTED THIS AGREEMENT.

PARTICIPANT'S INITIALS: _____ AGENCY'S INITIALS: _____

E. MAINTENANCE.

1. General Maintenance Obligations. Participant, for itself and its successors and assigns, hereby covenants and agrees to maintain and repair or cause to be maintained and repaired the Site and all related on-Site improvements and landscaping thereon, including, without limitation, buildings, parking areas, lighting, signs and walls in a first class condition and repair, free of rubbish, debris and other hazards to persons using the same, and in accordance with all applicable laws, rules, ordinances and regulations of all federal, state, and local bodies and agencies having jurisdiction, at Participant's sole cost and expense. Such maintenance and repair shall include, but not be limited to, the following: (i) sweeping and trash removal; (ii) the care and replacement of all shrubbery, plantings, and other landscaping in a healthy condition; and (iii) the repair, replacement and restriping of asphalt or concrete paving using the same type of material originally installed, to the end that such pavings at all times be kept in a level and smooth condition, and (iv) at a minimum interior conditions of Units and common buildings shall be maintained in accordance with the standards of habitability set forth in 24 CFR Part 5, Subpart G. In addition, Participant shall be required to maintain the Property in such a manner as to avoid the reasonable determination of a duly authorized official of the City that a public nuisance has been created by the absence of adequate maintenance such as to be detrimental to the public health, safety or general welfare or that such a condition of deterioration or disrepair causes appreciable harm or is materially detrimental to property or improvements within one thousand (1,000) feet of such portion of the Site.

2. Parking and Driveways. The driveways and traffic aisles on the Site shall be kept clear and unobstructed at all times. No vehicles or other obstruction shall project into any of such driveways or traffic aisles. Vehicles associated with the operation of the Site, including delivery vehicles, vehicles of employees and vehicles of persons with business on the Site shall park solely on the Site.

3. Specific Site Requirements. Without limiting any of the foregoing provisions, Participant's maintenance requirements shall include the following duties commencing from and continuing after the commencement of the 55-year Affordability Period:

a. Reasonably regular maintenance of interior and exterior lighting on the Site including, without limitation, the occasional, as-needed replacement or retrofitting of existing lighting with equipment designed for high-efficiency lumens per watt; the maintenance of interior fixtures as decorative, attractive and compatible with high-efficiency bulbs; the maintenance of motion-sensitive or other crime-deterrent exterior lighting to the extent such lighting can be maintained in an attractive and non-obtrusive manner; and, the maintenance of decorative exterior lighting with equipment designed for high-efficiency lumens per watt. Participant shall utilize renewable energy for exterior lighting, such as solar power, where reasonably possible, cost-effective, attractive and non-obtrusive to residents.

b. Reasonable maintenance and repair to all household appliances to maintain them in safe, working order (absent instances of tenant negligence or intentional destruction). To the extent reasonably possible and cost-effective, appliances shall be retrofitted and/or maintained with equipment designed for high-efficiency energy or water consumption, as appropriate.

c. Should any carpeting be more than ten (10) years old upon the vacation of a tenant from the unit, then Participant shall fully replace such carpeting and its underlying padding. Carpeting or padding that has been significantly damaged regardless of its age (i.e., beyond normal wear and tear) shall be replaced upon the tenant's vacation from the unit. Carpeting shall be shampooed every three (3) years, unless the tenant elects to not have shampooing performed.

d. Reasonably regular repair to all cabinetry, countertops showers, tubs and sinks; or if such cabinetry, countertops showers, tubs and sinks are irreparably and visibly broken, cracked, chipped, damaged, pitted or stained, then replacement with new ones (absent instances of tenant negligence or intentional destruction). To the extent reasonably possible and cost-effective, showers, tubs and sinks shall be maintained with equipment designed for high-efficiency water consumption.

e. Reasonably regular cleaning and any necessary repairs to all Heating, Ventilating and Air Conditioning ("HVAC") systems. To the extent reasonably possible and cost-effective, HVAC systems shall be maintained with equipment designed for high-efficiency energy consumption. Participant or its Qualified Manager shall utilize the air filters recommended by the HVAC system manufacturer (or more effective filter technology if reasonably available); changeable filters shall be changed at a minimum as often as recommended by the HVAC system manufacturer.

f. Neat, attractive and regular maintenance of any solar panels upon Site roofs in such a manner as to efficiently supplement and support electric energy needs of the Site.

g. Maintain the appearance and safety of the Site (including all improvements, fixtures, and landscaping) in good order, condition, and repair, and free from the accumulation of trash, waste materials, and other debris.

h. Remove all graffiti placed upon the Site (including all improvements, fixtures, and landscaping) within seventy-two (72) hours of its appearance.

i. Maintain in good order, condition and repair, properly functioning landscape irrigation systems, including rain gutters and drains, on the Site.

j. Remove and promptly replace all dead or diseased landscaping material on the Site.

k. Regularly maintain all painted, metal, stucco or similar exterior finishes in a neat condition without substantially visible chips, rust, cracking, peeling or other such deterioration.

l. A full upgrade and refurbishment of Site improvements will be undertaken once every ten (10) years (commencing the tenth year after the commencement of the 55-Year Affordability Period) in cooperation with the Authority to the extent upgrades and refurbishments are reasonable and cost-efficient for Participant. To this end, Participant will review the interior and exterior condition of Site structures to determine what improvements can be reasonably upgraded or refurbished. A representative of the Authority may accompany Participant during such ten-year Site review to assist and reasonably negotiate which improvements or Units require an upgrade. Participant shall not be required to pay for the ten-year upgrades or refurbishments required by this Section if such improvements would cost in excess of 75% of the Reserve Fund identified in the Financial Analysis at Exhibit "E" hereto.

4. Maintenance Schedule/Program. To implement the Site maintenance standards set forth in this Agreement, Participant shall abide by that "Las Casitas Maintenance Requirements" program schedule attached hereto as Exhibit "H" (the "**Maintenance Program**"). The Maintenance Program may only be amended, modified or waived pursuant to a written agreement signed by both the Participant and Authority.

5. Tenant Compliance. At the time any tenant signs a lease or lease renewal, Participant shall disclose the existence of this Agreement by providing a written notice to the tenant (included in the lease documentation) in substantially the following form:

> The Las Casitas Apartment complex is subject to a 55-year "Regulatory Agreement and Declaration of Covenants and Restrictions" dated MARCH 23, 2011, between the Landlord and the Irwindale Housing Authority. The Regulatory Agreement requires that the Landlord may only lease these apartments to specified levels of lower income, senior-citizen households. The Regulatory Agreement further requires the Landlord to maintain the interior and exterior conditions of the apartments in a neat, safe and habitable condition and it imposes a variety of specific obligations upon the Landlord relating to property maintenance. The Regulatory Agreement provides the Housing Authority with a variety of rights and remedies against the Landlord should Landlord breach its

affordable housing and/or property maintenance obligations. The resident manager maintains a complete copy of the Regulatory Agreement available for review by any tenant or prospective tenant upon request during regular business hours.

The above written notice shall be incorporated into Participant's lease documents with each and every tenant and each tenant shall sign some form of acknowledgment witnessing receipt of the notice. A copy of this Agreement shall be available on the Site during regular business hours for review by any Site resident.

6. Right of Entry. In the event Participant fails to maintain the Site in the above-mentioned condition, and satisfactory progress is not made in correcting the condition within thirty (30) days from the date of written notice from Authority, or if Participant and Authority agree such condition cannot reasonably be cured within such 30-day period Participant shall have such time as Participant and Authority mutually agree may be reasonably necessary to correct the condition provided that Participant is diligent in pursuit of the cure, City, Authority or Agency may, at their option, and without further notice to Participant, declare the unperformed maintenance to constitute a public nuisance. Thereafter, either Agency, Authority or City, their employees, contractors or agents, may cure Participant's default by entering upon the Site and performing the necessary landscaping and/or maintenance. The Agency, Authority or City shall give Participant, its representative or the residential manager reasonable notice of the time and manner of entry, and entry shall only be at such times and in such manner as is reasonably necessary to carry out this Agreement. Participant shall pay such costs as are reasonably incurred by Agency, Authority or City for such maintenance, including attorneys' fees and costs.

a. *Lien.* If such costs provided in this Section E.6 are not reimbursed within thirty (30) days after Participants' receipt of notice thereof, the same shall be deemed delinquent, and the amount thereof shall bear interest thereafter at a rate of the lower of ten percent (10%) per annum or the legal maximum until paid. Any and all delinquent amounts, together with said interest, costs and reasonable attorney's fees, shall be a personal obligation of Participant as well as a lien and charge, with power of sale, upon the property interests of Participant, and the rents, issues and profits of such property. City, Authority and/or Agency may bring an action at law against Participant obligated to pay any such sums or foreclose the lien against Participant's property interests. Any such lien may be enforced by sale by the City, Authority or Agency following recordation of a Notice of Default of Sale given in the manner and time required by law as in the case of a deed of trust; such sale to be conducted in accordance with the provisions of Section 2924, et seq., of the California Civil Code, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law.

Any monetary lien provided for herein shall be subordinate to any bona fide mortgage or deed of trust covering an ownership interest or leasehold or subleasehold estate in and to any Site approved by Agency or Authority pursuant to the DDA, and any purchaser at any foreclosure or trustee's sale (as well as any deed or assignment in lieu of foreclosure or trustee's sale) under any such mortgage or deed of trust shall take title free from any such monetary lien, but otherwise subject to the provisions hereof; provided that, after the foreclosure of any such mortgage and/or deed of trust, all other assessments provided for herein to the extent they relate to the expenses incurred subsequent to such foreclosure, assessed hereunder to the purchaser at

the foreclosure sale, as Participant of the subject Site after the date of such foreclosure sale, shall become a lien upon such Site upon recordation of a Notice of Assessment or Notice of Claim of Lien as herein provided.

7. Tenant Disputes. Tenants may, from time to time, have disputes with other tenants, with the Participant or the Participant's contractors and employees (collectively, "**Tenant Disputes**") with regard to rent collection, Site conditions (interior or exterior), parking, noise, management. Such Tenant Disputes shall be the responsibility of Participant and/or resolved through mediation or arbitration procedures, which procedures shall be set forth in the Participant's lease agreements with each and every tenant. In no case shall City, Authority or Agency be responsible for, nor the arbiter of, Tenant Disputes.

F. MANAGEMENT.

1. Approval of Qualified Manager; Designation of Qualified Manager. Subject to the terms and conditions contained hereinbelow, Participant shall at all times during the operation of the Site pursuant to this Agreement retain an entity to perform the management and/or supervisory functions ("**Qualified Manager**") with respect to the operation of the Project including day-to-day administration, maintenance and repair. Participant shall, before execution or any subsequent amendment or replacement thereof, submit and obtain Authority's written approval of a management contract ("**Management Contract**") entered into between Participant and its Qualified Manager acceptable to Authority. Subject to any regulatory or licensing requirements of any other applicable governmental agency, the Management Contract may be for a term of up to fifteen (15) years and may be renewed for successive terms in accordance with its terms, but may not be amended or modified without the written consent of Authority. The Management Contract shall also provide that the Qualified Manager shall be subject to termination for failure to meet project maintenance and operational standards set forth herein or in other agreements between Participant and Authority. Participant's obligation to retain a Qualified Manager shall remain in force and effect for the same duration as the 55-Year Affordability Period.

a. *Self-Management.* Notwithstanding anything to the contrary in this Section F.1, the Site may be self-managed by Participant with the prior approval of the Authority Executive Director. Prior to this Agreement, Participant itself was the Qualified Manager for Phase I of the Project, and the parties expect that Participant will be the initial Qualified Manager of the Site at the start of the 55-Year Affordability Period. The Authority therefore hereby approves Participant as the Qualified Manager. Any change in the Qualified Manager shall be approved, in writing, by the Executive Director, which approval shall not be unreasonably withheld.

b. *Serious Mismanagement.* If Authority determines in its reasonable judgment that the Site is not being operated or managed in accordance with all the requirements and standards of this Agreement, or other applicable laws and ordinances, then the Authority may deliver written notice to Participant setting forth with reasonable detail the nature of the deficiencies ("**Notice of Serious Mismanagement**"). Deficiencies which may result in such notice include any breach of the site maintenance obligations, use restrictions or management prerogatives mandated by this Agreement (hereinafter, "**Serious Mismanagement**"). For

purposes of this Agreement the term "Serious Mismanagement" shall include, but is not limited to, the following:

i. Knowingly leasing to ineligible households whose income exceeds the income levels prescribed by the Agreement;

ii. Knowingly leasing to ineligible households that do not qualify as Senior Citizen households;

iii. Knowingly allowing the tenants to exceed the prescribed occupancy levels without taking immediate steps to stop such overcrowding;

iv. Failing to timely maintain the Project and the Site in the manner required by this Agreement (including applicable cure periods);

v. Failing to timely submit the reports as required by this Agreement or failing to submit materially complete reports (including applicable cure periods);

vi. Fraud in connection with any document or representation relating to this Agreement or embezzlement of Project monies; and

vii. Failing to provide reasonable cooperation to the City's Police Department in any criminal or investigatory matter.

viii. Repeated, substantiated complaints of, or continued conditions of, poor service quality or failure to maintain the Site as required by Article E hereof such that nuisance conditions arise. For purposes of this Section, the term "nuisance conditions" shall include any condition that substantiates a code enforcement violation under the City of Irwindale Municipal Code, such as:

- Persistent debris and litter on the Site without prompt cleaning by the Qualified Manager,
- Violations of building safety standards required under local or state laws,
- Any recurrent or persistent failure to repair, reconstruct or repaint any structure(s) which have been damaged, defaced (e.g., graffiti) or have deteriorated, regardless of whether such deterioration is due to poor maintenance or through the course of normal wear and tear.
- Any condition that threatens the public health and safety.
- Repeated violations of this Agreement or of the Irwindale Municipal Code that are not directly identified above may

amount to Serious Mismanagement if such violations are recurrent to such an extent that, regardless of any cure, their repetitive nature amounts to a continuing violation.

c. *Termination of Qualified Manager; Notice/Cure Periods.* Within ten (10) days following the Participant's receipt of a Notice of Serious Mismanagement, the Authority, Qualified Manager and the Participant shall meet and confer in good faith concerning the nature of the Authority's alleged deficiencies and the actions which the Authority believes necessary to cure such deficiencies. Within thirty (30) days from the conclusion of such discussions, the Participant shall cure such deficiencies and shall ensure that such deficiencies do not recur. If such deficiencies are not cured within said thirty (30) day period, or if such deficiencies recur at a future date, the Authority may, at its option, require the Participant to replace the Site manager with another Qualified Manager selected by the Participant in it's reasonable discretion, provided, that the Participant shall ensure that such replacement Qualified Manager has the necessary skills, experience and financial ability to operate and manage the Site in accordance with all of the requirements and standards of this Agreement, the Lease/Regulatory Agreement and all other applicable laws and ordinances.

2. Qualified Manager Contract Terminable. Any contract for the operation or management of the Site entered into by the Participant shall provide that such contract shall be terminated upon thirty (30) days' notice, with or without cause. The Participant's failure to remove and replace a Qualified Manager in accordance with the provisions of Section F.1 shall constitute an event of default under this Agreement.

3. Qualifications/Duties of Qualified Manager. The Qualified Manager shall be qualified and able to promptly respond to tenant maintenance requests and tenant emergencies by promptly routing such matters to appropriate maintenance service providers or emergency services. The Qualified Manager shall reside in the designated "Manager's Unit" and shall be retained at no cost to the Authority, Agency or City. The Qualified Manager is expected to be promptly responsive to tenant needs, particularly by promptly or immediately contacting appropriate medical, maintenance, police or fire services when needed for response to a tenant emergency threatening the health, safety or welfare of any person. The Qualified Manager may perform maintenance duties on the Site, or chores and maintenance duties that are beyond the scope of the Qualified Manager may be contracted-out to an outside service provider, provided that the costs of such contracted services shall be the sole responsibility of Participant. From time-to-time, the Authority and Participant may develop a written policy detailing the specific scope of the Qualified Manager's duties, qualifications, responsibilities and response times pursuant to this Section.

G. COMPLIANCE WITH LAWS.

1. State and Local Laws. Participant shall comply with all ordinances, regulations and standards of the City, Authority and Agency applicable to the Site. Participant shall comply with all rules and regulations of any assessment district of the City with jurisdiction over the Site.

2. Lease Approval. Authority shall have the right but is not required to approve any lease forms, revisions, amendments or modification made to same, used by the Qualified Manager or Qualified Managers for leasing Restricted Units within the Site.

H. INSURANCE.

1. Duty to Procure Insurance. Participant covenants and agrees for itself, and its assigns and successors-in-interest in the Site that from completion of the Project as evidenced by City's issuance of a Certificate of Completion per the DDA, and continuing thereafter until the expiration of the 55-Year Affordability Period, Participant or such 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 Participant and Authority, and shall provide Authority evidence reasonably acceptable to Executive Director, insurance policies meeting the minimum requirements set forth below:

a. Commercial General Liability insurance with respect to the Site and the operations of or on behalf of Participant, in an amount not less than Two Million Dollars ($2,000,000) per occurrence combined single limit including products, completed operations, incidental, contractual, bodily injury, personal injury, death and property damage liability per occurrence, subject to such increases in amount as Authority may reasonably require from time to time. The insurance to be provided by Participant may provide for a deductible or self-insured retention of not more than Twenty-five Thousand Dollars ($25,000), with such maximum amount to increase at the same rate as the periodic increases in the minimum amount of total insurance coverage set forth above.

b. With respect to the improvements and any fixtures and furnishings to be owned by Participant on the Site, All Risk Property insurance against fire, extended coverage, vandalism, and malicious mischief, and such other additional perils, hazards, and risks as now are or may be included in the standard "all risk" form in general use in Los Angeles County, California, with the standard form fire insurance coverage in an amount equal to full actual replacement cost thereof, as the same may change from time to time. The above insurance policy or policies shall include coverage for earthquake to the extent generally and commercially available at commercially reasonable rates, as determined by Participant. City, Authority and Agency shall be loss payees under such policy or policies and such insurance shall contain a replacement cost endorsement.

c. All policies of insurance required to be carried by Participant shall be written by responsible and solvent insurance companies licensed or authorized to do business in the State of California and having a policy-holder's rating of A or better, in the most recent addition of "Best's Key Rating Guide -- Property and Casualty." A copy of each paid-up policy evidencing such insurance (appropriately authenticated by the insurer) or a certificate of the insurer, certifying that such policy has been issued, providing the coverage required herein, and containing the provisions specified herein, shall be delivered to Authority prior to its issuance of the Certificate of Completion for the Project per the DDA and thereafter, upon renewals, not less than thirty (30) days prior to the expiration of coverage. Authority may, at any time, and from time to time, inspect and/or copy any and all insurance policies required to be procured by

Participant hereunder. In no event shall the limits of any policy be considered as limiting the liability of Participant hereunder.

d. Each insurance policy required to be carried by Participant pursuant to this Agreement shall contain the following endorsements, provisions or clauses:

i. The insurer will not cancel or materially alter the coverage provided by such policy in a manner adverse to the interest of the insured without first giving Authority a minimum of thirty (30) days prior written notice by certified mail, return receipt requested; and

ii. A waiver by the insurer of any right to subrogation against Authority, its agents, employees, or representatives, which arises or might arise by reason of any payment under such policy or policies or by reason of any act or omission of Authority, its agents, officers, members, officials, employees, or representatives.

iii. The City, Agency, Authority and their respective agents, officers, members, officials, employees, volunteers, and representatives shall be named insureds on the Commercial General Liability policies.

iv. The City, Authority and Agency shall be loss payees on the All Risk Property insurance policies.

v. Coverage provided by these policies shall be primary and non-contributory to any insurance carried by the City, Agency, their officers, officials, employees, volunteers, agents, or representatives.

vi. Failure to comply with reporting provisions shall not affect coverage provided to City, Authority or Agency, their officers, employees, volunteers, agents, or representatives.

2. Updates in Insurance. Authority's Executive Director may require an increase in the minimum limits of the insurance policies required by this Article as such increases are reasonably determined necessary to provide for changes in cost of living, liability exposure, the market for insurance, or the use of the Site. Such increases in insurance coverage shall be effective upon receipt of written notice from the Executive Director, provided that Participant shall have the right to appeal a determination of increased coverage by the Executive Director to the Authority Board within 30 days of receipt of notice from the Executive Director.

3. Waiver. Authority's Executive Director may waive or modify the insurance requirements set forth herein if such insurance is determined by the Executive Director not to be commercially available. Participant shall submit such evidence of commercial availability as is reasonably required by the Executive Director. At least annually, Participant shall review the availability of any insurance requirement waived or modified pursuant to this Article, and shall meet any such insurance requirement as such insurance becomes commercially available.

4. Failure to Procure Insurance. If Participant fails to procure and maintain the above-required insurance despite its commercial availability, then Authority, in addition to any other remedy which Authority may have hereunder for Participant's failure to procure, maintain, and/or pay for the insurance required herein, may (but without any obligation to do so) at any time or from time to time, after thirty (30) days written notice to Participant, procure such insurance and pay the premiums therefor, in which event Participant shall immediately repay Authority all sums so paid by Authority together with interest thereon at the maximum legal rate.

I. OBLIGATION TO REPAIR.

1. Obligation to Repair and Restore Damage Due to Casualty Covered by Insurance. Subject to Section I.3 below, if the Project shall be totally or partially destroyed or rendered wholly or partly uninhabitable by fire or other casualty required to be insured against by Participant, Participant 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 Project to substantially the same condition as the Project is required to be maintained in pursuant to this Agreement, whether or not the insurance proceeds are sufficient to cover the actual cost of repair, replacement, or restoration, and Participant 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 Agreement. Subject to extensions of time for "force majeure" events described in the DDA, in no event shall the repair, replacement, or restoration period exceed one (1) year from the date Participant obtains insurance proceeds unless Authority's Executive Director, in his or her sole and absolute discretion, approves a longer period of time. Authority shall cooperate with Participant, at no expense to Authority, in obtaining any governmental permits required for the repair, replacement, or restoration. If, however, the then-existing laws of any other governmental agencies with jurisdiction over the Property do not permit the repair, replacement, or restoration, Participant may elect not to repair, replace, or restore the Project by giving notice to Authority (in which event Participant shall be entitled to all insurance proceeds but Participant shall be required to remove all debris from the Site) or Participant may reconstruct such other improvements on the Site as are consistent with applicable land use regulations and approved by the City, Authority, Agency, and the other governmental agency or agencies with jurisdiction.

If Participant fails to obtain insurance as required by the DDA or this Agreement (and Authority has not procured such insurance and charged Participant for the cost), Participant shall be obligated to reconstruct and repair any partial or total damage to the Project and improvements located on the site in accordance with this Section I.1.

2. Continued Operations. During any period of repair, Participant shall continue, or cause the continuation of, the operation of the Project to the extent reasonably practicable from the standpoint of prudent business management.

3. Damage or Destruction Due to Cause Not Required to be Covered by Insurance. If the improvements comprising the Project are completely destroyed or substantially damaged by a casualty for which Participant is not required to (and has not) insure against, then Participant shall not be required to repair, replace, or restore such improvements and may elect not to do so by providing Authority with written notice of election not to repair, replace, or

restore within ninety (90) days after such substantial damage or destruction. In such event, Participant shall remove all debris from the Property. As used in this Section I.3, "substantial damage" caused by a casualty not required to be (and not) covered by insurance shall mean damage or destruction which is [ten] percent [(10%)] or more of the replacement cost of the improvements comprising the Project. In the event Participant does not timely elect not to repair, replace, or restore the improvements as set forth in the first sentence of this Section I.3, Participant shall be conclusively deemed to have waived its right not to repair, replace, or restore the improvements and thereafter Participant shall promptly commence and complete the repair, replacement, or restoration of the damaged or destroyed improvements in accordance with Section I.1 above and continue operation of the apartment complex during the period of repair (if practicable) in accordance with Section I.2 above.

J. LIMITATION ON TRANSFERS.

The Participant covenants that Participant shall not transfer the Site or any of its interests therein except as provided in this Section.

1. Transfer Defined. As used in this Section, the term "transfer" shall include any assignment, hypothecation, mortgage, pledge, conveyance, or encumbrance of this Agreement, the Site, or the improvements thereon. A transfer shall also include the transfer to any person or group of persons acting in concert of more than twenty-five percent (25%) (in the aggregate) of the present ownership and/or control of any person or entity constituting Participant or its general partners, taking all transfers into account on a cumulative basis, except transfers of such ownership or control interest between members of the same immediate family, or transfers to a trust, testamentary or otherwise, in which the beneficiaries are limited to members of the transferor's immediate family, or among the entities constituting Participant or its general partners or their respective shareholders. In the event any entity constituting Participant, its successor or the constituent partners of Participant or any successor of Participant, is a corporation or trust, such transfer shall refer to the transfer of the issued and outstanding capital stock of such corporation, of beneficial interests of such trust; in the event that any entity constituting Participant, its successor or the constituent partners of Participant or any successor of Participant is a limited or general partnership, such transfer shall refer to the transfer of more than twenty-five percent (25%) of such limited or general partnership interest; in the event that any entity constituting Participant, its successor or the constituent partners of Participant or any successor of Participant is a joint venture, such transfer shall refer to the transfer of more than twenty-five percent (25%) of the ownership and/or control of any such joint venture partner, taking all transfers into account on a cumulative basis.

2. Authority Approval of Transfer Required. Participant shall not transfer the Site or any of Participant's rights hereunder, or any interest in the Site or in the improvements thereon, directly or indirectly, voluntarily or by operation of law, except as provided below, without the prior written approval of Authority, and if so purported to be transferred, the same shall be null and void. In considering whether it will grant approval of any transfer by Participant of its interest in the Site, Authority shall consider factors such as (i) whether the completion of the Project is jeopardized; (ii) the financial credit, strength, and capability of the proposed transferee to perform Participant's obligations hereunder; and (iii) the proposed transferee's experience and expertise in the planning, financing, development, ownership, and operation of similar projects.

In the absence of specific written agreement by Authority, no transfer by Participant of all or any portion of its interest in the Site (including without limitation a transfer not requiring Authority approval hereunder) shall be deemed to relieve it or any successor party from the obligation to complete the Project or any other obligations under this Agreement. In addition, no attempted transfer of any of Participant's obligations hereunder shall be effective unless and until the successor party executes and delivers to Authority an assumption agreement in a form approved by the Authority assuming such obligations.

3. Exceptions. The foregoing prohibition shall not apply to any of the following:

a. Any mortgage, deed of trust, sale/lease-back, or other form of conveyance for financing, but Participant shall notify Authority in advance of any such mortgage, deed of trust, or other form of conveyance for financing pertaining to the Site.

b. Any mortgage, deed of trust, sale/lease-back, or other form of conveyance for restructuring or refinancing of any amount of indebtedness described in subsection (a) above, provided that the amount of indebtedness incurred in the restructuring or refinancing does not exceed the outstanding balance on the debt incurred to finance the acquisition of the Site and construction of improvements on the Site, including any additional costs for completion of construction, whether direct or indirect, based upon the estimates of architects and/or contractors.

c. After recordation of the Release of Construction Covenants, any mortgage, deed of trust, sale/lease-back, or other form of conveyance for financing provided that the principal amount of the loan does not exceed eighty-five percent (85%) of the value of the land and improvements thereon.

d. The granting of easements to any appropriate governmental agency or utility to facilitate the development of the Site.

e. A sale or transfer resulting from or in connection with a reorganization as contemplated by the provisions of the Internal Revenue Code of 1986, as amended or otherwise, in which the ownership interests of a corporation are assigned directly or by operation of law to a person or persons, firm or corporation which acquires the control of the voting capital stock of such corporation or all or substantially all of the assets of such corporation.

f. A transfer of forty-nine percent (49%) or more ownership interest to a member of the transferor's immediate family, a trust, testamentary or otherwise, in which immediate family members of the transferor are the sole beneficiaries, or a corporation or partnership in which the immediate family members or shareholders of the transferor have controlling majority interest of more than fifty percent (50%).

g. A change in the respective percentage ownership interests exclusively of the present Participants of Participant (as of the date of this Agreement), but this shall not authorize the transfer of any interest to any person or entity who is not a present Participant of Participant.

K. ENFORCEMENT.

In the event Participant defaults in the performance or observance of any covenant, agreement or obligation of Participant pursuant to this Agreement, and if such default remains uncured for a period of thirty (30) days after written notice thereof shall have been given by Authority, or, in the event said default cannot be cured within said time period, Participant has failed to commence to cure such default within said thirty (30) days and thereafter fails to diligently prosecute said cure to completion, then Authority shall declare an "Event of Default" to have occurred hereunder, and, at its option, may take one or more of the following steps:

a. By mandamus or other suit, action or proceeding at law or in equity, require Participant to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of this Agreement; or

b. Take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of Participant hereunder; or

c. Enter the Site and cure the Event of Default as provided in Section E.6 hereof.

d. Impose, through Authority's Executive Director, an administrative fine for each day the violation continues. The amount of the fine shall be Twenty-Five dollars ($25.00) per day, unless the violation is deemed a major violation, in which case the fine shall be Seventy-Five dollars ($75.00) per day. The amounts of the foregoing fines shall be automatically increased by Five Dollars ($5.00) every five (5) years during the Term of this Agreement. For purposes of this Section, a "major" violation shall be one which affects adjacent property or the health and safety of persons. Participant may appeal the assessment of any fine to the Authority Board who may reverse, modify or uphold the decision of the Executive Director. In making this decision, the Agency Board shall determine whether the violation exists and whether the amount of the fine is appropriate under the circumstances.

Except as otherwise expressly stated in this Agreement, 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 another party.

L. NONDISCRIMINATION.

There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, or any part thereof, nor shall Participant, 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 Site, or any part thereof (except as permitted by this Agreement).

M. COMPLIANCE WITH AUTHORITIY'S LAS CASITAS HOUSING GUIDELINES.

In addition to the provisions of this Agreement, Participant agrees to abide by the Authority's duly-adopted "Las Casitas Housing Guidelines" ("**Guidelines**") as such Guidelines may be amended by the Authority from time to time. A true and correct copy of the Guidelines as in effect as of the Effective Date of this Agreement are attached hereto as Exhibit "I". The Authority shall notify Participant in writing of any proposed, substantive amendments to the Guidelines.

N. COVENANTS TO RUN WITH THE LAND.

Participant hereby subjects the Site to the covenants, reservations, and restrictions set forth in this Agreement. Authority and Participant hereby declare their express intent that all such covenants, reservations, and restrictions shall be deemed covenants running with the land and shall pass to, burden, and be binding upon the Participant's successors in title to the Site; provided, however, that on the termination of this Agreement said covenants, reservations and restrictions shall expire. All covenants without regard to technical classification or designation shall be binding for the benefit of the Authority, and such covenants shall run in favor of the Authority and for the benefit of the Public Parcels identified in Exhibit C hereto for the entire term of this Agreement, without regard to whether the Authority is or remains an owner of any land or interest therein to which such covenants relate. Each and every contract, deed or other instrument hereafter executed covering or conveying the Site or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations, and restrictions, regardless of whether such covenants, reservations, and restrictions are set forth in such contract, deed or other instrument.

Pursuant to California Civil Code Section 1468, the obligations of this Agreement burden the Site for the benefit of the Public Parcels, the parcels comprising the Banning Redevelopment Project Area and other surrounding lands impacted by the blighted conditions of the Site. Authority and Participant hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that Participant's legal interest in the Site is rendered less valuable thereby. Authority and Participant hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Eligible Tenants, the intended beneficiaries of such covenants, reservations, and restrictions, and by furthering the public purposes for which the Authority was formed.

Participant, in exchange for the Authority entering into the DDA, hereby agrees to hold, sell, and convey the Site subject to the terms of this Agreement. Participant also grants to the Authority, Agency and the City the right and power to enforce the terms of this Agreement against the Participant and all persons having any right, title or interest in the Site or any part thereof, their heirs, successive owners and assigns.

O. INDEMNIFICATION.

Participant agrees for itself and its successors and assigns to indemnify, defend, and hold

harmless Authority, Agency, City, and their respective officers, members, officials, employees, agents, volunteers, and representatives from and against any loss, liability, claim, or judgment relating in any manner to the Project excepting only any such loss, liability, claim, or judgment arising out of the intentional wrongdoing or gross negligence of Authority, Agency, City, or their respective officers, officials, employees, members, agents, volunteers, or representatives. Participant, while in possession of the Site, and each successor or assign of Participant while in possession of the Site, shall remain fully obligated for the payment of property taxes and assessments in connection with the Site. The foregoing indemnification, defense, and hold harmless agreement shall only be applicable to and binding upon the party then owning the Site or applicable portion thereof.

P. ATTORNEYS' FEES.

In the event that a party to this Agreement brings an action against the other party hereto by reason of the breach of any condition, covenant, representation or warranty in this Agreement, or otherwise arising out of this Agreement, the prevailing party in such action shall be entitled to recover from the other reasonable expert witness fees, and its attorney's fees and costs. Attorney's 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, including the conducting of discovery.

Q. AMENDMENTS.

This Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County of Los Angeles.

R. NOTICE.

Any notice required to be given hereunder shall be made in writing and shall be given by personal delivery, certified or registered mail, postage prepaid, return receipt requested, at the addresses specified below, or at such other addresses as may be specified in writing by the parties hereto:

Authority: Irwindale Housing Authority
5050 N Irwindale Avenue
Irwindale, CA 91706
Attn: Executive Director

Copy to: Aleshire & Wynder, LLP
18881 Von Karman, Suite 1700
Irvine, CA 92612
Attn: Fred Galante, Esq.

Participant: The Northridge Group, Inc.
798 Pine Knot Ave., P.O. Box 134401,
Big Bear Lake, CA 92315
Attn: William Jahn

Copy to: Patrick Ragan, Esq.
1881 S. Business Center Dr., Suite 7B
San Bernardino, CA 92408

The notice shall be deemed given three (3) business days after the date of mailing, or, if personally delivered, when received.

S. SEVERABILITY/WAIVER/INTEGRATION.

a. Severability. If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

b. Waiver. A waiver by either party of the performance of any covenant or condition herein shall not invalidate this Agreement or waive any other covenants or conditions, nor shall the delay or forbearance by either party in exercising any remedy or right be considered a waiver of, or an estoppel against, the later exercise of such remedy or right.

c. Integration. This Agreement contains the entire Agreement between the parties and neither party relies on any extraneous warranty or representation.

T. CONFLICT OF CONTRACT LANGUAGE.

In the event there is any conflict between the terms of this Regulatory Agreement and the terms of the DDA, the controlling language shall be determined as follows:

a. Prior to the issuance of a Certificate of Completion for the Project (as described in § 615 of the DDA), the terms and language of the DDA shall be controlling.

b. After issuance of a Certificate of Completion for the Project (as described in § 615 of the DDA), the terms and language of this Agreement shall be controlling.

U. FUTURE ENFORCEMENT.

The parties hereby agree that should the Authority cease to exist as an entity at any time during the term of this Agreement, the City of Irwindale shall have the right to enforce all of the terms and conditions herein, unless the Authority had previously specified another entity to enforce this Agreement.

V. GOVERNING LAW.

This Agreement shall be governed by the laws of the State of California.

W. COUNTERPARTS.

This Agreement may be executed in any number of counterparts, each of which shall constitute one original and all of which shall be one and the same instrument.

[Signatures on Next Page]

IN WITNESS WHEREOF, the Authority and Participant have executed this Regulatory Agreement and Declaration of Covenants and Restrictions by duly authorized representatives on the date first written hereinabove.

03.23.11
Date

"AUTHORITY"
IRWINDALE HOUSING AUTHORITY, a public body corporate and politic

Chair

ATTEST:

Authority Secretary
Assistant

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

Fred Galante, Authority Counsel

March 19th 2011
Date

"PARTICIPANT"
THE NORTHRIDGE GROUP, INC., a California corporation

W.E. Jahn, Executive Vice President

Alex Blanco, CFO
AKA ALEJANDRO BLANCO

[End of Signatures]

CALIFORNIA JURAT WITH AFFIANT STATEMENT

GOVERNMENT CODE § 8202

☒ See Attached Document (Notary to cross out lines 1–6 below)
☐ See Statement Below (Lines 1–6 to be completed only by document signer[s], *not* Notary)

1 _____
2 _____
3 _____
4 _____
5 _____
6 _____

Signature of Document Signer No. 1 | Signature of Document Signer No. 2 (if any)

State of California
County of San Bernardino

Subscribed and sworn to (or affirmed) before me on this 19th day of March, 2011,
Date | Month | Year
by
(1) William E. Jahn,
Name of Signer
proved to me on the basis of satisfactory evidence to be the person who appeared before me (.) (,)

(and
(2) _____,
Name of Signer
proved to me on the basis of satisfactory evidence to be the person who appeared before me.)

FAWNYA RAMIREZ
Commission # 1911802
Notary Public - California
San Bernardino County
My Comm. Expires Nov 2, 2014

Signature Fawnya Ramirez
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Further Description of Any Attached Document

Title or Type of Document: Regulatory Agreement

Document Date: 3/19/2011 Number of Pages: 41

Signer(s) Other Than Named Above: _____

RIGHT THUMBPRINT OF SIGNER #1	RIGHT THUMBPRINT OF SIGNER #2
Top of thumb here	Top of thumb here

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Item #5910

CALIFORNIA JURAT WITH AFFIANT STATEMENT

☑ See Attached Document (Notary to cross out lines 1–6 below)
☐ See Statement Below (Lines 1–6 to be completed only by document signer[s], *not* Notary)

1 _____
2 _____
3 _____
4 _____
5 _____
6 _____

N/A

Signature of Document Signer No. 1 | Signature of Document Signer No. 2 (if any)

State of California
County of SAN BERNARDINO

Subscribed and sworn to (or affirmed) before me on this 21 (Date) day of MARCH (Month), 2011 (Year), by
(1) ALEJANDRO BLANCO (Name of Signer),
proved to me on the basis of satisfactory evidence to be the person who appeared before me (.) (,)
(and
(2) N/A (Name of Signer),
proved to me on the basis of satisfactory evidence to be the person who appeared before me.)

Signature _____ (Signature of Notary Public)

CINDY L. BOULWARE
Commission # 1906109
Notary Public - California
San Bernardino County
My Comm. Expires Oct 28, 2014

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

RIGHT THUMBPRINT OF SIGNER #1	RIGHT THUMBPRINT OF SIGNER #2
Top of thumb here	Top of thumb here

Further Description of Any Attached Document

Title or Type of Document: REGULATORY AGREEMENT

Document Date: _____ Number of Pages: 21

Signer(s) Other Than Named Above: _____

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Item #5910

EXHIBIT "A"
LEGAL DESCRIPTION OF PARCEL I

[Insert Legal Description]

LEGAL DESCRIPTION

PARCEL 1:

That portion of the West half of the Northeast Quarter of Section 9, Township 1 South, Range 10 West, in the City of Irwindale, according to the Official Plat of said land filed in the District Land Office April 21, 1877 described as follows:

Beginning at a point in the North line of said Section 9, distant Easterly thereon 1102.10 feet from the West line of said Northeast Quarter of said Section, thence continuing along said Northerly line North 89 degrees 48' 05" East 79.60 feet, thence South 0 degrees 40' 25" West 190.09 feet, thence South 89 degrees 00' 07" West 79.30 feet to a point nearing South 0 degrees 43' 02" West 191.74 feet from the point of beginning, thence North 0 degrees 43' 02" East 191.74 feet to the point of beginning.

Excepting from said land the interest in the North 20 feet thereof reserved by A. G. Bottller in deed recorded April 29, 1898, in Book 1220, page 190 of Deeds.

Said land is also known as Parcel 17 of Official Maps, in the City of Irwindale, County of Los Angeles, as per map recorded in Book 4, page(s) 58 to 61, inclusive, of Official Maps, in the Office of the County Recorder of said County.

PARCEL 2:

Parcel 18, in the City of Irwindale, as per Map recorded in Book 4, page(s) 58 to 61, inclusive, of Official Maps, in the Office of the County Recorder of said County.

Said land is also known as a portion of the West half of the Northeast Quarter of Section 9, Township 1 South, Range 10 West, San Bernardino Base and Meridian, in the City of Irwindale, according to the Official Plat of said land filed in the District Land Office April 21, 1877, official records.

95- 934048

PARCEL 3:

That portion of the West half of the Northeast Quarter of Section 9, Township 1 South, Range 10 West, San Bernardino Base and Meridian, in the City of Irwindale, according to the Official Plat of said land filed in the District Land Office, April 21, 1877, described as follows:

Beginning at a point in the Northerly line of said Section 9, distant Easterly thereon 1007.50 feet from the West line of said Northeast Quarter of said Section; thence Easterly along said Northerly line 94.60 feet; thence South 0° 43' 02" West 191.74 feet; thence South 89° 00' 07" West 94.30 feet to a point bearing South 0° 37' 40" West from the point of beginning; thence North 0° 37' 40" East 193.73 feet to the point of beginning.

Portion of said land is also known as Parcel 16 of Official Maps, in the City of Irwindale, County of Los Angeles, as per map recorded in Book 4, pages 58-61, inclusive, of Official Maps, in the Office of the County Recorder of said County.

8417 | 29 SHEET | P. A. 8618-18 | TRA 3055 3057 3127 | REVISED 20051207060001001-06 20061617040003001-06 | 20061127050130001-06 20081203070001001-27 | SEARCH NO | OFFICE OF THE ASSESSOR COUNTY OF LOS ANGELES COPYRIGHT © 2002

2009

BK 8619

LAS CASITAS PHASE 2

LAS CASITAS PHASE 1

N 1/4 COR SEC 9 T1S R10W

CF 2396 CS 7590 CSB-1833-3 CSB-2112 CS B-181-1

1364.85 1064.73

S ARROW HWY

N89°48'05"W

MAPPING AND GIS SERVICES SCALE 1" = 100'

HIDALGO ST

JUAREZ ST

PG 28

PG 34

PG 30

S IRWINDALE AVE

PAT & MIRANDA LN

DE AYON AVE

DE NORTE

CALLE

ALLEN

TRACT NO 23613

TRACT NO 65236

TRACT 1322

IRWINDALE HOUSING AUTHORITY

CITY 910 26570±SF

CITY 911 27010±SF

CITY 912 12560±SF

CITY 913

OM 4-86

OM 4

P M 285-48-49

M B 132

M B 873

M B 99

M B 100

M B 1322

R S 114-4-10

D M 3042-10

C S 8887

C S 7590

1.58±AC

1.03±AC

16314 SF

3057

ALL 900 SERIES PARCELS ON THIS PAGE ARE ASSESSED TO REDEVELOPMENT AGENCY OF THE CITY OF IRWINDALE, UNLESS OTHERWISE NOTED

EXHIBIT "B"
LEGAL DESCRIPTION OF PARCEL II

[Insert Description]

Real property in the City of Irwindale, County of Los Angeles, State of California, described as follows:

THAT PORTION OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 9, TOWNSHIP 1 SOUTH, RANGE 10 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF IRWINDALE, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE, APRIL 21, 1877, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE NORTHERLY LINE OF SAID SECTION 9, DISTANT EASTERLY THEREON 1007.50 FEET FROM THE WEST LINE OF SAID NORTHEAST QUARTER OF SAID SECTION; THENCE EASTERLY ALONG SAID NORTHERLY LINE 94.60 FEET; THENCE SOUTH 0° 43' 02" WEST 191.74 FEET; THENCE SOUTH 89° 00' 07" WEST 94.30 FEET TO A POINT BEARING SOUTH 0° 37' 40" WEST FROM THE POINT OF BEGINNING; THENCE NORTH 0° 37' 40" EAST 193.73 FEET TO THE POINT OF BEGINNING.

PORTION OF SAID LAND IS ALSO KNOWN AS PARCEL 16 OF OFFICIAL MAPS, IN THE CITY OF IRWINDALE, COUNTY OF LOS ANGELES, AS PER MAP RECORDED IN BOOK 4, PAGES 58-61, INCLUSIVE, OF OFFICIAL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 8417-029-017

8417 | 29 SHEET | P. A. 8818-18 | TRA 3055 3057 3127 | REVISED 20051207060001001-06 20061017040003001-06 | 20061127050130001-06 20081263070010001-27 | SEARCH NO | OFFICE OF THE ASSESSOR COUNTY OF LOS ANGELES COPYRIGHT © 2002

2009 BK 8619

LAS CASITAS PHASE 2

LAS CASITAS PHASE 1

N 1/4 COR SEC 9 T1S R10W

CF 2396 CS 7590 CS B-1833-3 CS B-2112 CS B-1611-1

1364.85 1004.73 360.12

ARROW 80 HWY 100

144.50 107.48ac

TRACT NO 23613

493.59 247.60 150

1.03±AC 1.58±AC

RS 114 - 4 - 10

N69°48'05"W

88.70 3127 74.87 72.98 73.61 38.55 82.97 49.50 VARIES

CITY 910 26570±SF CITY 911 2701±SF CITY 912 12560±SF CITY 913 192.44 192.85

IRWINDALE HOUSING AUTHORITY 17 919 33710±SF

16 POR 17 9020±SF 160.60 18 POR 160.11

22 24 6978 SF 23 25 15432 SF 24 3350±SF

OM 4-86 10160±SF 3 POR 914 4 POR 5 58 144.60

OM 4 11 POR 90 S0°18'39"W 126.70 13 POR 14 58 141.26

PM 285-48-49 8412 SF 47 7852 SF 48 16990±SF 15 14 POR

492.90 134.64 37 2 133.33 3055 39 3 M B 132 9550±SF 903 4

59.47 10130±SF 41 873 59.79 8040±SF 40 9 100 62 59.66 8000±SF 34

9200±SF 38 6 141.27 8830±SF 42 7 99 64.50 9920±SF 43 8 133.97 134.05 7.44 66.55

62 57.40 121.82

7 POR 8 116.49 55.76 50.45 R=291.03 R=353.03

VARIES CALLE 82

PG 30

PG 28

PG 34

MAPPING AND GIS SERVICES SCALE 1" = 100'

HIDALGO ST

JUAREZ ST

IRWINDALE AVE

PAT & MIRANDA & LN

AYON AVE

DE NORTE 82

ALLEN

TRACT 1322 M B 51.83

65236 NO 61 - 62

19 POR 61 20 21 159.72 RS 20 POR 22 150.80 146.60 21 POR 23 10335 SF 148.73

1 6837 SF 2 8450 SF 3 8451 SF 134.01 4 8555 SF 5 8682 SF 163.46 166.26 27 7767 SF 163.48 28 8470±SF 160.15 160.75 29 16314 SF 161.85 30 8634 SF 159.65 31 7804 SF 159.61 32 178 32 175.97

ALL 900 SERIES PARCELS ON THIS PAGE ARE ASSESSED TO REDEVELOPMENT AGENCY OF THE CITY OF IRWINDALE, UNLESS OTHERWISE NOTED

3057

EXHIBIT "C"
LEGAL DESCRIPTION OF WHOLE SITE

[Insert Description]

LEGAL DESCRIPTION

REAL PROPERTY IN THE CITY OF IRWINDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, BEING A PORTION OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 9, TOWNSHIP 1 SOUTH, RANGE 10 WEST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE APRIL 21,1877. ALSO, MORE RECENTLY KNOWN AS LOTS 16,17 AND 18 AS SHOWN ON THE RECORD OF SURVEY FILED IN BOOK 114, PAGES 4-10 INCLUSIVE OF RECORD OF SURVEYS, RECORDS OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE CENTERLINE INTERSECTION OF ARROW HIGHWAY AND AYON AVENUE AS SHOWN ON SAID RECORD OF SURVEY; THENCE SOUTH 00° 15' 30" WEST 263.31 FEET ALONG AYON AVENUE CENTERLINE; THENCE SOUTH 88° 37' 44" EAST 25.01 FEET TO THE **TRUE POINT OF BEGINNING**, SAID TRUE POINT OF BEGINNING IS A POINT IN THE EASTERLY RIGHT-OF-WAY LINE OF AYON AVENUE, 50 FEET WIDE, PER SAID MAP; THENCE NORTH 00° 15' 30" EAST 196.94 FEET ALONG SAID EASTERLY RIGHT-OF-WAY LINE; THENCE NORTH 45° 05' 44" EAST 24.11 FEET TO A POINT IN THE SOUTHERLY RIGHT-OF-WAY LINE OF ARROW HIGHWAY, 100 FEET WIDE, PER SAID MAP; THENCE NORTH 89° 55' 58" EAST 137.24 FEET ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE; THENCE SOUTH 01° 17' 27" WEST 145.29 FEET ALONG THE EASTERLY LINE OF LOT 17 PER SAID MAP; THENCE SOUTH 00° 29' 30" WEST 72.49 FEET ALONG THE EASTERLY LINE OF LOT 18 PER SAID MAP; THENCE NORTH 88° 37' 44" WEST 151.35 FEET ALONG THE SOUTHERLY LINE OF LOT 18 PER SAID MAP TO THE **TRUE POINT OF BEGINNING.**

CONTAINING AN AREA OF 32,760 SQUARE FEET, MORE OR LESS.

Description prepared by:

John R. Price 12/12/11

John R. Price
R.C.E. No. 28182
Date

EXHIBIT "D"
DEPICTION OF PUBLIC PARCELS

[Insert Depiction]

16140 Arrow Hwy, Irwindale, CA 91706
Google

EXHIBIT "E"
KEYSER MARSTON FINANCIAL ANALYSIS OF GUARANTEED RENT

[Insert Analysis]

NET OPERATING INCOME
LAS CASITAS SENIOR APARTMENTS
CITY OF IRWINDALE

	# of Units	Monthly Rent (1)	Total Annual
I. Gross Scheduled Income			
One Bedrooms @ 50% of AMI	25	$500	$150,000
Manager Unit	1	$0	$0
Total/Average	26	$481	$150,000
Add: Other Income	$0 /Unit/Month		$0
(Less) Vacancy @	0.0% of Income		$0
Effective Gross Income (EGI)			$150,000
II. Operating Expenses			
(Less) Operating Expenses (2)	$3,200 /Unit/Year		($83,000)
(Less) Property Taxes (3)	$346 /Unit/Year		($9,000)
(Less) Replacement Reserves	$350 /Unit/Year		($9,000)
Total Expenses	$3,885 /Unit/Year		($101,000)
	67.3% of EGI		
III. Net Operating Income			**$49,000**

(1) Reflects Guaranteed Rent.
(2) Includes Contracted Services, Utilities, Turn-Over/Redecorating, Maintenance, and Office (excluding property taxes).
(3) Estimated allowance; not verified by KMA.

Prepared by: Keyser Marston Associates, Inc.
Filename: Irwindale\Las Casitas Pro Forma_v3_33433 Report;3/1/2011;rks

VALUE OF INCOME STREAM - PHASE I
LAS CASITAS SENIOR APARTMENTS
CITY OF IRWINDALE

Lease Year	Guaranteed Rent (1)	(Less) Expenses (2)	Net Operating Income Per Unit	Net Operating Income Annual
1	$500	($324)	$145	$27,846
2	$513	($333)	$147	$28,232
3	$525	($343)	$149	$28,617
4	$538	($354)	$151	$29,003
5	$552	($364)	$153	$29,388
6	$566	($375)	$155	$29,773
7	$580	($387)	$157	$30,157
8	$594	($398)	$159	$30,540
9	$609	($410)	$161	$30,922
10	$624	($422)	$163	$31,301
11	$640	($435)	$165	$31,678
12	$656	($448)	$167	$32,052
13	$672	($462)	$169	$32,423
14	$689	($475)	$171	$32,791
15	$706	($490)	$173	$33,154
16	$724	($504)	$175	$33,513
17	$742	($519)	$176	$33,867
18	$761	($535)	$178	$34,215
19	$780	($551)	$180	$34,557
20	$799	($568)	$182	$34,891
21	$819	($585)	$183	$35,219
22	$840	($602)	$185	$35,538
23	$861	($620)	$187	$35,848
24	$882	($639)	$188	$36,149
25	$904	($658)	$190	$36,439
26	$927	($678)	$191	$36,719
27	$950	($698)	$193	$36,986
28	$974	($719)	$194	$37,240
29	$998	($741)	$195	$37,481
30	$1,023	($763)	$196	$37,707
31	$1,049	($786)	$197	$37,917
32	$1,075	($809)	$198	$38,111
33	$1,102	($834)	$199	$38,287
34	$1,129	($859)	$200	$38,444
35	$1,158	($884)	$201	$38,581
36	$1,187	($911)	$202	$38,696
37	$1,216	($938)	$202	$38,789
38	$1,247	($966)	$202	$38,858
39	$1,278	($995)	$203	$38,902

Escalation Factors	
Income	2.5%
Expenses	3.0%

(1) Reflects Guaranteed Income for 15 units.

(2) Reflects total operating expenses of $3,885/unit/year for 16 units. See Table 6.

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Filename: I: Irwindale\Las Casitas Pro Forma_v3_33433 Report;3/1/2011;rks

VALUE OF INCOME STREAM - PHASE I
LAS CASITAS SENIOR APARTMENTS
CITY OF IRWINDALE

Lease Year	Guaranteed Rent (1)	(Less) Expenses (2)	Net Operating Income Per Unit	Net Operating Income Annual
40	$1,310	($1,025)	$203	$38,919
41	$1,343	($1,056)	$203	$38,908
42	$1,376	($1,088)	$202	$38,866
43	$1,410	($1,120)	$202	$38,794
44	$1,446	($1,154)	$202	$38,688
45	$1,482	($1,189)	$201	$38,548
46	$1,519	($1,224)	$200	$38,371
47	$1,557	($1,261)	$199	$38,155
48	$1,596	($1,299)	$197	$37,898
49	$1,636	($1,338)	$196	$37,599
50	$1,677	($1,378)	$194	$37,255
51	$1,719	($1,419)	$192	$36,863
52	$1,762	($1,462)	$190	$36,422
53	$1,806	($1,506)	$187	$35,930
54	$1,851	($1,551)	$184	$35,383
55	$1,897	($1,597)	$181	$34,778
Present Value in Calendar Year 0 @			**8.0%**	**$364,000**
Per Unit				**$22,750**

(2) Reflects total operating expenses of $3,885/unit/year for 16 units. See Table 6.

Prepared by: Keyser Marston Associates, Inc.
Filename: i: Irwindale\Las Casitas Pro Forma_v3_33433 Report;3/1/2011;rks

VALUE OF INCOME STREAM - PHASE II
LAS CASITAS SENIOR APARTMENTS
CITY OF IRWINDALE

Year	Guaranteed Rent (1)	(Less) Expenses (2)	Net Operating Income Per Unit	Net Operating Income Annual
1	$500	($324)	$176	$21,154
2	$513	($333)	$179	$21,488
3	$525	($343)	$182	$21,826
4	$538	($354)	$185	$22,165
5	$552	($364)	$188	$22,507
6	$566	($375)	$190	$22,851
7	$580	($387)	$193	$23,197
8	$594	($398)	$196	$23,545
9	$609	($410)	$199	$23,895
10	$624	($422)	$202	$24,246
11	$640	($435)	$205	$24,599
12	$656	($448)	$208	$24,953
13	$672	($462)	$211	$25,308
14	$689	($475)	$214	$25,664
15	$706	($490)	$217	$26,020
16	$724	($504)	$220	$26,377
17	$742	($519)	$223	$26,734
18	$761	($535)	$226	$27,090
19	$780	($551)	$229	$27,447
20	$799	($568)	$232	$27,802
21	$819	($585)	$235	$28,157
22	$840	($602)	$238	$28,510
23	$861	($620)	$241	$28,861
24	$882	($639)	$243	$29,210
25	$904	($658)	$246	$29,557
26	$927	($678)	$249	$29,901
27	$950	($698)	$252	$30,242
28	$974	($719)	$255	$30,579
29	$998	($741)	$258	$30,913
30	$1,023	($763)	$260	$31,241
31	$1,049	($786)	$263	$31,564
32	$1,075	($809)	$266	$31,882
33	$1,102	($834)	$268	$32,193
34	$1,129	($859)	$271	$32,498
35	$1,158	($884)	$273	$32,795
36	$1,187	($911)	$276	$33,085
37	$1,216	($938)	$278	$33,365
38	$1,247	($966)	$280	$33,636
39	$1,278	($995)	$282	$33,897

Escalation Factors	
Income	2.5%
Expenses	3.0%

(1) Reflects Guaranteed Income for 10 units.
(2) Reflects total operating expenses of $3,885/unit/year for 10 units. See Table 6.

Prepared by: Keyser Marston Associates, Inc.
Filename: i: Irwindale\Las Casitas Pro Forma_v3_33433 Report;3/1/2011;rks

VALUE OF INCOME STREAM - PHASE II
LAS CASITAS SENIOR APARTMENTS
CITY OF IRWINDALE

Year	Guaranteed Rent (1)	(Less) Expenses (2)	Net Operating Income Per Unit	Net Operating Income Annual
40	$1,310	($1,025)	$285	$34,148
41	$1,343	($1,056)	$287	$34,386
42	$1,376	($1,088)	$288	$34,612
43	$1,410	($1,120)	$290	$34,825
44	$1,446	($1,154)	$292	$35,023
45	$1,482	($1,189)	$293	$35,207
46	$1,519	($1,224)	$295	$35,374
47	$1,557	($1,261)	$296	$35,524
48	$1,596	($1,299)	$297	$35,655
49	$1,636	($1,338)	$298	$35,767
50	$1,677	($1,378)	$299	$35,859
51	$1,719	($1,419)	$299	$35,929
52	$1,762	($1,462)	$300	$35,975
53	$1,806	($1,506)	$300	$35,998
54	$1,851	($1,551)	$300	$35,994
55	$1,897	($1,597)	$300	$35,964
Present Value in Calendar Year 0 @			**8.0%**	**$287,000**
Per Unit				**$28,700**

(2) Reflects total operating expenses of $3,885/unit/year for 10 units. See Table 6.

Prepared by: Keyser Marston Associates, Inc.
Filename: I: Irwindale\Las Casitas Pro Forma_v3_33433 Report;3/1/2011;rks

EXHIBIT "F"

FORM CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

Period Covered _____

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE
IRWINDALE HOUSING AUTHORITY OF THE
CITY OF IRWINDALE, CALIFORNIA

The undersigned, THE NORTHRIDGE GROUP, INC., a California corporation (the "Participant"), has read and is thoroughly familiar with the provisions of the Disposition and Development dated _____, 2011, ("DDA") and documents referred to therein executed by Participant and Irwindale Housing Authority ("Agency") including but not limited to the Regulatory Agreement, as such term is defined in the DDA.

As of the date of this Certificate, the following Restricted Units in the Project are: (i) occupied by Qualified Households or Qualified Permanent Residents (as defined in the Regulatory Agreement), or (ii) currently vacant and being held available for such occupancy and have been so held continuously since the date an Qualified Household vacated such Restricted Unit:

	Occupied	Vacant
Qualified Households/Qualified Permanent Residents:	_____	_____

As of the date of this Certificate, the following are numbers of Extremely Low, Very Low, Low, and Moderate Income Senior Citizen Tenants who commenced occupancy of Restricted Units during the preceding year:

Very Low Income Tenants	**Low Income Tenants**	**Low Income Senior Citizen Tenants**	**Very Low Income Senior Citizen Tenants**
Unit Nos. _____	Unit Nos. _____	Unit Nos. _____	Unit Nos. _____

Attached is a separate sheet (the "Occupancy Summary") listing, among other items, the following information for each Restricted Unit: the number of Restricted Unit, the occupants of each Restricted Unit, the rental amount paid for each Restricted Unit, and the size and number of bedrooms of each Restricted Unit. The Participant certifies that the information contained in the Occupancy Summary is true and accurate.

The undersigned hereby certifies that (1) a review of the activities of the Participant during such period and of the Participant's performance under the DDA and the documents

referred to therein has been made under the supervision of the undersigned, and (2) to the best knowledge of the undersigned, based on the review described in clause (1) hereof, the Participant is not in default under any of the terms and provisions of the above documents (or describe the nature of any detail and set forth the measures being taken to remedy such defaults).

THE NORTHRIDGE GROUP, INC., a California corporation

By:_____
W.E. Jahn, Executive Vice President

[End of Signatures]

EXHIBIT "G"
ANNUAL ADJUSTMENT SCHEDULE FOR PREEXISTING TENANTS

[Insert Schedule]

EXHIBIT "G"

Annual Rent Increases Applicable to Preexisting Tenants

Preexisting Tenants are subject to flat-rate Annual Adjustments each year, as follows:

- The Annual Adjustments for Preexisting Tenants shall commence in the year following the start of the 55-Year Affordability Period and adjust annually thereafter.

- No Annual Adjustment may be charged to a Qualified Household if such rent increase would exceed the Affordable Rent level applicable to the Household's Restricted Unit. Prior to levying any Annual Adjustment upon a Qualified Household, the Participant shall verify that the Annual Adjustment will not result in the household paying a rent rate that exceeds its Affordable Rent. To achieve this verification, Participant shall use the most recent income certification/re-certification reports and the Participant shall consider any other information as may be reasonably requested or provided by the Authority.

- Preexisting Tenants shall be subject to no increase in the first year of the 55-Year Affordability Period. However, the monthly rent for each Preexisting Tenant will increase automatically each year after the first year of the 55-Year Affordability Period as follows:

YEAR	AMOUNT ADDED TO PREEXISTING TENANT'S MONTHLY RENT
One (first year of 55-Year Affordability Period)	$0
Two	$13
Three	$12
Four	$13
Five	$14
Six	$14
Seven	$14
Eight	$14
Nine	$15
Ten	$15
Eleven	$16

YEAR	AMOUNT ADDED TO PREEXISTING TENANT'S MONTHLY RENT
Twelve	$16
Thirteen	$16
Fourteen	$17
Fifteen	$17
Sixteen	$18
Seventeen	$18
Eighteen	$19
Nineteen	$19
Twenty	$19
Twenty-One	$20
Twenty-Two	$21
Twenty-Three	$21
Twenty-Four	$21
Twenty-Five	$22
Twenty-Six	$23
Twenty-Seven	$23
Twenty-Eight	$24
Twenty-Nine	$24
Thirty	$25
Thirty-One	$26
Thirty-Two	$26
Thirty-Three	$27
Thirty-Four	$27
Thirty-Five	$29
Thirty-Six	$29

YEAR	AMOUNT ADDED TO PREEXISTING TENANT'S MONTHLY RENT
Thirty-Seven	$29
Thirty-Eight	$31
Thirty-Nine	$31
Forty	$32
Forty-One	$33
Forty-Two	$33
Forty-Three	$34
Forty-Four	$36
Forty-Five	$36
Forty-Six	$37
Forty-Seven	$38
Forty-Eight	$39
Forty-Nine	$40
Fifty	$41
Fifty-One	$42
Fifty-Two	$43
Fifty-Three	$44
Fifty-Four	$45
Fifty-Five	$46

EXHIBIT "H"
MAINTENANCE SCHEDULE/PROGRAM

[Insert Schedule]

Las Casitas
Maintenance Requirements

I. CUSTODIAL AND GROUNDS MAINTENANCE:

Custodial and grounds maintenance involve a planned program of routine daily, weekly and monthly activities to maintain the cleanliness, healthfulness and appearance of the property. Custodial maintenance is performed by the Property Manager and maintenance workers. Duties include: daily site inspections, cleaning of the community rooms, pickup of litter on the grounds, and generation of written maintenance service requests based on the Property Manager's and Maintenance Worker's own inspections and observations, and based on legitimate written requests submitted by residents.

The daily, weekly and monthly common area cleaning is the responsibility of the Property Manager, Maintenance Worker, or by outside contractors when applicable:

A. Daily
   1. Patrol site (including parking area(s)), pickup litter and remove shopping carts.
   2. Sweep clean litter/debris from community room and empty all waste baskets. Mop/vacuum the community room on Monday, Wednesday and Friday or more frequently if needed.
   3. During the daily patrols of the entire site to pick up litter, also inspect for any damage or malfunctions; write a maintenance service request for any problems found.

B. Weekly:
   1. Hose or sweep down sidewalks, walkways and trash dumpster area. (During months when there is a substantial amount of rain, hosing down sidewalks may occur less frequently.)
   2. An evening lighting inspection to identify and replace any burned out light bulbs.
   3. Landscaping maintenance including weeding, tree and shrubbery trimming and spraying, is performed by a contract gardener.
   4. Monitor work performed by contract gardener; report problems to the Property Manager.

The Property Manager's work is to be supervised, monitored and inspected by the management company's Supervisor on a monthly basis.

C. Bi-weekly:
1. Inspect landscape sprinkler system to identify any broken heads, lines or other malfunctions; do a work order and repair any problems found; reset timer, if needed.

II. LANDSCAPE MAINTENANCE:

A proposal will go out to bid to landscape contractors which will include the following language:

- All hedges will be trimmed
- Cut Grass to be below 6" inches in height an least once weekly
- Prune trees and shrubs
- Remove weeds, dead or decayed trees, shrubs, and other vegetation from landscape areas.
- Keep irrigation system operative.
- Fertilize landscape areas.

III. RECREATION BUILDING:

In addition to day to day maintenance, the following schedule of maintenance shall be implemented:

A. Monthly
1. Elevator to be inspected and serviced.

B. Quarterly (every 3 months)
1. All HVAC filters changed.

C. Semi-Annual (every 6 months)
1. All windows cleaned (in and out)
2. All paint touched up.

D. Annual (every 12 months)
1. All hard surfaced floors cleaned and sealed.
2. All cabinetry oiled.
3. All shelves and drawers cleaned and wiped down.
4. All window blinds removed and cleaned.
5. All appliances cleaned and wiped down, per manufacture's recommendations.
6. All carpets and rugs cleaned.

E. Every two (2) years
1. All window coverings cleaned.

2. All furniture cleaned.

F. Every three (3) years
1. All interior walls painted.

IV. EXTERIOR MAINTENANCE:

2. Painting/touch up of exterior structures, including mailboxes, fences, gates and the like as needed to preclude peeling, chipping, flaking or oxidation of such coating.
3. Washing/cleaning of windows and skylights on regular maintenance, but not less than quarterly.
4. Maintain all exterior stucco, flashing, trim, fascia, exposed beans, exterior stairways, railings, treads, etc., on an as-needed basis including painting, patching and or/or repair as indicated, to ensure proper functioning of the same.
5. Stripe/sign parking areas as needed.
6. Establishing and maintain regular pest control (ants, hornets, wasps, termites, etc.).

V. INTERIOR (UNIT) MAINTENANCE:

All apartments will be serviced and maintained on an "as needed" basis including, but not limited to, service adjustment and cleaning schedules recommended by manufacturer:

- All plumbing
- All electrical (including emergency call systems).
- All appliances.
- All HVAC systems.
- All window coverings.

A. Vacated Unit Turnovers:

Turnover maintenance involves securing, cleaning and redecorating vacated units for occupancy by new residents. The type and amount of work performed is to be determined by the Property Manager and Maintenance Worker upon performing a move-out inspection after the former resident has vacated the unit on the move-in/move-out "Unit Inspection" form (Attachment ""). The amount of work needed will depend both on the condition the former resident left the unit in and whether a preventive maintenance or replacement item, such as complete unit repainting or re-carpeting, is scheduled for the near future. Dead-bolts (including locks and drums) are replaced on unit exterior doors after a resident moves out. The keys will then need to be re-coded.

Cleaning and repair work on vacated units is performed by the Property Manager and Maintenance Worker, unless there is a problem or repair where a special trades worker is required. In this instance, the Property Manager or Maintenance Worker will call the trades person and arrange to have them do the work. All unit turnover work should be documented with work orders which note the time spent and cost of materials used. If there are cleaning, repairs or replacements necessary which are beyond "normal wear and tear", the appropriate costs are deducted from the former resident's security deposit and detailed on the report mailed to the former resident.

Unless major damage has been done to the unit or substantial replacements are necessary, the normal standard for preparing a unit for re-renting should be within 5 work days of the time it was vacated.

VI. CORRECTIVE MAINTENANCE:

Corrective maintenance involves repairs or replacement of items which are not working or damaged--based on service requests from residents and problems found during inspections. Both should be documented on work orders.

Residents are to come to the Property Manager's office or call the Property Manager to make a maintenance service request. The Property Manager will then fill-out a maintenance work order form to give to the Maintenance Worker and establish the priority in which it should be handled. Based on their own inspections, the Property Manager and maintenance worker should also fill-out maintenance work order forms. Other than routine custodial and grounds maintenance, all maintenance work performed on PROPERTY NAME must be documented on maintenance service request forms. Upon completion, one copy is to remain in the property files, one copy is to be placed in the unit's maintenance file, and one copy should be given to the resident. Additionally, all maintenance requests should be dated at the time they are received and at the time the work has been completed.

A priority system is used for handling corrective maintenance items, based on the seriousness of the problem:

Emergency items, as noted above, must be abated immediately and should be repaired within 24 hours. Graffiti and shopping cart removal are to be considered an emergency item.

Urgent items are problems that involve a major inconvenience, discomfort or hardship to residents and/or could result in further deterioration to the property, if left unattended. Normally, these requests should be handled within 1 to 2 workdays.

Routine items are situations that warrant repair, but are not of an urgent or emergency nature. They also include cosmetic improvements requested by residents or the Property Manager. These should be handled within 3 to 5 workdays of the request, depending on the nature of the job.

When filling out a work order for a resident, where work must be done within the resident's unit, the Property Manager should request written consent by the resident for management to enter the resident's unit when they are not present. If the resident wants to be present when someone is working on the problem, the resident manger will attempt to schedule an appointment with the resident prior to scheduling the work.

If the nature of the work requires the skills of a licensed plumber or electrician, the Property Manager is responsible for calling the appropriately skilled contractor from an approved list. The Property Manager will also be responsible for scheduling an appointment with the resident, only if applicable, and the contractor.

In the event of emergency or urgent work that needs to be done, management may enter the unit without the resident being present. In these cases a notice is left for the resident indicating the time the unit was entered and the reason.

VII. PREVENTIVE MAINTENANCE:

Preventive Maintenance involves a program of planned inspections and servicing intended to reduce the frequency and severity of breakdowns of building systems and also helps to preserve and extend the useful life of building equipment and fixtures.

Management is primarily responsible for performing inspections and scheduling appropriate servicing of common area equipment and for units' space heaters and hot water heaters.

Residents also have an important role in the preventive maintenance program by properly using and cleaning certain appliances and fixtures in their units. Residents should be taught how to use and clean their stove and vent, refrigerator, disposal, and flooring at the time of their initial orientation and/or unit inspection. Their resident handbooks will also contain written information regarding the use and care of these things for their future reference.

The following summarizes the management's, owner's, contractor's and resident's responsibilities in PROPERTY NAME's preventive maintenance program:

Daily:

Maintenance Worker/ Property Manager:	Inspect the site each week-day; document any abnormal or hazardous conditions, any damage, or any special maintenance needs on work orders; correct problems.
Residents:	Clean off any spillage on range/ovens and refrigerators. Porches to be maintained and kept free of debris; parking spaces to be kept free of oil and debris. Take all trash to dumpster. Wash dishes and cover or refrigerate all food to eliminate potential for vermin infestation.

Weekly:

Residents:	Mop vinyl floors. Vacuum carpets.

Bi-weekly:

Maintenance Worker:	Test lawn sprinkler systems to make sure they are functioning properly; repair any leaks, broken heads or malfunctions.

Monthly:

Pest Control Contractor:	Spray exteriors of all buildings.

Quarterly:

Pest Control Contractor:	Spray interiors of 1/4th of all units each quarter; this will result in all interiors of all buildings sprayed for insects at least once per year.
Residents:	Wash/de-grease aluminum range hood filter. Wash surface of range hood. Clean inside surface of refrigerator.

Semi-Annual:

Property Manager/ Property Supervisor:	Conduct a semi-annual inspection of all units to check that all smoke detectors are attached and functioning; check for any malfunctions or damage within units including all water fixtures and appliances; check to assure that a reasonable

	standard of housekeeping is being maintained by residents. If housekeeping problems are found, residents will be notified verbally and in writing. The resident will be provided with a written Lease Violation and notified that more frequent unit inspections will be scheduled. Residents are to be given a written "Notice to Inspect Premises" at least 24 hours prior to the inspections.
Property Manager:	Confirm maintenance records of fire extinguishers.
Property Manager, Maintenance Worker, Property Supervisor, Contractors:	Inspect all unit HVAC systems during annual inspection and replace filters on a quarterly basis.Inspect all unit hot water heaters and related pipe connectors and valves for leaks during the annual inspection; test temperature-pressure-relief valve and replace, if necessary. Check gas vent duct and clean, if necessary. Drain water heater to remove sediment if necessary. Inspect all unit refrigerator condenser coils and water pans during annual inspection.
<u>Annual</u>:	
Property Manager, Maintenance Worker, Property Supervisor, Contractors:	Inspect driveway/parking lot paving; seal-up any alligator cracks found. Inspect condition of concrete walkways; order steam cleaning, if necessary. Inspect and clean out, if necessary, roof gutters and drains and wash the outside of all second-story windows. Evaluate condition of landscaping; order replacement planting, pruning, skinning and trim of trees, as needed and appropriate.
Residents:	Clean mini-blinds.

VIII. MAJOR MAINTENANCE & REPLACEMENTS AT PERIODIC INTERVALS:

Property Manager,
Maintenance Worker,
Property Supervisor,
Contractors:

Repaint unit interiors every 5 years, or earlier if necessary upon unit turnover.

Repaint building exteriors between 10-15 years or sooner if needed. (replacement reserve item).

Refinish kitchen and bathroom cabinets every 20 years.
Replace carpeting every 5 years, or earlier, if necessary upon unit turnover (replacement reserve item, unless replaced and paid for with security deposits).

Replace tile/vinyl floors at least every 20 years (replacement reserve item).

Replace ranges every 15 years; and refrigerators every 15 years, as needed (replacement reserve items).

Replace blinds after 7 years, or as needed at unit turnover.

Replace hot water heaters at least every 12 years, if needed (replacement reserve item).

Repair or replace tar and gravel on flat roof areas after 12 years; replace pitched roof tiles after 40 years (replacement reserve item).

Slurry coat and re-stripe parking area after 6 years (replacement reserve item).

Replace screens after 5 to 7 years as needed (normal maintenance item).

Appendix 5

Sample Move-In/Move-Out Inspection Form

Appendix 5: Sample Move-In/Move-Out Inspection Form

[Company name]
[Company address]

Property		Resident	
Apartment No.	Unit Size	Move-In Inspection Date	Move-Out Inspection Date

Item	Condition		Cost to Correct
	Move-In	Move-Out	
ENTRANCE/HALLS			
Steps and landings			
Handrails			
Doors			
Hardware/Locks			
Floors/Coverings			
Walls/Coverings			
Ceilings			
Windows/Coverings			
Lighting[1]			
Electrical Outlets			
Closets[2]			
Fire alarms/equipment			
LIVING ROOM			
Floor/Coverings			
Walls/Coverings			
Ceiling			
Windows/Covering			
Lighting[1]			
Electrical outlets			

Item	Condition		Cost to Correct
	Move-In	Move-Out	
DINING ROOM			
Floor/Coverings			
Walls/Coverings			
Ceiling			
Windows/Coverings			
Lighting[1]			
Electrical outlets			
KITCHEN			
Range			
Refrigerator			
Sink/Faucets[3]			
Floor/Coverings			
Walls/Coverings			
Ceiling			
Windows/Coverings			
Lighting[1]			
Electrical outlets			
Cabinets			
Closets/Pantry[2]			
Exhaust fan			
Fire alarms/equipment			
BEDROOM(S)			
Doors and locks			
Floor/Coverings			
Walls/Coverings			
Ceiling			
Windows/Covering			
Closets[2]			
Lighting[1]			
Electrical outlets			

Item	Condition		Cost to Correct
	Move-In	Move-Out	
BATHROOM(S)			
Sink/Faucets[3]			
Shower/Tub[3]			
Curtain rack/Door			
Towel rack			
Toilet			
Doors/Locks			
Floor/Coverings			
Walls/Coverings			
Ceiling			
Windows/Coverings			
Closets[2]			
Cabinets			
Exhaust fan			
Lighting[1]			
Electrical outlets			
OTHER EQUIPMENT			
Heating Equipment			
Air-conditioning unit(s)			
Hot-water heater			
Smoke/Fire alarms			
Thermostat			
Door bell			
TOTAL			

1. Fixtures, Bulbs, Switches, and Timers
2. Floor/Walls/Ceiling, Shelves/Rods, Lighting
3. Water pressure and Hot water

Move-In

This unit **is in decent, safe and sanitary condition. ** Any deficiencies identified in this report will be remedied within 30 days of the date the tenant moves into the unit.

_____
Manager's Signature

I have inspected the apartment and found **this unit to be in decent, safe and sanitary condition. Any deficiencies are noted above.** I recognize that I am responsible for keeping the apartment in good condition, with the exception of normal wear. In the event of damage, I agree to pay the cost to restore the apartment to its original condition.

_____
Resident's Signature

_____
Resident's Signature

	By	Date
Prepared		
Reviewed		
Prepared		
Reviewed		

Move-Out

_____
Manager's Signature

___Agree with move-out inspection
___Disagree with move-out inspection
If disagree, list specific items of disagreement.

_____
_____
_____

_____
Resident's Signature

_____
Resident's Signature

	By	Date
Prepared		
Reviewed		
Prepared		
Reviewed		

PREVENTIVE MAINTENANCE SCHEDULE

Preventive Maintenance is regular, systematic inspection, cleaning & repair of equipment & systems in order to prevent unplanned or premature failure.

The checklist needs to be property customized for your individual needs

Instructions:

1 Form can be used as computer spreadsheet
2 Add "X" boxes under appropriate months
3 Insert "Staff" if done in-house, vendor name if contracted out
4 Insert work order # for every task
5 Assign work order for every task
6 Place an N/A for the items that are not on the property

Property: _____ Date: _____

Area	Item	Task	Frequency	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Performed By	Work Order # completion
MANDATORY **ROUTINE MAINTENANCE & SAFETY INSPECTIONS**																	
SITE	Q2 Maintenance and Safety Inspection	Submit by June 30th	Annually														
BUILDING EXTERIOR	Q3 Maintenance and Safety Inspection	Submit by September 30	Annually														
BUILDING SYSTEMS	Q1 Maintenance and Safety Inspection	Submit by March 31st	Annually														
COMMON AREAS	Q1 Maintenance and Safety Inspection	Submit by March 31st	Annually														
APARTMENT UNITS	Q4 Annual unit inspections	Per site staff	Annually or re-certification														
PROPERTY	Q4 Emergency & safety property staff walk	Submit by December 31st	Annually														
FACILITIES	Annual inspection	As scheduled	Annually														
SITE																	
Grounds	Landscape regular service	Inspect sod/quality	Monthly														
	Fertilizer & weed	Check for application, etc	Semi-annually														
	Exterior pest control	Check for application, etc	Semi-annually														
Irrigation	Backflow preventer	Inspect/test/repair	Annually														
	Irrigation lines & sprinkler heads	Inspect/adjust/repair	Monthly per season														
	Irrigation controllers & timers	Check & reset	Quarterly														
Parking Lots/Driveways	Automatic vehicle gates	Inspect/repair	Monthly														
Storm Drainage	Catch basins and storm drains	Clean/Repl. missing covers	Quarterly														
Generators	Test runs-exercise, full load	Check documents	Monthly														
	Exercise run, check oil, fuel, visual inspection	Physical run	Weekly														
Other:																	
Other:																	
Other:																	
BUILDING EXTERIOR																	
Building Walls	Building exterior	Clean/powerwash	Annually														
	Siding - cracks/gaps/holes, re-caulk	Inspect/repair	Annually														
Doors	Hardware, locks & closers	Inspect/repair damage	Quarterly														
	Weather stripping	Inspect/replace	Quarterly														
Dryer Vents	Damaged, disconnected or clogged	Clean/repair	Semi-annually														
Fire Escapes	Components	Inspect/repair damage	Annually														
Lighting	Fixtures, bulbs, timers/sensors - exterior	Inspect/repair	Weekly														
Roofs	Gutters, downspouts, drains & scuppers	Inspect/clean/repair	Semi-annually														
	Roof surface	Clean/inspect/repair	Semi-annually														
	Roof vents & flashings	Inspect/repair damage	Semi-annually														
Windows/sliding doors	Caulking/seals/glazing compound, weep holes	Inspect/replace	Semi-annually														
	Security bars, integrity	Inspect	Semi-annually														
Other:																	
Other:																	
Other:																	
BUILDING SYSTEMS & EQUIPMENT																	
Domestic Water	Backflow preventer	Inspect/test/certification	Annually														
	Boiler/HWH exhaust vents (combustion/relief)	Inspect/align/repair	Quarterly														
	Central water supply piping & valves	Inspect/repair leaks	Quarterly														

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PREVENTIVE MAINTENANCE SCHEDULE

Area	Item	Task	Frequency	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Performed By	Work Order # completion
	Circulating pump(s)	Lubricate & inspect	Semi-annually														
	Water treatment systems	Inspect/test	Weekly														
	Domestic water boiler(s)	Service & certification	Annually														
	Hot Water Heater(s)(HWH) , 100 gal & above	Flush Tank(s)	Annually														
	HWH seismic straps - tight, wrap-around straps	Inspect/verify	Annually														
	HWH TP relief valve(s) is 6" or less from floor	Inspect/verify	Annually														
Solar panels	Domestic hot water	Inspect/test	Semi-annually or as required by the system														
	PV solar panels	Inspect/test	Semi-annually or as required by the system														
	sump pumps (including sewer lift stations)	Inspect/test	Monthly														
Electrical System	Access to panels/subpanels	Ensure clear/unobstructed	Monthly														
Elevators	Elevator operation & safety	Routine service	Quarterly														
	Elevator permit	Ensure current & posted	Annually														
	Load test, insert date test is due	Ensure current	5 years														
Sesmic	Sesmic valves	Inspect	Annually														
Evacuation	Emergency exit lighting	Inspect/repair	Monthly														
	Evacuation signs	Inspect / replace if missing	Annually														
Fire/CO Protection	Fire alarm control & annunciator panels, review requirements with local Authority Having Jurisdiction, contractor driven	Service & certification	Annually														
	Fire sprinkler system inspection, review requirements with local Authority Having Jurisdiction, contractor driven	Service & certification	Annually														
	Fire spinkler valves (PIV), locked in position with break-away locks, by staff	Visual inspection	Weekly														
	Visual fire sprinkler heads, by staff	Visual inspection	Monthly														
	Refrigerator/freezer compressors	Inspect/service	Annually														
	Range hood & exhaust filter	Inspect/clean	Annually														
HVAC	Circulating pump	Inspect	Weekly														
	Circulating pump(s), as applicable	Lubricate	Semi-annually														
	Filters - furnace, A/C	Replace	Semi-annually, or as necessary														
	Motors, bearings	Lubricate	Semi-annual														
	Service contracts	Inspect for quality of service	Annually														
	Furnace exhaust vent stacks	Inspect/align/repair	Annually														
Roof top	Exhaust fans(motors, fan belts, bearings, obstructions)	Inspect	Monthly														
	Air handlers(filters, motors, fan belts, bearings, obstructions)	Inspect	Monthly														
	Vents and other roof jacks (See also roof inspections)	Inspect	Monthly														
Boiler room	Heat boiler (If over 500 MBH, daily check)	Inspect	Weekly														
	Heat boiler	Service & certification	Annually														
	Motors & pumps	Lubricate	Semi-annually														
	Combustion/relief air vents	Inspect/clean	Monthly														
	CO alarms/detectors where required	Batteries/inspect	Semi-annually														
	CO alarms/detectors where required	Certification/test	Annually														
		Inspect/clean	Monthly														
	Thermostats	Inspect/check operation	Annually														
	Wall furnaces	Inspect/clean/ck. operation	Annually														
Refuse Disposal		Verify adequacy	Annually														
Trash Compactor	Check keyed switches & enclosure	Inspect	Weekly														

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PREVENTIVE MAINTENANCE SCHEDULE

Area	Item	Task	Frequency	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Performed By	Work Order # completion
Sanitary Sewer	Main sanitary sewer lines	Clean as needed	Annually														
Other:																	
Other:																	
Other:																	
COMMON AREAS	(Add Inspection of Asbestos-Containing Materials if applicable)																
Doors	Close, latch. Closers	Inspect/adjust/repair	Quarterly														
Security	Security cameras	Inspect/adjust/repair	Annually														
	Security entry systems	Inspect/repair/service	Annually														
Laundry equipment	Community centers	Inspect	Weekly														
	Dryer vent connections	Inspect/repair/service	Semi-annually														
	Washer supply hoses	Inspect/replace	Annually														
	Washer drain hoses	Inspect/replace	Annually														
	Dryer ducting	Clean	Annually														
Kitchen equipment	Refrigerator/freezer compressors	Inspect/service	Annually														
	Range hood & exhaust filter	Inspect/clean	Annually														
Fitness Center	Equipment functions properly, weights, cables	Inspect/clean	Monthly														
Other:																	
Other:																	
Other:																	
APARTMENT UNITS	(Add inspection of Carbon Monoxide detectors if applicable)																
Fire Protection	Fire extinguishers	Inspect/re-charge	Annually														
HVAC	Fire sprinkler valves	Inspect/test	Quarterly														
	Smoke detectors - check operation	Clean/replace batteries	Semi-annually														
	Wall heaters	Inspect/clean/repair	Annually														
	Filters - furnace, A/C, fan/coil units	Replace	Per schedule														
	Furnace exhaust vent stacks	Inspect/align/repair	Annually														
	Thermostats	Inspect/check operation	Annually														
	Baseboard fintube	Inspect/clean	Annually														
Windows	Frame vents (WA & ID)	Inspect/clean	Annually														
	Quick release security bars	Inspect/repair	Annually														
Other:																	
Other:																	
Other:																	
MAINTENANCE AREAS																	
	Shop organization		Semi-annually														
	Storage organization		Semi-annually														
	Tools & equipment	Service/inventory	Semi-annually														
	Supply inventory		Quarterly														
	Equipment inventory.inspection/service		Semi-annually														

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EXHIBIT "I"
AUTHORITY GUIDELINES

[Insert Guidelines]

IRWINDALE HOUSING AUTHORITY

GUIDELINES, POLICIES AND PROCEDURES FOR

SENIOR LOW/MODERATE INCOME HOUSING APARTMENT RENTAL PROGRAM

Adopted by the:

Irwindale Housing Authority

Approved: March 9, 2011

GUIDELINES, POLICIES, AND PROCEDURES

SECTION 1. GENERAL

The Irwindale Housing Authority ("Authority") has a goal of providing a multi-family housing stock for Irwindale residents to replace existing substandard housing units and to create safe and sanitary rental opportunities for seniors.

SECTION 2. PROGRAM GUIDELINES, POLICIES AND PROCEDURES

A. <u>Definitions</u>

1. ***Applicant***

   A person/family submitting a formal application for consideration and determination of eligibility to rent an apartment hereunder.

2. ***Application Deadline***

   The Application Deadline shall be the date established by the Authority as the deadline for submitting Applications for each apartment unit that becomes available.

3. ***Conflict of Interest***

   Authority Board members and officers, or management level employees of the Authority are deemed to have a conflict of interest and may not participate in this program. Persons who exercise operational responsibilities relative to any financing pertaining to the apartment project are similarly deemed to have a conflict of interest.

4. ***Continuous Resident***

   A "Continuous Resident(s)" shall be placed in two (2) subcategories thereof: Those persons/families continuously residing in Irwindale since at least fifteen (15) year period immediately preceding the Application Deadline shall be identified as "Category A" Continuous Resident. Those persons/families continuously residing in Irwindale for at least thirty-six (36) months but establishing residence on or after fifteen (15) year period immediately preceding the Application Deadline shall be identified as "Category B" Continuous Resident.

5. ***Disabled Family***

   (a) Any person or his/her family member who has a disability or handicap recognized under the Americans with Disabilities Act of 1990, as amended, which includes:

   (i) a physical or mental impairment that substantially limits one or more of the major life activities of such individual;

   (ii) a record of such an impairment; or

(iii) being regarded as having such an impairment (42 U.S.C. §12102.)

(b) A handicap does not include current, illegal use of or addiction to a controlled substance. For purposes of this part, an individual shall not be considered to have a handicap solely because that individual is a transvestite. (24 C.F.R. § 100.201) As used in this definition:

(c) "Physical or mental impairment" includes:

(i) Any physiological disorder or condition, cosmetic disfigurement, or anatomical loss affecting one or more of the following body systems: Neurological; musculoskeletal; special sense organs; respiratory, including speech organs, cardiovascular; reproductive; digestive; genitourinary; hemic and lymphatic; skin; and endocrine; or

(ii) Any mental or psychological disorder, such as mental retardation, organic brain syndrome, emotional or mental illness, and specific learning disabilities. The term "physical or mental impairment" includes, but is not limited to, such diseases and conditions as orthopedic, visual, speech and hearing impairments, cerebral palsy, autism, epilepsy, muscular dystrophy, multiple sclerosis, cancer, heart disease, diabetes, Human Immunodeficiency Virus infection, mental retardation, emotional illness, drug addiction (other than addiction caused by current, illegal use of a controlled substance) and alcoholism.

(d) "Major life activities" means functions such as caring for one's self, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning and working.

(e) "Has a record of such an impairment" means has a history of, or has been misclassified as having, a mental or physical impairment that substantially limits one or more major life activities.

(f) "Is regarded as having an impairment" means:

(i) Has a physical or mental impairment that does not substantially limit one or more major life activities but that is treated by another person as constituting such a limitation;

(ii) Has a physical or mental impairment that substantially limits one or more major life activities only as a result of the attitudes of other toward such impairment; or

(iii) Has none of the impairments defined in paragraph (i) of this definition but is treated by another person as having such an impairment.

Medical certification of a disability or handicap is required from persons claiming disability who are not recipients of benefits under either 42 U.S.C. § 423 (Social Security Act) or § 102 (b) (5) of the Development Services and Facilities Construction Amendments of 1970. The laws and regulations cited in this Section may be amended from time to time by the appropriate governmental authority. Any such amendments that modify the definitions contained herein shall be automatically incorporated without formal action by the Authority.

6. ***Former Resident***

   Persons who previously resided within Irwindale for at least thirty-six (36) consecutive months within the fifteen (15) year period immediately preceding the Application Deadline, but who do not currently reside in Irwindale, shall be considered to be Former Residents.

7. ***Handicapped Person***

   A person having a disability or handicap, which (a) is expected to be of long continued and indefinite duration, (b) substantially impedes the person's ability to live independently, and (c) is of such a nature that such ability could not be improved by more suitable housing. Any member of a family who is handicapped qualifies that family as a Disabled Family. (See: "***Disabled Family***".)

8. ***Immediate Family Member***

   Parents, grandparents, siblings, or children of Continuous Residents are considered to be Immediate Family Members.

9. ***Income Qualification Criteria***

   Extremely low, very low, low and moderate income qualification criteria shall be as set forth in Exhibit "A" hereto, which may be amended from time to time without formal action by the Authority or CRA to be consistent with state laws and regulations (Subchapter 2 of Chapter 6.5 of Division 1 of Title 25, California Code of Regulations; see also: California Health and Safety Code §§ 50106, 50105, 50079.5 and 50093.)

10. ***Interrupted Resident***

    Any person (or family) who resided in Irwindale for at least thirty-six (36) consecutive months within the fifteen (15) year period immediately preceding the Application Deadline, moved away for a period of time, but has reestablished a bona fide residence within the City limits of Irwindale for at least one year prior to the Application Deadline shall be considered to be an Interrupted Resident.

11. ***Non-resident***

    Any person (or family) who is not now and has not been a resident of Irwindale for at least thirty-six (36) consecutive months within the

fifteen (15) year period immediately preceding the Application Deadline.

12. ***Renter***

An applicant successfully completing the application process and renting an apartment hereunder.

13. ***Senior***

A Senior is a person who is at least sixty-two (62) years of age or older.

14. ***Shared Renter***

Persons sharing rental accommodations with unrelated persons.

15. ***Veteran***

Any person who has been honorably discharged from one of the military services of the United States shall be considered a Veteran.

B. <u>Eligibility Criteria</u>

Since the Senior Apartment Rental Program is an apartment rental program, there are two (2) primary criteria which must be met to determine eligibility:

1. Income eligibility under § 2.A.9, above.
2. Be a Senior as specified in § 2.A.12, above.

C. <u>Priorities</u>

Eligible applications from persons/families meeting basic income (extremely low, very low, low or moderate income) criteria, shall be processed based upon the following priority schedule and the application procedures in Section 2.D:

1. **First Priority Criteria:**

(a) Extremely low income persons/family – nine (9) apartment units **[subject to modification]**

(b) Very low income persons/family – six (6) apartment units **[subject to modification]**

(c) Low income persons/families – five (5) apartment units **[subject to modification]**

(d) Moderate income persons/families – five (5) apartment units **[subject to modification]**

A primary goal of the Authority is to create, to the extent feasible, sufficient new rental units to meet the projected needs of Irwindale Seniors. Accordingly, and notwithstanding the initial allocations established in § 2.C.1, above, pertaining to the number of units allocated among the income categories, the Authority reserves the right to reallocate the final

number of units specified for each income category, if deemed necessary and appropriate, to meet the quantified needs of Irwindale Seniors.

2. **Second Priority Criteria:**

(a)	Disabled Family	Priority	1
(b)	Veteran	Priority	2
(c)	None of the above	Priority	3

3. **Third Priority Criteria**

(a) Shared Renter for longer than one (1) year prior to Application - Priority 1.

(b) Shared Renter for less than (1) year prior to Application – Priority 2.

(c) Persons residing in rental accommodations (single/married) for longer than one (1) year prior to Application – Priority 3.

(d) Persons residing in rental accommodations (single/married) for less than one (1) year prior to Application – Priority 4.

(e) Persons owning residence or other residential real property – Priority 5.

4. **Final Priority Criteria**

(a) Category A Continuous Irwindale Resident - Priority 1

(b) Category B Continuous Resident – Priority 2

(c) Interrupted Resident – Priority 3

(d) Former Resident – Priority 4

(e) Immediate Family Member – Priority 5

(f) None of the above – Priority 6

D. <u>Application Procedure</u>

1. **Applications**

(a) Upon commencement of the application process, interested persons will be required to complete and sign an Application. As a material part of the Application, interested persons will be required to execute an authorization and waiver form for release of information from persons, firms, public entities and others who may retain data necessary for a complete analysis of the Application. Data needed will include name, address, telephone number, family composition and ages, declaration of income and assets, declaration of outstanding financial obligations, veteran status, declaration of physical status (with appropriate medical confirmation), declaration of home ownership status. (See: § 2.D.1(i).).

Appropriate assistance in completing the Application will be provided to interested persons, if requested.

(b) Applications shall be submitted for review and screening.

(c) Applications will then be assigned to the appropriate First Priority classification under § 2.C.1.

(d) Within each primary eligibility classification (or priority), the Applications will be further prioritized according to the Second Priority Criteria set forth in § 2.C.2, above.

(e) Applications will be further prioritized with each category by the Third Priority Criteria set forth in § 2.C.3, above.

(f) Applications will be finally prioritized within each classification by the Final Eligibility Criteria set forth in § 2.C.4

(g) Within the numerical allotments provided by the First Eligibility Criteria (§ 2.C.1), the final order of priority will be established by adding the numerical priority rating assigned to each Application. The Applications will be ranked, in order of descending priority, with the smallest total number assigned being the highest priority. For example, an Applicant who is a Displaced Person (Priority 1), Shared Renter (Priority 1) and a Continuous Resident (Priority 1) will have a total Priority Rating of 3 and would be ranked higher than a person who is a "none of the above" (Priority 4), Property Owner (Priority 5) and an Immediate Family Member (Priority 5) with a total Priority Rating of 13.

(h) In the event a tie occurs between two (2) or more Applicants, the total Priority Rating rank order will be assigned by a random blind drawing conducted by the Executive Director.

(i) The Authority staff will verify the following data:

(i) name and address

(ii) residence requirement

(iii) employment

(iv) income

(v) existing equity/assets (if applicable)

(vi) credit history

(vii) property ownership

(i) Documentation necessary to verify income, age, handicap (disability), and residency requirements shall be submitted with application documents and may include, but is not limited to: birth certificates, current pay check stubs, income tax returns, employment/salary verification, bank statements for all checking

and/or savings accounts, telephone records and utility records, hospital admittance records, medical care records, and records of educational institutions and public agencies as the same are relevant to matters pertaining to verification of information submitted.

(j) All data submitted shall be verified as true and correct under penalty of perjury of the laws of the State of California. Failure to so verify shall result in application rejection.

(k) Ineligible Applicants shall be notified, in writing, with a statement indicating why the Applicant has been denied and advising the Applicant of his or her right to appeal the determination in writing within ten (10) days of the letter of denial. Appeals will be heard by the Authority Board and the Authority Board's determination shall be final.

(l) Eligible Applicants shall be mailed the necessary rental agreement documents to begin processing the rental application. The Authority will provide such assistance as may be necessary to ensure timely and complete submissions.

2. **Insufficient Eligible Applications**

(a) If there are insufficient eligible Applicants during the first thirty (30) days of the Application Deadline, the Board may authorize additional time for further applications which will be processed in accordance with the procedures set forth in § 2.D.1, above.

(b) Priority for Applicants shall be strictly maintained in accordance with the application period during which submittal occurred. Additional Applicants authorized by the Board after the first thirty (30) days shall not be included with the first group of Applicants.

(c) Once rental agreement documents have been approved, then a move-in date will be established.

EXHIBIT "G"
LAS CASITAS II DDA
IMPROVEMENTS TO BE PROVIDED IN EXCHANGE FOR ADJUNCT CONTRIBUTION

[To Be Inserted]

Las Casitas
Phase I Additional Improvements

ITEM	COST
1. Second Story Balcony: When it rains, water drains into balcony and dwelling of the 2nd story units. Some tenants have reported that the carpet inside their unit gets wet due to the water drainage. Install drainage mechanisms to resolve this issue (Eight Units).	**$12,000**
2. Rain Gutters/Flashing: Install rain gutters, flashing, and downspouts throughout project. It has been reported that the north side of the apartment building appears to have algae due to the rainwater runoff.	**$6,500**
3. Kitchen Cabinets/Countertops: Reface kitchen cabinets and replace countertops Sixteen Units (Formica, or approved equivalent) to match Phase II units.	**$22,000**
4. Bathroom Lighting: Provide new light fixtures in Phase I so that additional lighting is provided in the bathrooms, as lighting appears to be insufficient to adequately illuminate the bathrooms. (Sixteen Units)	**$2,700**
5. Linoleum flooring: Replace linoleum flooring in bathroom and kitchen. The "entry" area to all 26 units should be tile, not carpet. If the existing "entry" area is carpet, then the carpet is to be replaced with tile. (Sixteen Units)	**$9,600**
6. Fumigation, Phase I	**$12,500**
7. Interior Painting: Those units which have not been painted in the last 10 years should be entirely repainted. (Sixteen Units)	**$13,600**
TOTAL	**$78,900**

EXHIBIT "H"
LAS CASITAS II DDA
FINANCIAL ANALYSIS OF GUARANTEED RENT

[To Be Inserted]

NET OPERATING INCOME
LAS CASITAS SENIOR APARTMENTS
CITY OF IRWINDALE

		# of Units	Monthly Rent (1)	Total Annual
I. Gross Scheduled Income				
One Bedrooms @	50% of AMI	25	$500	$150,000
Manager Unit		1	$0	$0
Total/Average		26	$481	$150,000
Add: Other Income		$0 /Unit/Month		$0
(Less) Vacancy @		0.0% of Income		$0
Effective Gross Income (EGI)				$150,000
II. Operating Expenses				
(Less) Operating Expenses (2)		$3,200 /Unit/Year		($83,000)
(Less) Property Taxes (3)		$346 /Unit/Year		($9,000)
(Less) Replacement Reserves		$350 /Unit/Year		($9,000)
Total Expenses		$3,885 /Unit/Year		($101,000)
		67.3% of EGI		
III. Net Operating Income				**$49,000**

(1) Reflects Guaranteed Rent.
(2) Includes Contracted Services, Utilities, Turn-Over/Redecorating, Maintenance, and Office (excluding property taxes).
(3) Estimated allowance; not verified by KMA.

Prepared by: Keyser Marston Associates, Inc.
Filename: Irwindale\Las Casitas Pro Forma_v3_33433 Report;3/1/2011;rks

VALUE OF INCOME STREAM - PHASE I
LAS CASITAS SENIOR APARTMENTS
CITY OF IRWINDALE

Lease Year	Guaranteed Rent (1)	(Less) Expenses (2)	Net Operating Income Per Unit	Net Operating Income Annual
1	$500	($324)	$145	$27,846
2	$513	($333)	$147	$28,232
3	$525	($343)	$149	$28,617
4	$538	($354)	$151	$29,003
5	$552	($364)	$153	$29,388
6	$566	($375)	$155	$29,773
7	$580	($387)	$157	$30,157
8	$594	($398)	$159	$30,540
9	$609	($410)	$161	$30,922
10	$624	($422)	$163	$31,301
11	$640	($435)	$165	$31,678
12	$656	($448)	$167	$32,052
13	$672	($462)	$169	$32,423
14	$689	($475)	$171	$32,791
15	$706	($490)	$173	$33,154
16	$724	($504)	$175	$33,513
17	$742	($519)	$176	$33,867
18	$761	($535)	$178	$34,215
19	$780	($551)	$180	$34,557
20	$799	($568)	$182	$34,891
21	$819	($585)	$183	$35,219
22	$840	($602)	$185	$35,538
23	$861	($620)	$187	$35,848
24	$882	($639)	$188	$36,149
25	$904	($658)	$190	$36,439
26	$927	($678)	$191	$36,719
27	$950	($698)	$193	$36,986
28	$974	($719)	$194	$37,240
29	$998	($741)	$195	$37,481
30	$1,023	($763)	$196	$37,707
31	$1,049	($786)	$197	$37,917
32	$1,075	($809)	$198	$38,111
33	$1,102	($834)	$199	$38,287
34	$1,129	($859)	$200	$38,444
35	$1,158	($884)	$201	$38,581
36	$1,187	($911)	$202	$38,696
37	$1,216	($938)	$202	$38,789
38	$1,247	($966)	$202	$38,858
39	$1,278	($995)	$203	$38,902

Escalation Factors	
Income	2.5%
Expenses	3.0%

(1) Reflects Guaranteed Income for 15 units.

(2) Reflects total operating expenses of $3,885/unit/year for 16 units. See Table 6.

Prepared by: Keyser Marston Associates, Inc.
Filename: I: Irwindale\Las Casitas Pro Forma_v3_33433 Report;3/1/2011;rks

VALUE OF INCOME STREAM - PHASE I
LAS CASITAS SENIOR APARTMENTS
CITY OF IRWINDALE

Lease Year	Guaranteed Rent (1)	(Less) Expenses (2)	Net Operating Income Per Unit	Net Operating Income Annual
40	$1,310	($1,025)	$203	$38,919
41	$1,343	($1,056)	$203	$38,908
42	$1,376	($1,088)	$202	$38,866
43	$1,410	($1,120)	$202	$38,794
44	$1,446	($1,154)	$202	$38,688
45	$1,482	($1,189)	$201	$38,548
46	$1,519	($1,224)	$200	$38,371
47	$1,557	($1,261)	$199	$38,155
48	$1,596	($1,299)	$197	$37,898
49	$1,636	($1,338)	$196	$37,599
50	$1,677	($1,378)	$194	$37,255
51	$1,719	($1,419)	$192	$36,863
52	$1,762	($1,462)	$190	$36,422
53	$1,806	($1,506)	$187	$35,930
54	$1,851	($1,551)	$184	$35,383
55	$1,897	($1,597)	$181	$34,778
Present Value in Calendar Year 0 @			8.0%	$364,000
Per Unit				$22,750

(2) Reflects total operating expenses of $3,885/unit/year for 16 units. See Table 6.

Prepared by: Keyser Marston Associates, Inc.
Filename: I: Irwindale\Las Casitas Pro Forma_v3_33433 Report;3/1/2011;rks

VALUE OF INCOME STREAM - PHASE II
LAS CASITAS SENIOR APARTMENTS
CITY OF IRWINDALE

Year	Guaranteed Rent (1)	(Less) Expenses (2)	Net Operating Income Per Unit	Net Operating Income Annual
1	$500	($324)	$176	$21,154
2	$513	($333)	$179	$21,488
3	$525	($343)	$182	$21,826
4	$538	($354)	$185	$22,165
5	$552	($364)	$188	$22,507
6	$566	($375)	$190	$22,851
7	$580	($387)	$193	$23,197
8	$594	($398)	$196	$23,545
9	$609	($410)	$199	$23,895
10	$624	($422)	$202	$24,246
11	$640	($435)	$205	$24,599
12	$656	($448)	$208	$24,953
13	$672	($462)	$211	$25,308
14	$689	($475)	$214	$25,664
15	$706	($490)	$217	$26,020
16	$724	($504)	$220	$26,377
17	$742	($519)	$223	$26,734
18	$761	($535)	$226	$27,090
19	$780	($551)	$229	$27,447
20	$799	($568)	$232	$27,802
21	$819	($585)	$235	$28,157
22	$840	($602)	$238	$28,510
23	$861	($620)	$241	$28,861
24	$882	($639)	$243	$29,210
25	$904	($658)	$246	$29,557
26	$927	($678)	$249	$29,901
27	$950	($698)	$252	$30,242
28	$974	($719)	$255	$30,579
29	$998	($741)	$258	$30,913
30	$1,023	($763)	$260	$31,241
31	$1,049	($786)	$263	$31,564
32	$1,075	($809)	$266	$31,882
33	$1,102	($834)	$268	$32,193
34	$1,129	($859)	$271	$32,498
35	$1,158	($884)	$273	$32,795
36	$1,187	($911)	$276	$33,085
37	$1,216	($938)	$278	$33,365
38	$1,247	($966)	$280	$33,636
39	$1,278	($995)	$282	$33,897

Escalation Factors	
Income	2.5%
Expenses	3.0%

(1) Reflects Guaranteed Income for 10 units.
(2) Reflects total operating expenses of $3,885/unit/year for 10 units. See Table 6.

Prepared by: Keyser Marston Associates, Inc.
Filename: i: Irwindale\Las Casitas Pro Forma_v3_33433 Report;3/1/2011;rks

VALUE OF INCOME STREAM - PHASE II
LAS CASITAS SENIOR APARTMENTS
CITY OF IRWINDALE

Year	Guaranteed Rent (1)	(Less) Expenses (2)	Net Operating Income Per Unit	Net Operating Income Annual
40	$1,310	($1,025)	$285	$34,148
41	$1,343	($1,056)	$287	$34,386
42	$1,376	($1,088)	$288	$34,612
43	$1,410	($1,120)	$290	$34,825
44	$1,446	($1,154)	$292	$35,023
45	$1,482	($1,189)	$293	$35,207
46	$1,519	($1,224)	$295	$35,374
47	$1,557	($1,261)	$296	$35,524
48	$1,596	($1,299)	$297	$35,655
49	$1,636	($1,338)	$298	$35,767
50	$1,677	($1,378)	$299	$35,859
51	$1,719	($1,419)	$299	$35,929
52	$1,762	($1,462)	$300	$35,975
53	$1,806	($1,506)	$300	$35,998
54	$1,851	($1,551)	$300	$35,994
55	$1,897	($1,597)	$300	$35,964
Present Value in Calendar Year 0 @			8.0%	$287,000
Per Unit				$28,700

(2) Reflects total operating expenses of $3,885/unit/year for 10 units. See Table 6.

Prepared by: Keyser Marston Associates, Inc.
Filename: i: Irwindale\Las Casitas Pro Forma_v3_33433 Report;3/1/2011;rks

EXHIBIT "I"
LAS CASITAS II DDA
FUNDING SERVICES AGREEMENT

[To Be Inserted]

First American
Fund Control

First American Fund Control, Inc..
200 Commerce, Irvine CA. 92602
(866) 536-0178 FAX (866) 536-0177

ESCROW NO.:

FUND CONTROL AGREEMENT

THIS FUND CONTROL AGREEMENT (the "Agreement") is entered into and effective as of **March 17, 2011**, at Irvine, California by and between FIRST AMERICAN FUND CONTROL, INC., a California corporation ("FAFC"); (collectively, "Owner"); and ("Contractor"), on the basis of the following facts:

RECITALS

A. Owner and Contractor have entered into a contract for a construction Project (the "Project") on the real property commonly known as (the "Property"). FAFC is not a party to the construction contract and shall have no obligation or liability in connection therewith.

B. There shall be deposited, in a FAFC trust account, funds in the amount of $, all or a portion of which shall be provided by, ("Lender"). FAFC is not a party to any loan documents and shall have no obligation or liability in connection therewith.

C. Owner and Contractor wish to have FAFC make disbursements concerning the Project as provided in this Agreement.

AGREEMENT

IT IS HEREBY AGREED, on the basis of the foregoing facts and for valuable consideration as follows:

1. Escrow. FAFC shall establish a separate escrow account for the Project (the "Escrow"). All funds delivered to FAFC shall be deposited in FAFC's trust account and credited to the Escrow. All funds disbursed by FAFC shall be disbursed from a trust account and debited to the Escrow. FAFC shall maintain a record of deposits and disbursements regarding the Escrow. Escrow funds shall not bear interest.

2. Disbursement Procedures. FAFC is authorized and instructed, subject to available Escrow funds, to make disbursements in accordance with the provisions set forth below.

2.1 Project Cost Breakdown. Lender shall provide FAFC with a Project Cost Breakdown (the "Breakdown") setting forth the estimated costs for the Project by cost categories. The Breakdown may be revised only by notice to FAFC from the Lender. The Breakdown is solely for the purpose of assisting FAFC in maintaining its records. FAFC shall have no obligation in connection with the Breakdown.

2.2 Requests for Advances. From time to time (but not more than once per calendar week) Contractor shall provide FAFC with a Request for Advance which shall include (a) the amount of funds requested, (b) an allocation of the funds to the cost categories, (c) the name of each payee and (d) the amount to be disbursed to each payee. Contractor certifies to FAFC that all information included within a Request for Advance shall be true,accurate and not subject to qualification. FAFC is authorized to fully rely upon the foregoing certification; and FAFC shall not incur any liability resulting from such reliance.

2.3 FAFC Report. Following receipt of a Request for Advance, FAFC shall provide Lender with a computer-generated report (the "Report") summarizing (a) the Request for Advance and (b) past disbursements by cost category. If an Inspection Addendum is also executed for this Escrow and a job site inspection was performed for a Request for Advance, FAFC shall also provide an Inspection Report with the Report to the Lender. Lender has the final and sole authority to approve and instruct FAFC to disburse.

2.4 Transfer of Funds. Lender may choose to deposit all sums of funds at once or periodically ("Transferred Amount"). In a case where a Request for Advance Report is to be paid from previously received funds from Lender, FAFC must obtain a written approval from Lender before disbursing. Otherwise, upon Lender's approval of the Report, Lender shall transfer to FAFC's trust account all or a portion of the funds identified in the Report, the Transferred Amount. All funds received into FAFC's trust account shall be deposited in a trust interest-bearing account or certificate of deposit in any state or federal bank of FAFC's choosing. Escrow Holder, in its sole discretion, may at any time deposit the funds into its non-interest-bearing trust account, change the account or certificate of deposit, reinvest all or any portion of the funds, and change banks. All interest shall be paid to FAFC. In the event Lender imposes any conditions regarding the Transferred Amount, FAFC may withhold disbursement until the conditions are satisfied. Except as otherwise stated in writing by Lender to FAFC, the transfer of the Transferred Amount shall constitute Lender's approval of the Report and instructions and authorization to FAFC to disburse the Transferred Amount in accordance with this Agreement. Lender's approval shall also irrevocably and unconditionally constitute Owner's approval. In a case where a Request for Advance Report is paid from previously funded sums, Lender's written approval of the Report shall constitute Lender's instructions and authorizations to FAFC to disburse the Transferred Amount in accordance with this Agreement. Lender's approval shall also irrevocably and unconditionally constitute Owner's approval.

2.5 Vouchers. FAFC's form voucher ("Voucher") shall be used to request disbursements. The "Authorized Individuals" (identified at the end of the Agreement") are appointed and authorized by Owner and Contractor to sign and deliver Vouchers. Only the Authorized Individuals may sign Vouchers. The Authorized Individuals shall deliver signed Vouchers to FAFC with applicable (a) receipts, invoices or bills and (b) lien releases. FAFC is authorized to make disbursements pursuant to Vouchers. FAFC is authorized to conclusively presume that any voucher and/or accompanying documentation is given in full compliance with this Agreement and that all funds to be disbursed pursuant to the Voucher are for the purposes stated in the Voucher. FAFC shall incur no liability in making disbursements pursuant to the foregoing.

2.6 Disbursement by FAFC. Except as otherwise provided in this Agreement, upon FAFC's receipt of a signed Voucher, together with the documentation referred to in Section 2.5, FAFC shall disburse the amount set forth in the Voucher. Provided FAFC complies with this section, FAFC shall incur no liability to any person or entity for making or not making disbursements.

3. Limitation on Disbursements. FAFC shall not be obligated to make disbursements which exceed the balance of funds in the Escrow. The parties to this Agreement shall cooperate fully with FAFC, including delivery of such documents and information as FAFC may request. FAFC is authorized, but not obligated, to withhold any disbursement pending receipt of such documents and information.

4. FAFC Fees. FAFC shall receive, as compensation for its basic services under this Agreement, the sum of $, fully earned and payable in full upon (and at FAFC's election from) the deposit of the first Transferred Amount. FAFC is authorized and instructed to immediately disburse such compensation to itself.

4.1 Extraordinary Costs. In the event FAFC is required or requested to produce or duplicate documents; utilize messengers or delivery services other than first-class U.S. mail; provide testimony or take action in any court, arbitration or other proceeding, the parties to this Agreement shall, upon demand by FAFC, reimburse FAFC for all costs and expenses in connection therewith, including but not limited to, duplicating cost, mileage, messenger/delivery cost, and labor-personnel charges (at FAFC's then prevailing rate). If FAFC receives more than one Request for Advance during a calendar week (and FAFC elects to process the extra Requests), FAFC shall be entitled to $100 for each extra Request. Such amounts shall be in addition to the FAFC Fee and FAFC shall not be required to act until such reimbursement is made. FAFC is authorized to disburse such amounts to itself from funds in the Escrow.

5. Disputes. Should any controversy arise in connection with this Agreement, FAFC may withhold disbursements until the controversy is resolved by legal process or an agreement acceptable to FAFC. Prior to resolution of the controversy, FAFC may, but shall not be obligated to, (a) return the funds then held in the Escrow to the person who deposited the funds with FAFC, and/or (b) interplead the funds with the court. Upon either (a) or (b), FAFC shall be fully discharged and relieved from all liability in connection with such funds and shall be entitled to recover its costs and attorneys' fees in connection therewith.

6. FAFC's Obligations. The obligations of FAFC are limited solely to making disbursements pursuant to Section 2 of this Agreement. Without limiting the generality of the foregoing, FAFC shall not (a) be responsible for or guarantee that the Project shall be constructed in accordance with the Breakdown, any plans and specifications or any contract or agreement to which FAFC is not a party; (b) have any duty to inspect the Project or to verify the information and materials it receives; or (c) be responsible to determine that funds disbursed by FAFC are actually used as stated in the Requests for Advance or the Vouchers.

7. Lack of Activity. In the event there is no disbursement from the Escrow for a continuous period of ninety (90) days, FAFC may treat such inactivity as a controversy under Section 5 of this Agreement. In the event there is no disbursement from the Escrow for a continuous period of one year, FAFC may interplead any Escrow funds to the Court or escheat to the State of California under the laws of escheat, whichever is applicable.

8. Indemnity. The parties to this Agreement, jointly and severally, agree to hold FAFC harmless and to indemnify and defend FAFC from and against any and all claims, demands, liabilities and legal actions, including those of the undersigned, in connection with or allegedly in connection with this Agreement, the Escrow or the Project; and they further agree to pay FAFC's reasonable attorneys' fees and costs in connection therewith. FAFC is authorized to employ legal counsel of its choice.

9. Maintenance of Records. FAFC shall keep accurate records as to (a) amounts deposited in the Escrow; (b) amounts disbursed from the Escrow by cost categories; and (c) the undisbursed amount in each cost category (based upon the Breakdown). As required by California law, documents shall remain at FAFC's office and upon reasonable notice shall be available for inspection by Lender, Owner or Contractor. Upon not less than 48 hours notice to FAFC, Owner, Contractor or Lender may, through a bonded photocopying service, photocopy, at the requesting party's expense, documents which relate to this Agreement. In the event any photocopying is done by FAFC, the requesting party shall reimburse FAFC for the photocopying charges and labor charges relating thereto prior to delivery of the copies to the requesting party.

10. Amendments. This Agreement may only be amended, supplemented or modified by a written amendment executed by all parties hereto.

11. Attorneys' Fees. In any action between the parties regarding this Agreement, the Escrow or the Project, the prevailing party in that action shall be entitled to recover its reasonable costs and expenses, including reasonable attorneys' fees. All attorneys' fees incurred by FAFC in connection with this agreement, whether or not an action is filed, shall be immediately reimbursed from the funds in Escrow.

12. Interpretation. This Agreement shall be interpreted and construed in accordance with California law. Any action against FAFC involving this Agreement, shall be maintained in the appropriate court in Orange County, California.

13. No Third-Party Beneficiary. This Agreement is made and intended to be for the benefit of Owner, Contractor and FAFC only and is not intended to be for the benefit of anyone else, including Lender and those furnishing labor or materials.

14. Merger. This Agreement sets forth the full agreement between the parties regarding the Escrow and the obligations of FAFC. All prior agreements and understandings shall be deemed terminated and of no further force or effect.

15. Severability. In the event any provision of this Agreement should be determined by a court of competent jurisdiction as unenforceable or void under applicable law, that provision shall be deleted; but the remaining provisions of this Agreement shall remain in full force and effect.

16. Counterparts. This Agreement may be signed in multiple counterparts.

17. Captions. The Caption headings for the sections of this Agreement are for convenience only and shall not be considered to limit, expand or define the content of the sections.

18. Final Disbursement. FAFC may, but shall not be obligated to, disburse any final balance in the Escrow without following the provisions of Section 2. FAFC may condition the disbursement upon receipt of (a) an indemnity agreement in form and content approved by FAFC and signed by Lender, Owner and/or Contractor; and (b) FAFC's attorneys' fees incurred in connection therewith.

19. Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties to this Agreement and their respective successors and assigns.

20. Disclosure of Possible Benefits. As a result of FAFC maintaining its general escrow acco , special accounts and trust accounts with the depositories, FAFC may receive certain financial benefits such as an array of bank services, accommodations, interest income, loans or other business transactions from the depositories ("collateral benefits"). Except as may otherwise be designated in this Agreement, all collateral benefits shall accrue to the sole benefit of FAFC and FAFC shall have no obligation to account to any party to this Agreement for the value of any such collateral benefits.

IN WITNESS WHEREOF, the parties, individually or through their authorized representatives, have executed this Agreement as of the date of this Agreement. Each individual executing this Agreement warrants and represents that he or she has the power and authority to execute this Agreement on behalf of the party for whom the execution is made.

"Owner"

_____

_____

_____

_____

"FAFC"
FIRST AMERICAN FUND CONTROL, INC.
a California Corporation

By_____

"Contractor"

a_____

By_____
Its_____

This Escrow Company holds Department of Corporations Escrow License No. 963-0921

AUTHORIZED INDIVIDUALS

The "Authorized Individuals" are identified below. By signing this clause, the Authorized Individuals agree and represent and warrant to FAFC that they will sign Vouchers only for labor, materials, services, and expenses actually and properly incurred in the construction of the Project. The Authorized Individuals shall indemnify FAFC regarding any breach of the foregoing. Vouchers shall be signed as follows:

_____

_____

_____

_____

EXHIBIT "J"
LAS CASITAS II DDA
CERTIFICATE OF COMPLETION

[To Be Inserted]

FREE RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Irwindale Housing Authority
2175 Cherry Avenue
Irwindale, CA 90755
Attn: Executive Director

(Space Above This Line for Recorder's Office Use Only)

CERTIFICATE OF COMPLETION

WHEREAS, by an Disposition & Development Agreement ("Agreement") dated March 9, 2011, by and between the IRWINDALE HOUSING AUTHORITY ("Authority") and THE NORTHRIDGE GROUP INC., a California corporation ("Participant"), Participant has agreed to rehabilitate and expand a low-income senior apartment project commonly known as "Las Casitas" ("Project") on the Site (as such term is defined in the Agreement); and

WHEREAS, Authority has agreed to provide a certificate of completion upon completion of construction of the Project, which certificate shall be in such form as to permit it to be recorded in the Official Records of the County Clerk of the County of Los Angeles, California; and

WHEREAS, Participant has requested that Authority furnish Participant with the Certificate of Completion for the Site more particularly described on Exhibit "A" attached hereto and incorporated herein by reference; and

WHEREAS, such Certificate of Completion shall constitute a conclusive determination by Authority of the satisfactory completion by Participant of the construction required by the Agreement and of Participant's full compliance with the terms of the Agreement with respect to such construction; and

WHEREAS, Authority has conclusively determined that the construction on the Site required by the Agreement has been satisfactorily completed by Participant in full compliance with the terms of the Agreement.

NOW, THEREFORE,

1. The improvements required to be constructed have been satisfactorily completed in accordance with the provisions of said Agreement.

2. This certificate shall constitute a conclusive determination of satisfaction of the agreements and covenants contained in the Agreement solely with respect to the obligations of the Participant, and its successors and assigns, to construct the improvements and the dates for the beginning and completion thereof.

3. This Certificate shall not constitute evidence of Participant's compliance with the Lease/Regulatory Agreement (as such term is defined in the Agreement) or other provisions of the Agreement that do not relate to the construction requirements which shall continue to run with the land.

4. This Certificate is not a Notice of Completion as referred to in California Civil Code Section 3093.

5. Except as stated herein, nothing contained in this instrument shall modify in any way any provisions of the Agreement or any other provisions of the documents incorporated therein.

IN WITNESS WHEREOF, the Authority has executed this Certificate of Completion this _____ day of _____, _____.

IRWINDALE HOUSING AUTHORITY,
a public body corporate and politic

By _____
Executive Director

EXHIBIT "K"
LAS CASITAS II DDA
GUIDELINES

[To Be Inserted]

IRWINDALE HOUSING AUTHORITY

GUIDELINES, POLICIES AND PROCEDURES FOR SENIOR LOW/MODERATE INCOME HOUSING APARTMENT RENTAL PROGRAM

Adopted by the:

Irwindale Housing Authority

Approved:

GUIDELINES, POLICIES, AND PROCEDURES

SECTION 1. GENERAL

The Irwindale Housing Authority ("Authority") has a goal of providing a multi-family housing stock for Irwindale residents to replace existing substandard housing units and to create safe and sanitary rental opportunities for seniors.

SECTION 2. PROGRAM GUIDELINES, POLICIES AND PROCEDURES

A. Definitions

1. ***Applicant***

   A person/family submitting a formal application for consideration and determination of eligibility to rent an apartment hereunder.

2. ***Application Deadline***

   The Application Deadline shall be the date established by the Authority as the deadline for submitting Applications for each apartment unit that becomes available.

3. ***Conflict of Interest***

   Authority Board members and officers, or management level employees of the Authority are deemed to have a conflict of interest and may not participate in this program. Persons who exercise operational responsibilities relative to any financing pertaining to the apartment project are similarly deemed to have a conflict of interest.

4. ***Continuous Resident***

   A "Continuous Resident(s)" shall be placed in two (2) subcategories thereof: Those persons/families continuously residing in Irwindale since at least fifteen (15) year period immediately preceding the Application Deadline shall be identified as "Category A" Continuous Resident. Those persons/families continuously residing in Irwindale for at least thirty-six (36) months but establishing residence on or after fifteen (15) year period immediately preceding the Application Deadline shall be identified as "Category B" Continuous Resident.

5. ***Disabled Family***

   (a) Any person or his/her family member who has a disability or handicap recognized under the Americans with Disabilities Act of 1990, as amended, which includes:

   (i) a physical or mental impairment that substantially limits one or more of the major life activities of such individual;

   (ii) a record of such an impairment; or

(iii) being regarded as having such an impairment (42 U.S.C. §12102.)

(b) A handicap does not include current, illegal use of or addiction to a controlled substance. For purposes of this part, an individual shall not be considered to have a handicap solely because that individual is a transvestite. (24 C.F.R. § 100.201) As used in this definition:

(c) "Physical or mental impairment" includes:

(i) Any physiological disorder or condition, cosmetic disfigurement, or anatomical loss affecting one or more of the following body systems: Neurological; musculoskeletal; special sense organs; respiratory, including speech organs, cardiovascular; reproductive; digestive; genitourinary; hemic and lymphatic; skin; and endocrine; or

(ii) Any mental or psychological disorder, such as mental retardation, organic brain syndrome, emotional or mental illness, and specific learning disabilities. The term "physical or mental impairment" includes, but is not limited to, such diseases and conditions as orthopedic, visual, speech and hearing impairments, cerebral palsy, autism, epilepsy, muscular dystrophy, multiple sclerosis, cancer, heart disease, diabetes, Human Immunodeficiency Virus infection, mental retardation, emotional illness, drug addiction (other than addiction caused by current, illegal use of a controlled substance) and alcoholism.

(d) "Major life activities" means functions such as caring for one's self, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning and working.

(e) "Has a record of such an impairment" means has a history of, or has been misclassified as having, a mental or physical impairment that substantially limits one or more major life activities.

(f) "Is regarded as having an impairment" means:

(i) Has a physical or mental impairment that does not substantially limit one or more major life activities but that is treated by another person as constituting such a limitation;

(ii) Has a physical or mental impairment that substantially limits one or more major life activities only as a result of the attitudes of other toward such impairment; or

(iii) Has none of the impairments defined in paragraph (i) of this definition but is treated by another person as having such an impairment.

Medical certification of a disability or handicap is required from persons claiming disability who are not recipients of benefits under either 42 U.S.C. § 423 (Social Security Act) or § 102 (b) (5) of the Development Services and Facilities Construction Amendments of 1970. The laws and regulations cited in this Section may be amended from time to time by the appropriate governmental authority. Any such amendments that modify the definitions contained herein shall be automatically incorporated without formal action by the Authority.

6. ***Former Resident***

Persons who previously resided within Irwindale for at least thirty-six (36) consecutive months within the fifteen (15) year period immediately preceding the Application Deadline, but who do not currently reside in Irwindale, shall be considered to be Former Residents.

7. ***Handicapped Person***

A person having a disability or handicap, which (a) is expected to be of long continued and indefinite duration, (b) substantially impedes the person's ability to live independently, and (c) is of such a nature that such ability could not be improved by more suitable housing. Any member of a family who is handicapped qualifies that family as a Disabled Family. (See: ***"Disabled Family"***.)

8. ***Immediate Family Member***

Parents, grandparents, siblings, or children of Continuous Residents are considered to be Immediate Family Members.

9. ***Income Qualification Criteria***

Extremely low, very low, low and moderate income qualification criteria shall be as set forth in Exhibit "A" hereto, which may be amended from time to time without formal action by the Authority or CRA to be consistent with state laws and regulations (Subchapter 2 of Chapter 6.5 of Division 1 of Title 25, California Code of Regulations; see also: California Health and Safety Code §§ 50106, 50105, 50079.5 and 50093.)

10. ***Interrupted Resident***

Any person (or family) who resided in Irwindale for at least thirty-six (36) consecutive months within the fifteen (15) year period immediately preceding the Application Deadline, moved away for a period of time, but has reestablished a bona fide residence within the City limits of Irwindale for at least one year prior to the Application Deadline shall be considered to be an Interrupted Resident.

11. ***Non-resident***

Any person (or family) who is not now and has not been a resident of Irwindale for at least thirty-six (36) consecutive months within the

fifteen (15) year period immediately preceding the Application Deadline.

12. ***Renter***

An applicant successfully completing the application process and renting an apartment hereunder.

13. ***Senior***

A Senior is a person who is at least sixty-two (62) years of age or older.

14. ***Shared Renter***

Persons sharing rental accommodations with unrelated persons.

15. ***Veteran***

Any person who has been honorably discharged from one of the military services of the United States shall be considered a Veteran.

B. <u>Eligibility Criteria</u>

Since the Senior Apartment Rental Program is an apartment rental program, there are two (2) primary criteria which must be met to determine eligibility:

1. Income eligibility under § 2.A.9, above.
2. Be a Senior as specified in § 2.A.12, above.

C. <u>Priorities</u>

Eligible applications from persons/families meeting basic income (extremely low, very low, low or moderate income) criteria, shall be processed based upon the following priority schedule and the application procedures in Section 2.D:

1. **First Priority Criteria:**

(a) Extremely low income persons/family – nine (9) apartment units **[subject to modification]**

(b) Very low income persons/family – six (6) apartment units **[subject to modification]**

(c) Low income persons/families – five (5) apartment units **[subject to modification]**

(d) Moderate income persons/families – five (5) apartment units **[subject to modification]**

A primary goal of the Authority is to create, to the extent feasible, sufficient new rental units to meet the projected needs of Irwindale Seniors. Accordingly, and notwithstanding the initial allocations established in § 2.C.1, above, pertaining to the number of units allocated among the income categories, the Authority reserves the right to reallocate the final

number of units specified for each income category, if deemed necessary and appropriate, to meet the quantified needs of Irwindale Seniors.

2. **Second Priority Criteria:**

(a)	Disabled Family	Priority 1
(b)	Veteran	Priority 2
(c)	None of the above	Priority 3

3. **Third Priority Criteria**

(a) Shared Renter for longer than one (1) year prior to Application - Priority 1.

(b) Shared Renter for less than (1) year prior to Application – Priority 2.

(c) Persons residing in rental accommodations (single/married) for longer than one (1) year prior to Application – Priority 3.

(d) Persons residing in rental accommodations (single/married) for less than one (1) year prior to Application – Priority 4.

(e) Persons owning residence or other residential real property – Priority 5.

4. **Final Priority Criteria**

(a) Category A Continuous Irwindale Resident - Priority 1

(b) Category B Continuous Resident – Priority 2

(c) Interrupted Resident – Priority 3

(d) Former Resident – Priority 4

(e) Immediate Family Member – Priority 5

(f) None of the above – Priority 6

D. <u>Application Procedure</u>

1. **Applications**

(a) Upon commencement of the application process, interested persons will be required to complete and sign an Application. As a material part of the Application, interested persons will be required to execute an authorization and waiver form for release of information from persons, firms, public entities and others who may retain data necessary for a complete analysis of the Application. Data needed will include name, address, telephone number, family composition and ages, declaration of income and assets, declaration of outstanding financial obligations, veteran status, declaration of physical status (with appropriate medical confirmation), declaration of home ownership status. (See: § 2.D.1(i).).

Appropriate assistance in completing the Application will be provided to interested persons, if requested.

(b) Applications shall be submitted for review and screening.

(c) Applications will then be assigned to the appropriate First Priority classification under § 2.C.1.

(d) Within each primary eligibility classification (or priority), the Applications will be further prioritized according to the Second Priority Criteria set forth in § 2.C.2, above.

(e) Applications will be further prioritized with each category by the Third Priority Criteria set forth in § 2.C.3, above.

(f) Applications will be finally prioritized within each classification by the Final Eligibility Criteria set forth in § 2.C.4

(g) Within the numerical allotments provided by the First Eligibility Criteria (§ 2.C.1), the final order of priority will be established by adding the numerical priority rating assigned to each Application. The Applications will be ranked, in order of descending priority, with the smallest total number assigned being the highest priority. For example, an Applicant who is a Displaced Person (Priority 1), Shared Renter (Priority 1) and a Continuous Resident (Priority 1) will have a total Priority Rating of 3 and would be ranked higher than a person who is a "none of the above" (Priority 4), Property Owner (Priority 5) and an Immediate Family Member (Priority 5) with a total Priority Rating of 13.

(h) In the event a tie occurs between two (2) or more Applicants, the total Priority Rating rank order will be assigned by a random blind drawing conducted by the Executive Director.

(i) The Authority staff will verify the following data:

(i) name and address

(ii) residence requirement

(iii) employment

(iv) income

(v) existing equity/assets (if applicable)

(vi) credit history

(vii) property ownership

(i) Documentation necessary to verify income, age, handicap (disability), and residency requirements shall be submitted with application documents and may include, but is not limited to: birth certificates, current pay check stubs, income tax returns, employment/salary verification, bank statements for all checking

and/or savings accounts, telephone records and utility records, hospital admittance records, medical care records, and records of educational institutions and public agencies as the same are relevant to matters pertaining to verification of information submitted.

(j) All data submitted shall be verified as true and correct under penalty of perjury of the laws of the State of California. Failure to so verify shall result in application rejection.

(k) Ineligible Applicants shall be notified, in writing, with a statement indicating why the Applicant has been denied and advising the Applicant of his or her right to appeal the determination in writing within ten (10) days of the letter of denial. Appeals will be heard by the Authority Board and the Authority Board's determination shall be final.

(l) Eligible Applicants shall be mailed the necessary rental agreement documents to begin processing the rental application. The Authority will provide such assistance as may be necessary to ensure timely and complete submissions.

2. **Insufficient Eligible Applications**

(a) If there are insufficient eligible Applicants during the first thirty (30) days of the Application Deadline, the Board may authorize additional time for further applications which will be processed in accordance with the procedures set forth in § 2.D.1, above.

(b) Priority for Applicants shall be strictly maintained in accordance with the application period during which submittal occurred. Additional Applicants authorized by the Board after the first thirty (30) days shall not be included with the first group of Applicants.

(c) Once rental agreement documents have been approved, then a move-in date will be established.

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Irwindale Housing Authority
5050 N. Irwindale Ave.
Irwindale, CA 91706

Attn: Executive Director

(Space Above This Line for Recorder's Office Use Only)

REGULATORY AGREEMENT AND DECLARATION OF COVENANTS AND RESTRICTIONS

THIS REGULATORY AGREEMENT AND DECLARATION OF COVENANTS AND RESTRICTIONS ("**Agreement**") is made and entered into this 23RD day of MARCH, 2011, by and between the IRWINDALE HOUSING AUTHORITY, a public body, corporate and politic ("**Authority**"), and THE NORTHRIDGE GROUP INC., a California corporation ("**Participant**").

R E C I T A L S :

A. Pursuant to a Disposition and Development Agreement between and among the Irwindale Community Redevelopment Agency ("**Agency**"), Participant and the Authority dated MARCH 23, 2011 (the "**DDA**"), Agency/Authority agreed to provide to Participant financial assistance (the "**Agency Assistance**") in the form of (i) a guarantee of minimum rent rates, with possible rent subsidies from the Authority, and (ii) a forgivable loan in an amount not-to-exceed One Million, Seven-Hundred and Eighty-Seven Thousand, Five Hundred Dollars ($1,787,500.00) to be used toward low/moderate income housing, and (iii) a rent write-down in favor of Participant in that the rental amount to be paid by Participant is less than the fair market rental value of the Site. In addition, the DDA provided for certain payments by the Authority to the Participant for the purposes of (i) settling a certain dispute of funds, and (ii) paying for a variety of unanticipated improvements and services; these additional amounts totaled a payment of $310,000 to the Participant (the "**Miscellaneous Payments**"). The Miscellaneous Payments and the Agency Assistance are provided to Participant all for the purpose of assisting Participant with the leasing and development of the Senior affordable apartment complex commonly known as "**Las Casitas**". Such development consists of the expansion of an existing 16-unit Senior apartment complex into a total of 26 residential rental units that, with the exception of one unrestricted manager's unit, will be available solely for rents affordable to Extremely Low, Very Low, Low, and Moderate Income Senior households for the next 55 years (the "**Project**").

B. The Las Casitas Senior housing Project consists of two separate parcels:

(i) The parcel underlying the first phase of the Las Casitas project is located at 5164 Ayon Street, Irwindale, California, bearing Los Angeles County APN #8417-029-919 ("**Parcel I**"), which Parcel I is legally described and depicted in Exhibit "A" hereto. Parcel I consists of approximately .77 acres. Parcel I has been, and currently is, occupied by Senior Citizen tenants (the "**Preexisting Tenants**").

3

(ii) The parcel underlying the second phase of the Las Casitas project is located directly adjacent to Parcel I at 16140 Arrow Highway, Irwindale, California, bearing Los Angeles County APN #8417-029-917 ("**Parcel II**"), which Parcel II is legally described and depicted in Exhibit "B" hereto. Parcel II consists of approximately .21 acres.

C. Parcel I and Parcel II are collectively referred to as the "**Site**" in this Agreement. In order to consolidate Parcel I and Parcel II into a single Site, the Authority has undertaken the processing of a lot line adjustment pursuant to Chapter 16.22 of the Irwindale Municipal Code. A legal description of the entire Site as merged through the Parcel Merger is attached hereto as Exhibit "C". The Site is owned by the Authority in fee. Participant's occupation of the Site for purposes of Project construction, operation and management shall be undertaken pursuant to the lease provisions contained in Article B of this Agreement. Therefore, this Agreement serves as both the lease agreement between Participant and Authority for Participant's occupation of the Site and as the low-income housing regulatory agreement required by the DDA.

D. That portion of Agency Assistance consisting of a forgivable loan provided to Participant is to be used by Participant solely for Project construction. Payment of Agency Assistance shall be (or was) disbursed to Participant commensurate with Project construction progress. Therefore, pursuant to the DDA, Participant has agreed to develop, construct, and maintain a rental apartment housing project consisting of a maximum of twenty-six (26) total residential units (including one (1) Qualified Manager's unit) on the Site. The Project is also referred to in the DDA as the "Project." The Project will provide the following number of income-restricted units ("**Restricted Units**") by income category:

(i) Up to nine (9) of the Restricted Units shall be restricted rental to Extremely Low Income Senior households.

(ii) Up to six (6) of the Restricted Units shall be restricted rental to Very Low Income Senior households.

(iii) Up to five (5) of the Restricted Units shall be restricted to Low Income Senior households.

(iv) Up to five (5) of the Restricted Units shall be restricted to Moderate Income Senior households.

(v) Only one (1) unit will be income unrestricted as the unit reserved for the Qualified Manager (the "Manager Unit").

E. The Agency, Authority and/or the City of Irwindale ("**City**") have fee or easement interests in various streets, sidewalks and other property within the City and are responsible for the planning and development of land within the City in such a manner so as to provide for the health, safety and welfare of the residents of the City. That portion of the Agency's, Authority's and City's interest in real property most directly benefitted by this Agreement is depicted in Exhibit "D" attached hereto and incorporated herein by reference ("**Public Parcels**").

F. Authority and Participant now desire to place restrictions upon the use and operation of the Project and Site in order to ensure that the Project and Site shall be operated continuously as a rental apartment housing project available for rental by Extremely Low, Very Low, Low and Moderate Income Senior persons for the 55-year term of this Agreement.

G. It is the intent of the parties that this Agreement shall be recorded in Office of the County Recorder for the County of Los Angeles concurrent with, or shortly after, this Agreement has been signed by the Participant. This Agreement (i) runs with the land, and (ii) shall be binding on the Participant and its successors in interest in the Site for so long as this Agreement shall remain in effect, and (iii) provides for the proper maintenance of the Site and resale restrictions guaranteeing that the Project will be preserved as residential rental units available for rents affordable to Extremely Low, Very Low, Low and Moderate Income Senior households for the period of 55 years.

AGREEMENT:

NOW, THEREFORE, the Participant, Authority, and Agency declare, covenant and agree, by and for themselves, their heirs, executors, administrators and assigns, and all persons claiming under or through them, that the Site shall be held, transferred, encumbered, used, sold, conveyed, leased and occupied, subject to the covenants and restrictions hereinafter set forth, all of which are declared to be in furtherance of a common plan for the improvement and sale of the Site, and are established expressly and exclusively for the use and benefit of the Agency, the Authority, the citizens of the City of Irwindale, and every person renting a dwelling unit on the Site.

A. DEFINITIONS.

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

1. Affordable Rent. The term "Affordable Rent" shall refer to, collectively, a rental level that is appropriate to a specified category of household income. For purposes of this Agreement, the term "Affordable Rent" or "affordable" with respect to each household income category shall means as follows:

a. *Affordable Moderate Income Rent.* For those Restricted Units designated for moderate income households, rent shall not annually exceed the maximum percentage of income that can be devoted to rent as set forth by Health & Safety Code Section 50053, or its successor, which is currently Thirty Percent (30%) of One Hundred and Ten Percent (110%) of the Los Angeles County median income adjusted for the family size appropriate for the unit (or, it shall be optional for the Authority to require that moderate affordable rent be established at a level not to exceed 30 percent of gross income of the household).

b. *Affordable Low Income Rent.* For those Restricted Units designated for low income households, rent shall not annually exceed the maximum percentage of income that can be devoted to rent as set forth by Health & Safety Code Section 50053, or its

successor, which is currently Thirty Percent (30%) of Sixty Percent (60%) of the Los Angeles County median income adjusted for the family size appropriate for the unit.

c. *Affordable Very Low Income Rent.* For those Restricted Units designated for very low income households, rent shall not annually exceed the maximum percentage of income that can be devoted to rent as set forth by Health & Safety Code Section 50053, or its successor, which is currently Thirty Percent (30%) of Fifty Percent (50%) of the Los Angeles County median income adjusted for the family size appropriate for the unit.

d. *Affordable Extremely Low Income Rent.* For those Restricted Units designated for extremely low income households, rent shall not annually exceed the maximum percentage of income that can be devoted to rent as set forth by Health & Safety Code Section 50053, or its successor, which is currently Thirty Percent (30%) of Thirty Percent (30%) of the Los Angeles County median income adjusted for the family size appropriate for the unit.

For all income categories, the calculation of "Affordable Rent" shall include a reasonable allowance (or deduction) for utilities and any service charges or fees that Qualified Households are required to pay. Such allowance for service charges and utilities shall be adjusted for household size and the types of utilities available. The Authority shall have the unilateral right, at its election, to require Participant to use up-to-date utility allowance schedules published by the Los Angeles County Housing Authority.

2. Annual Adjustment. The term "Annual Adjustment" shall mean that 2.5% annual increase in rent chargeable to tenants pursuant to Section D.7 hereof.

3. Extremely Low Income. The terms "Extremely Low" or "Extremely Low Income" shall refer to a household whose annual household income does not exceed Thirty Percent (30%) of the Los Angeles County Median Income for, adjusted for applicable household size, as computed in accordance with the Community Redevelopment Law and the regulations promulgated pursuant thereto or incorporated therein, including, without limitation, all regulations promulgated pursuant to Health and Safety Code § 50093, or any successor statute.

4. Los Angeles County Median Income. The term "Los Angeles County Median Income" shall be determined by reference to the regulations published by the California Department of Housing and Community Development pursuant to Health and Safety Code Section 50093, or its successor.

5. Low Income Tenant. The terms "Low" or "Low Income" shall refer to a household whose annual household income does not exceed Sixty Percent (60%) of the Los Angeles County Median Income for, adjusted for applicable household size, as computed in accordance with the Community Redevelopment Law and the regulations promulgated pursuant thereto or incorporated therein, including, without limitation, all regulations promulgated pursuant to Health and Safety Code § 50093, or any successor statute.

6. Manager's Unit. The term "Manager's Unit" shall mean the one (1) unit on the Site that shall be designated by Participant as a residence for a "Qualified Manager." The Manager's Unit shall not be an income-restricted Unit.

6

7. Moderate Income Tenant. The terms "Moderate" or "Moderate Income" shall refer to a household whose annual household income does not exceed One Hundred Ten Percent (110%) of the Los Angeles County Median Income for, adjusted for applicable household size, as computed in accordance with the Community Redevelopment Law and the regulations promulgated pursuant thereto or incorporated therein, including, without limitation, all regulations promulgated pursuant to Health and Safety Code § 50093, or any successor statute.

8. Nonconforming Tenant. The term "Nonconforming Tenant" shall mean any of the following: (i) a tenant in a Restricted Unit who qualified as a Qualified Household upon initial occupation of a Restricted Unit, but whose household income subsequently increased such that the household income levels exceed the income restrictions under which the Restricted Unit was initially occupied, or (ii) a Preexisting Tenant who does not qualify as a Qualified Household.

9. Permitted Health Care Resident. As used in this Agreement, the term "Permitted Health Care Resident" shall have the meaning ascribed by Section 51.3(b)(7) of the California Civil Code, as may be amended. Section 51.3(b)(7) currently and substantially provides that a Permitted Health Care Resident is a person who is hired to provide live-in, long-term, or terminal health care to a qualifying resident, or a family member of the qualifying resident providing that care. A Permitted Health Care Resident must be substantial in nature and must provide either assistance with necessary daily activities or medical treatment, or both.

10. Preexisting Tenants. The term "Preexisting Tenants" shall refer to those tenants who were, and are, already occupying Restricted Units upon Parcel I prior to the start of the 55-Year Affordability Period.

11. Qualified Manager. The term "Qualified Manager" shall mean the resident Qualified Manager selected and retained by Participant pursuant to this Agreement. The Qualified Manager shall reside in the "Manager's Unit" designated by Participant. The Manager's Unit shall be restricted to occupancy by the Qualified Manager and his/her household, but shall not be subject to any income restrictions.

12. Qualified Permanent Resident. The term "Qualified Permanent Resident" shall have the meaning ascribed in California Civil Code Section 51.3(b)(2), as may be amended. Section 51.3(b)(2) currently provides that a Qualifying Permanent Resident is a person who meets all of the following requirements:

a. Was residing with the Senior Citizen prior to the death, hospitalization, or other prolonged absence of, or the dissolution of marriage with, the Senior Citizen;

b. Was 45 years of age or older, or was a spouse, cohabitant, or person providing primary physical or economic support to the Senior Citizen; and

c. A disabled person or person with a disabling illness or injury who is a child or grandchild of the Senior Citizen or a Qualified Permanent Resident who needs to live with the Senior Citizen or Qualified Permanent Resident because of the disabling condition, illness, or injury. For purposes of this section, "disabled" means a person who has a disability as defined in subdivision (b) of Civil Code Section 54. A "disabling injury or illness" means an

illness or injury which results in a condition meeting the definition of disability set forth in Civil Code Section 54(b).

d. Has an ownership interest in, or is in expectation of an ownership interest in, the Unit.

13. Qualified Household. The term "Qualified Household" shall refer to individuals or households meeting all of the following criteria:

a. At least one of the residents in the household is a Senior Citizen occupying the Unit as a primary permanent residence; and

b. Every member of the household who is not a Senior Citizen must be a Qualified Permanent Resident, or a Permitted Health Care Resident, or a person otherwise entitled to occupy a Restricted Unit pursuant to the requirements of the Unruh Civil Rights Act as stated in Section D.2 of this Agreement; and

c. The household as a whole qualifies as either an Extremely Low, Very Low, Low, or Moderate Income Tenant.

14. Reserve Fund. The term "Reserve Fund" shall mean that separately-held, non-comingled account to be established by the Participant and held solely for the purposes of Project maintenance, refurbishment, cleaning, etc. The Participant shall place at least $9,000 into the Reserve Fund each year. This amount is reflected in the Financial Analysis attached hereto as Exhibit "E" (the Reserve Fund is denominated as the "Replacement Reserves" in the Financial Analysis).

15. Qualified Manager. The term "Qualified Manager" shall refer to that individual (or those individuals) who may reside in the Project, employed by the Qualified Manager, and who are responsible for day-to-day management of the Project and its Restricted Units.

16. Restricted Unit. The term "Restricted Unit" shall refer to any of the Units reserved for Qualified Households. The Unit for the Qualified Manager shall not be restricted.

17. Senior Citizen. The terms "Senior" or "Senior Citizen" shall mean a person sixty-two (62) years of age or older, as defined in California Civil Code Section 51.3(b)(4).

18. Unit. The term "unit" shall refer to any of the up to twenty-six (26) residential rental units in the Project.

19. Very Low Income Tenant. The terms "Very Low" or "Very Low Income" shall refer to a household whose annual household income does not exceed Fifty Percent (50%) of the Los Angeles County Median Income for, adjusted for applicable household size, as computed in accordance with the Community Redevelopment Law and the regulations promulgated pursuant thereto or incorporated therein, including, without limitation, all regulations promulgated pursuant to Health and Safety Code § 50093, or any successor statute.

20. 55-Year Affordability Period. The term "55-Year Affordability Period" shall mean the length of time (i.e., 55 years) for which Participant must hold the Restricted Units at an Affordable Rent under the terms of this Agreement. The 55-Year Affordability Period shall commence upon the later of either (i) December 1, 2011, or (ii) the opening of Phase II units as available for rent.

B. LEASEHOLD CONVEYANCE OF SITE TO PARTICIPANT.

1. Lease & Use of Site. In order to consolidate Parcel I and Parcel II into a single Site, the Authority has undertaken a lot line adjustment pursuant to Chapter 16.22 of the Irwindale Municipal Code. The result is that consolidated Site legally described in Exhibit "C". Authority hereby leases to Participant, and Participant hereby rents from Authority, all of the Site, including non-exclusive use of all common areas, as specifically described in Exhibit "C" and incorporated herein by this reference. This lease of the Site is made to Participant solely for the purpose of facilitating the Project and maintaining the Site as the "Las Casitas" Senior apartment complex with Units available solely for rents affordable to Extremely Low, Very Low, Low, and Moderate Income Senior households for the duration of the 55-Year Affordability Period. Participant's rights of tenancy are strictly subject to the covenants and terms contained throughout this Agreement and any default of such covenants shall be deemed a default of Participant's tenancy.

2. Term of Tenancy. The "**Commencement of Tenancy**" shall be that date on which all parties execute fully this Agreement. Such Commencement of Tenancy has been accomplished pursuant to the procedures set forth in Section 503 of the DDA. Upon the Commencement of Tenancy, Participant shall take possession of the Site in accordance with the terms and intent of this Agreement. Participant's tenancy in the Site shall expire at the same time as the expiration of the 55-Year Affordability Period.

3. Termination/Replacement of Old Lease and Restrictions.

a. *Historical Background:* The Authority has been the fee owner of Parcel I since 1995. On May 1, 1995, the Authority entered into a lease with Participant (the "**Old Lease**"). The Old Lease required Participant to construct the sixteen Phase I units as low income senior apartment units, which construction was completed in 1996. Under the Old Lease, Participant was designated as the acting manager and operator of the Phase I apartment units for a period of thirty (30) years. The Old Lease also required all Phase I units to remain restricted to low income, senior only residents for a period of thirty (30) years (the "**30-Year Restrictions**").

b. *Termination of Old Lease & Restrictions.* The parties agree to now terminate the Old Lease, terminate the 30-Year Restrictions, and effect this Agreement in their stead. To this end, upon the Commencement of Tenancy, the Old Lease and 30-Year Restrictions shall be terminated with no further force or effect and replaced with this new Agreement.

4. Rent. The rights of tenancy granted to Participant in this Article B are entered into for good and valuable consideration for the period commencing on the Commencement of

Tenancy and ending on the expiration of the 55-Year Affordability Period. Participant shall pay to Authority as and for consideration the yearly rental amount of one dollar ($1.00).

5. Utilities. The Authority shall not be responsible for the payment of any utilities serving the Site other than waste hauling and recycling services. The Authority shall pay all costs for the Site's waste hauling and recycling services. Participant shall either bear the costs of all other utilities (including but not limited to gas, electricity, heat, power, sewer, water, telephone, all associated connection charges, and all similar utility bills taxed, levied, or charged upon the Site) and/or Participant shall ensure that such utilities are separately billed to each Unit for payment by the tenant. Without limiting the generality of the foregoing, Participant shall pay all charges for utilities and services furnished to the Site during the term hereof.

6. Taxes. Participant shall be solely responsible for the real estate taxes that are assessed against the Site or arise because of the occupancy, use, or possession of the Site subsequent to the Commencement of Tenancy, and all installments of assessments that are due during the term of this Agreement as required by law. Participant shall pay such real estate assessments to the public authorities charged with their collection on or before the last day on which payment may be made without penalty or interest.

7. Condition of Site.

a. *Exercise of Feasibility Period.* Pursuant to Section 502 of the DDA, Participant acknowledges that prior to the Commencement of Tenancy, Participant had a sufficient and reasonable period of time from and after entering into the DDA in order to perform its due diligence investigations of the Site (the "**Feasibility Period**") to determine whether (i) the physical condition of Parcel II (e.g., environmental, geotechnical analyses) is suitable for Participant's intended use, (ii) all title and survey matters are acceptable, and (iii) Participant will be able to obtain all necessary approvals, permits and/or consents Participant determines is necessary for the Project. Participant further acknowledges that it has had the opportunity to review matters of title pertaining to the Site to its satisfaction during the Feasibility Period. Participant hereby represents and warrants that it is satisfied with the condition of the Site for all purposes of this Agreement.

b. *AS-IS Condition.* Now, therefore, Participant accepts, acknowledges and agrees that the Site is to be leased to, and accepted by Participant, in an "AS-IS" condition with all faults. Participant has investigated and has knowledge of operative or proposed governmental laws and regulations (including, but not limited to, zoning, environmental and land use laws and regulations) to which the Site is or may be subject and accepts the Site solely upon the basis of its review and determination of the applicability and effect of such laws and regulations. Participant acknowledges that it is entering into this Agreement on the basis of Participant's own investigation of the physical and environmental conditions of the Site, including subsurface conditions, and Participant assumes the risk that adverse physical and environmental conditions may not have been revealed by its own investigation.

c. *Disclaimer of Representations.* Upon taking the tenancy provided by this Agreement, Participant shall be solely responsible for any defects in the Site, whether patent or latent, including, without limitation, the physical, environmental and geotechnical condition of

the Site, and the existence of any contamination, Hazardous Materials (as hereinafter defined), vaults, debris, pipelines, or other structures located on, under or about the Site, and Authority/Agency make no other representation or warranty concerning the physical, environmental, geotechnical or other condition of the Site, the suitability of the Site for the Project, or the present use of the Site, and Participant specifically disclaims all representations or warranties of any nature concerning the Site made by it, the City, Agency, Authority and their respective employees, agents and representatives except as otherwise provided in this Agreement or the DDA. The foregoing disclaimer includes, without limitation, topography, climate, air, water rights, utilities, soil, subsoil, existence of Hazardous Materials or similar substances, the purpose for which the Site is suited, or drainage. Authority/Agency make no representation or warranty concerning the compaction of soil upon the Site, nor of the suitability of the soil for construction.

d. *Hazardous Materials.* Participant understands and agrees that in the event it incurs any loss or liability concerning Hazardous Materials (as hereinafter defined) and/or oil wells and/or underground storage tanks and/or pipelines whether attributable to events occurring prior to or following the Commencement of Tenancy, then Participant may look to current or prior owners of the Site, but under no circumstances shall Participant look to Authority, Agency or the City for any liability or indemnification regarding Hazardous Materials and/or oil wells and/or underground storage tanks and/or pipelines. Participant, and each of the entities constituting Participant, if any, hereby waives, releases, remises, acquits and forever discharges and its officers, employees, and agents of and from any and all Environmental Claims, Environmental Cleanup Liability and Environmental Compliance Costs, as those terms are defined below, and from any and all actions, suits, legal or administrative orders or proceedings, demands, actual damages, punitive damages, loss, costs, liabilities and expenses, which concern or in any way relate to the physical or environmental conditions of the Site, the existence of any Hazardous Material thereon, or the release or threatened release of Hazardous Materials therefrom, whether existing prior to, at or after the Commencement of Tenancy. It is the intention of the Parties pursuant to this release that any and all responsibilities and obligations of Authority, Agency or the City and any and all rights, claims, rights of action, causes of action, demands or legal rights of any kind of Participant, its successors, assigns or any affiliated entity of Participant, arising by virtue of the physical or environmental condition of the Site, the existence of any Hazardous Materials thereon, or any release or threatened release of Hazardous Material therefrom, are by this release provision declared null and void and of no present or future force and effect as to the Parties. In connection therewith, Participant and each of the entities constituting Participant, expressly agree to waive any and all rights which said Party may have under 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 favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

PARTICIPANT'S INITIALS: _____ AUTHORITY'S INITIALS: _____

e. *Indemnity.* Participant shall indemnify and hold harmless City, Agency, Authority and their officers, employees, agents and representatives (collectively, the

"**Indemnified Parties**") from and against any and all Environmental Claims, Environmental Cleanup Liability, Environmental Compliance Costs, and any other claims, actions, suits, legal or administrative orders or proceedings, demands or other liabilities resulting at any time from the release or threatened release of any Hazardous Materials of any kind whatsoever, in, on or under the Site at any time during or after the Commencement of Tenancy and whether arising due to construction or thereafter, due to Project operations, and including, but not limited to, all foreseeable and unforeseeable damages, fees, costs, losses and expenses, including any and all attorneys' fees and environmental consultant fees and investigation costs and expenses, directly or indirectly arising therefrom, and including fines and penalties of any nature whatsoever, assessed, levied or asserted against any Indemnified Parties to the extent that the fines and/or penalties are the result of a violation or an alleged violation of any Environmental Law. Participant further agrees that in the event it obtains, from former or present owners of the Site or any other persons or entities, releases from liability, indemnities, or other forms of hold harmless relating to the subject matter of this section, Participant shall use its diligent efforts to obtain for Authority the same releases, indemnities and other comparable provisions.

f. *Definitions*. For purposes of this Section B.7, the following terms shall have the following meanings.

i. "Environmental Claim" means any claim for personal injury, death and/or property damage made, asserted or prosecuted by or on behalf of any third Party, including, without limitation, any governmental entity, relating to the Site or its operations and arising or alleged to arise under any Environmental Law.

ii. "Environmental Cleanup Liability" means any cost or expense of any nature whatsoever incurred to contain, remove, remedy, clean up, or abate any contamination or any Hazardous Materials on or under all or any part of the Site, including the ground water thereunder, including, without limitation, (i) any direct costs or expenses for investigation, study, assessment, legal representation, cost recovery by governmental agencies, or ongoing monitoring in connection therewith and (ii) any cost, expense, loss or damage incurred with respect to the Site or its operation as a result of actions or measures necessary to implement or effectuate any such containment, removal, remediation, treatment, cleanup or abatement.

iii. "Environmental Compliance Cost" means any cost or expense of any nature whatsoever necessary to enable the Site to comply with all applicable Environmental Laws in effect. "Environmental Compliance Cost" shall include all costs necessary to demonstrate that the Site are capable of such compliance.

iv. "Environmental Law" means any federal, state or local statute, ordinance, rule, regulation, order, consent decree, judgment or common-law doctrine, and provisions and conditions of permits, licenses and other operating authorizations relating to (i) pollution or

12

protection of the environment, including natural resources, (ii) exposure of persons, including employees, to Hazardous Materials or other products, raw materials, chemicals or other substances, (iii) protection of the public health or welfare from the effects of by-products, wastes, emissions, discharges or releases of chemical substances from industrial or commercial activities, or (iv) regulation of the manufacture, use or introduction into commerce of chemical substances, including, without limitation, their manufacture, formulation, labeling, distribution, transportation, handling, storage and disposal.

v. "Hazardous Material" is defined to include any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California, or the United States Government. The term "Hazardous Material" includes, without limitation, any material or substance which is: (i) petroleum or oil or gas or any direct or derivate product or byproduct thereof; (ii) 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); (iii) 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); (iv) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Sections 25501(j) and (k) and 25501.1 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory); (v) 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); (vi) "used oil" as defined under Section 25250.1 of the California Health and Safety Code; (vii) asbestos; (viii) listed under Chapter 11 of Division 4.5 of Title 22 of the California Code of Regulations, or defined as hazardous or extremely hazardous pursuant to Chapter 10 of Division 4.5 of Title 22 of the California Code of Regulations; (ix) defined as waste or a hazardous substance pursuant to the Porter-Cologne Act, Section 13050 of the California Water Code; (x) designated as a "toxic pollutant" pursuant to the Federal Water Pollution Control Act, 33 U.S.C. Section 1317; (xi) defined as a "hazardous waste" pursuant to the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, *et seq.* (42 U.S.C. § 6903); (xii) defined as a "hazardous substance" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, *et seq.* (42 U.S.C. § 9601); (xiii) defined as "Hazardous Material" pursuant to the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101, *et seq.*; or (xiv) defined as such or regulated by any "Superfund" or "Superlien" law, or any other federal, state or local law, statute, ordinance, code, rule, regulation, order or decree

13

regulating, relating to, or imposing liability or standards of conduct concerning Hazardous Materials and/or oil wells and/or underground storage tanks and/or pipelines, as now, or at any time hereafter, in effect.

g. *Participation in Litigation.* Participant agrees to indemnify Authority, Agency and City and its elected boards, commissions, officers, agents and employees and will hold and save them and each of them harmless from any and all actions, suits, claims, liabilities, losses, damages, penalties, obligations and expenses (including but not limited to attorneys' fees and costs) against the City, Agency and/or Authority for any claims or litigation which arise during the term of this Agreement arising from Participant's occupancy of or activities on the Site (**"Claims or Litigation"**). Authority shall promptly provide Participant with notice of the pendency of any such Claims or Litigation and request that Participant defend the same. If Authority fails promptly to notify Participant of any such Claims or Litigation or fails to cooperate fully in the defense thereof, Participant shall not, thereafter, be responsible to defend, indemnify, or hold harmless Authority. Participant may utilize the City Attorneys' office or use legal counsel of Participant's choosing, but shall reimburse Authority for any necessary legal cost incurred by Authority. If Participant fails to do so, Authority may defend the Claims or Litigation and Participant shall pay the cost thereof, but if Authority chooses not to defend the Claims or Litigation, it shall have no liability to Participant. Participant's obligation to pay the defense cost shall extend until judgment and thereafter through any appeals. In the event of an appeal, or a settlement offer, the Parties will confer in good faith as to how to proceed and the resolution of any such appeal and the Parties' response to any such settlement offer shall require the consent of both Parties, which consent shall not be unreasonably withheld.

h. *Survival of Indemnities.* Notwithstanding any other provision of this Agreement, Participant's release and indemnification as set forth in the provisions of this Section B.7 shall survive the termination or expiration of this Agreement and shall continue in perpetuity.

i. *Waiver of Subrogation.* Participant agrees that Participant shall not make any claim against, or seek to recover from Authority, Agency, City or their agents, servants, or employees, for any loss or damage to Participant, or to any person or property, including without limitation, the property of others under the control of Participant, and Participant shall give notice to any insurance carrier of the foregoing waiver of subrogation, and obtain from such carrier, so long as commercially reasonably available, a waiver of right to recovery against Authority, its agents and employees. In furtherance of the foregoing, Participant agrees that in the event of a sale of the Site by Authority, the hereinabove waiver of subrogation shall continue in favor of the original Authority hereunder, and any subsequent Authority, and their respective successors and assigns. In addition, Authority agrees that Authority shall not make any claim against or seek to recover from Participant or its agents, servants or employees for any loss or damage to Authority, but nothing contained herein shall be deemed to prevent Authority from terminating this Agreement due to the material default of Participant.

8. Quiet Enjoyment. Authority/Agency covenant that upon performance and observance by Participant of all of the agreements, covenants and conditions herein contained on the part of Participant to be performed and observed, and subject to any existing leases and

easements, Participant shall peaceably hold and quietly enjoy the Site during the entire term of this Agreement without hindrance, molestation or interruption by Authority/Agency or by anyone lawfully or equitably claiming by, through or under Authority/Agency.

9. Construction of the Project Pursuant to DDA. Participant shall construct all Project improvements on the Site as set forth and required in Article 600 of the DDA and all attachments thereto within the time established in the Schedule of Performance attached to the DDA. The development of the Site shall be subject to all provisions of the DDA, such that a termination of the DDA shall cause the termination of this Agreement without any resort to the rights or obligations provided under the laws of unlawful detainer. Prior to any termination of this Agreement, Authority shall have all rights to remedy Participant's breach of its development obligations as provided in the DDA. Authority's issuance of the Certificate of Completion, as provided in the DDA, shall conclusively establish that the improvements have been constructed in accordance with the provisions of the DDA.

a. *Ownership of Improvements.* During the term of this Agreement, title to all fixtures and improvements to realty constructed or placed on the Site by Participant, including buildings, structures, and other tenant improvements are and shall be vested in Participant, but shall automatically become the property of Authority upon the expiration or sooner termination of this Agreement. Ownership of moveables and personal property on the Site that do not below to residential tenants shall likewise be the vested in Participant during the term of this Agreement, unless such moveables and personal property are abandoned by Participant on the Site upon Authority's re-entry thereto.

b. *Additional Improvements; Repairs and Alterations.* Except as provided below, once construction of all Project improvements has been completed pursuant to Article 600 of the DDA, Participant shall not make or permit any other person to make any substantial alterations to the Site without prior written consent of Authority. For purposes of this Section, an alteration of the Site is considered to be "substantial" if it requires the issuance of a City building permit. In the event Participant determines that a significant alteration is necessary, such alteration shall not be undertaken without providing at least fourteen (14) days' written notice to Authority accompanied by plans and specifications detailing the proposed alteration. Participant's notice, plans and specifications for a proposed alteration must be provided to Authority in a manner giving City/Authority staff sufficient time to thoroughly review the proposed alterations before determining whether to provide written approval for said alterations (which approval shall not be unreasonably withheld or delayed). Notwithstanding the foregoing, Participant shall be entitled, without need for written consent, to make non-structural alterations to the Site that are intended to maintain or increase the efficient use or appearance of the Site and which do not require City building permits. Nothing herein shall be deemed to require Authority's or City's approval of normal and regular maintenance activities performed by Participant.

All improvements, repairs and alterations done in connection with this Section shall be done promptly and in good and workmanlike manner and in compliance with all laws. Participant shall comply with all applicable development standards in City's Municipal Code and shall comply with all building codes, landscaping, signage, and parking requirements, and all procedures for obtaining approval thereof, with reasonable diligence. All improvements once

made or installed shall be deemed to have attached to the freehold, except for Participant's trade fixtures which shall be and remain the property of Participant.

c. *No Mechanics Liens.* Participant shall not permit any mechanic's, materialman's, contractor's, subcontractor's or other lien arising from any work or improvement, for any labor done, services performed, or materials, appliances, transportation, or power used or furnished, however it may arise, to stand against the Site or any improvement thereon. If any such lien shall be filed or arise against the Site or improvements, Participant shall cause the same to be discharged within forty-five (45) days after such filing, by payment, deposit, or bond and shall save and hold Authority/Agency/City and the Site free and harmless from any and all such claims, liens, or suits. If an action to foreclose such lien has been filed before Participant discharges in full such lien, and a lis pendens or, similar encumbrance on the Site has been recorded in connection with such action, Participant shall, at the time it discharges such lien, take all measures necessary to procure the removal of such encumbrance from the record title of the Site. If Participant shall fail to discharge any such lien, Authority may, but shall not be obligated to, discharge the same and any amount so paid or deposite by Authority and any expenses so incurred by Authority, including reasonable attorney's fees, shall become immediately due and payable by the Participant to Authority together with interest as provided hereunder. Participant may in good faith and at Participant's own expense contest the validity of any such asserted lien, claim or demand, provided Participant has furnished the bond required in Section 3143 of the California Civil Code, any amendment thereof or any law of similar import hereafter enacted providing for a bond freeing a premise from such lien claim. Participant shall give Authority at least ten (10) days' written notice of the date of commencement of any construction, alteration, addition, or improvement or repair costing in excess of Fifty Thousand Dollars ($50,000.00) so that Authority may post appropriate Notices of Nonresponsibility. Authorized agents of Authority shall at all times have the right to go upon the Site to post, and keep posted thereon, Notices of Nonresponsibility provided by Section 3094 of the California Civil Code. No mechanic's or materialman's liens or mortgages, deeds of trust, or other liens of any character whatsoever created or suffered by Participant shall in any way or to any extent affect the interests or rights of Authority in the improvements on the Site or attach to or affect Authority's title to or rights in the Site.

10. Removal of Site.

a. *Destruction of Site.* Should the Site be totally or substantially destroyed by an uninsured peril by no fault of Participant, so that all or a substantial portion of the Site are rendered unfit or uninhabitable for purposes of serving as an apartment complex, Participant shall have the right, giving thirty (30) days' prior notice to Authority, to terminate this Agreement with respect to the portion of the Site so affected (or all of the Site if Participant concludes that it cannot reasonably continue its business operations at the Site), and all rent and other charges (if any) with respect to such portion of the Site shall be adjusted to the date of such destruction. This Agreement shall remain in full force and effect with respect to the unaffected portion of the Site. If Participant does not elect to terminate this Agreement as to any portion of the Site affected by such destruction, the Participant shall, within six (6) months, commence and diligently prosecute to completion the restoration of the destroyed buildings or improvements to a condition which will continue to fulfill the conditions, covenants, and requirements contained in the DDA and this Agreement and shall continue operations in accordance with the terms

hereof. Should the Site, or any part thereof, or any improvement thereon be totally or partially destroyed by an insured peril, the Participant shall promptly cause the restoration of the destroyed improvements to their original or comparable condition and shall continue operations in accordance with the terms hereof to the extent reasonably possible.

b. *Condemnation.* If, during the term of this Agreement, all or any part of the Site or any building or other improvement located thereon, or any interest in this Agreement is taken by the exercise of the power of eminent domain or by private purchase in lieu thereof, the condemnation award or amount paid in lieu thereof shall be apportioned as determined by law. In the event that any award is made to Participant, any lender to Participant shall share in such award to the extent of its interest.

11. Surrender of Site.

a. *In General.* In the event of any termination of Participant's leasehold interest, whether by lapse of time, cancellation, forfeiture, default, or otherwise, Participant shall immediately surrender and deliver the Site to Authority, and all rights and claims of Authority in and to use and enjoyment of such Site shall cease. Such termination shall not release the Participant from any liability which accrued under this Agreement to Participant prior to such termination or expiration.

b. *Condition of Site on Surrender.* Upon termination or expiration of Participant's leasehold interest, Participant shall surrender the Site neat and clean, in good and tenantable condition, reasonable wear and tear excepted. Participant shall do all work and make all repairs necessary to place the Site in said condition at Participant's sole expense, and should Participant fail to do such work and make such repairs after receipt of Participant's demand to do so, Authority may perform such work, and Participant shall reimburse Authority for the expense thereof within ten (10) days after being invoiced therefor by Authority.

c. *Removal of Property.* Upon termination or expiration of Participant's leasehold interest, Participant shall have the right to remove from the Site all furniture, furnishings, fixtures, and equipment placed in the Site, provided that Participant shall make all repairs to the Site required because of such removal. If any of such property shall remain in the Site after the end of the term hereof, such property shall be and become, at the option of Authority, the property of Authority without any claim therein of Participant; provided that Authority may direct Participant to remove such property and if Participant fails to remove such when directed to do so by Authority, then Authority may remove such property and Participant shall reimburse Authority for the expense thereof within ten (10) days after being invoiced therefor by Authority.

d. *Documents.* Upon termination or expiration of Participant's leasehold interest, Participant shall execute and deliver any and all deeds, bills of sale, assignments and other documents which in Authority's sole judgment may be necessary or appropriate to transfer, to evidence, or to vest in Authority clear title to any buildings, structures and improvements that may constitute a part of the Site and all machinery, equipment, fixtures or other property that may be used or intended to be used in connection with the Site or left at the time of such termination.

e. *Holding Over*. The leasehold interest granted hereby shall terminate and become null and void without further notice upon expiration of the 55-Year Affordability Period (or earlier termination, cancellation, forfeiture, or default) and any holding over by Participant after such termination or expiration shall not constitute a renewal hereof or give Participant any rights under this Agreement. If Participant fails to surrender the Site, Participant shall indemnify and hold Authority harmless from all loss or liability resulting from such failure, including any claims made by any succeeding tenant.

C. RESIDENTIAL RENTAL USES; TERM; 55-YEAR AFFORDABILITY PERIOD.

The Participant hereby agrees that the Project is to be owned, managed, and operated on a continuous basis as a 25-Unit project for residential rental restricted to Qualified Households, plus the one unrestricted Unit for the Qualified Manager. Such operation of the Project shall continue for a term equal to fifty-five (55) years, commencing upon the later of either (i) December 1, 2011, or (ii) the opening of all twenty-six (26) Project Units as available for rent to Qualified Households consistent with the standards and levels required by this Agreement (the "**55-Year Affordability Period**"). To that end, and for the 55-Year Affordability Period, the Participant hereby represents, covenants, warrants and agrees as follows:

1. Purpose. Participant shall own, manage, and operate the Project as a whole to provide rental housing to 25 Qualified Households, with the Project comprised of several interrelated buildings or structures, one Manager's Unit for the Qualified Manager, common areas, a clubhouse servicing all residents, parking areas, together with any functionally related and subordinate facilities (i.e., heating equipment, trash disposal equipment, laundry, etc.).

2. Residential Use; One Household Per Unit. None of the Units in the Project will at any time be utilized on a transient basis or used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, or trailer court or park without the Authority's prior written consent which consent may be given or withheld in its sole and absolute discretion. No more than one (1) Qualified Household shall occupy each Unit.

3. Conversion of Project. No part of the Project will at any time be owned by a cooperative housing corporation, nor shall the Participant take any steps in connection with the conversion to such ownership or uses to condominiums, or to any other form of ownership, without the prior written approval of Authority which approval may be given or withheld in its sole and absolute discretion.

4. Preference to Qualified Households. All of the Restricted Units will be available for rent in accordance with the terms of this Agreement, and the Participant shall not give preference to any particular class or group in renting the Restricted Units in the Project, except to the extent that the Restricted Units are required to be leased or rented to Qualified Households and except as provided in Section D.10 below.

5. Qualified Manager. Only one Unit in the Project may be occupied by a Qualified Manager. The occupancy of such Manager's Unit shall not be restricted by age or income.

6. Liability of Participant. Participant, Qualified Manager (if applicable) and Qualified Manager shall not incur any liability under this Agreement as a result of fraud or intentional misrepresentation by a tenant.

D. OCCUPANCY OF PROJECT BY QUALIFIED HOUSEHOLDS.

Participant hereby represents, warrants, and covenants as follows:

1. Income Restrictions; Affordability Mix. Except as expressly provided herein, throughout the 55-Year Affordability Period of this Agreement the occupancy of all of the Restricted Units in the Project (excluding the Manager's Unit) shall be restricted to Qualified Household as follows:

a. Nine (9) of the Restricted Units shall be restricted rental to Extremely Low Income Qualified Households, subject to the age restrictions in subpart (c) hereof.

b. Six (6) of the Restricted Units shall be restricted rental to Very Low Income Qualified Households, subject to the age restrictions in subpart (c) hereof.

c. Five (5) of the Restricted Units shall be restricted rental to Low Income Qualified Households, subject to the age restrictions in subpart (c) hereof.

d. Five (5) of the Restricted Units shall be restricted rental to Moderate Income Qualified Households, subject to the age restrictions in subpart (c) hereof.

e. Only the Manager's Unit will be unrestricted as to age or income.

Each Restricted Unit shall be designated as an Extremely Low, Very Low, Low or Moderate Income Unit such that the above affordability mix (i.e., 9 Extremely Low, 6 Very Low, 5 Low and 5 Moderate) will be maintained. Restricted Units designated for each income category shall be reasonably disbursed throughout the Site such that Restricted Units designated for a single income category are not clustered into one location on the Site. Restricted Units designated for Extremely Low and Very Low Income Households shall be compatible with the design of Low and Moderate Income Units in terms of appearance, maintenance, materials, and finished quality. The requirements of this Section are subject to the potential application of the "next available unit rule" referenced in Section D.11 hereof.

2. Senior Citizen Requirements. Permitted residency of a Restricted Unit shall be based upon the Unit being occupied by a Qualified Household having at least one Senior Citizen member occupying the unit as his/her primary permanent residence. Subject to the requirements of applicable law, all of the Restricted Units shall be independent living apartments specially designed for the physical and social needs of Senior Citizens in accordance with the Project entitlements. In enforcing and maintaining the Senior Citizen occupancy restriction, Participant agrees to abide by the terms of, without limitation, the Unruh Civil Rights Act, § 51 et seq. of the California Civil Code and the Federal Fair Housing Act, 42 USC § 3607 et seq., as such laws may be amended from time to time. Participant accepts and acknowledges that, as of the date of recordation of this Agreement, California Civil Code § 51.3 provides, in relevant part, as follows:

a. That the Authority may place restrictions upon the rental of the Restricted Units such that at least one person in residence in each dwelling unit must be a Senior Citizen, and other residents in the same dwelling unit who are not Senior Citizens must be one of the following: (i) a Qualified Permanent Resident, or (ii) a Permitted Health Care Resident, or (iii) a person who had the right to reside in, occupy, or use the Site housing or an unimproved lot on or before January 1, 1985, or (iv) any person who resided in, occupied, or used, prior to January 1, 1990, a dwelling in a Senior citizen housing development that relied on the exemptions to special design requirements provided by Civil Code Section 51.4 prior to January 1, 2001, shall not be deprived of the right to continue that residency, occupancy, or use. The occupancy of a Unit by a Permitted Health Care Resident shall be permitted during any period that the person is actually providing live-in, long-term, or hospice health care to the Senior Citizen for compensation; the term "for compensation" shall include provisions of lodging and food in exchange for care.

b. Temporary guests of a Senior Citizen or Qualified Permanent Resident under the age of sixty-two (62) shall be allowed for a period of not more than sixty (60) days in any twelve (12) month period, and within that period no temporary guest may reside in the Unit for more than fourteen (14) consecutive days.

c. Upon the death, dissolution of marriage, hospitalization or other prolonged absence of the Senior Citizen in a Unit, any Qualified Permanent Resident who has continuously resided in the dwelling unit with such Senior Citizen shall be permitted to continue as a resident of that dwelling unit provided such person shall meet the income restrictions applicable to a Qualified Household. This particular right of continued occupancy shall not apply to a Permitted Health Care Resident.

d. Notwithstanding the foregoing, in the event applicable laws enacted after the recordation of this Agreement prohibit the restriction of the Project to occupancy by Senior Citizens as defined herein, the Participant shall notify the Authority in writing of such prohibition and the Authority shall redefine the occupancy requirements for the Project in accordance with applicable law.

3. Expiration of Occupancy and Rent Restrictions. The Restricted Units shall be subject to the restrictions contained in this Article D for the duration of the 55-Year Affordability Period. All Qualified Households residing in the Restricted Units during the final two (2) years of the 55-Year Affordability Period shall be given notice of the expiration of the 55-Year Affordability Period at least once every six (6) months during said final two years. After the expiration of the 55-Year Affordability Period, rents for the Restricted Units may be raised to market rates.

4. Rental Rates Restricted to Affordable Rent—In General. Except as provided in Section D.11 below, Participant and Authority hereby agree to:

a. Rent those nine (9) Restricted Units designated for occupation by Extremely Low Income tenants at a monthly rental rate that is no greater than an Extremely Low Income Affordable Rent rate.

b. Rent those six (6) Restricted Units designated for occupation by Very Low Income tenants at a monthly rental rate that is no greater than a Very Low Income Affordable Rent rate.

c. Rent those five (5) Restricted Units designated for occupation by Low Income tenants at a monthly rental rate that is no greater than a Low Income Affordable Rent rate.

d. Rent those five (5) Restricted Units designated for occupation by Moderate Income tenants at a monthly rental rate that is no greater than a Moderate Income Affordable Rent rate.

5. Income Certification & Recertification. The income levels for each tenant and their household shall be initially certified, and annually recertified as follows:

a. *Initial Certification of Income & Senior Status.* The Authority shall undertake responsibility for the directed marketing of first-time tenant-applicants meeting the income and age requirements for the Restricted Units. Authority shall further undertake the income and age verification process for all new tenant applicants to ensure that they are a Qualified Household meeting the income and age limits set for an available, vacant Restricted Unit (e.g., such that a vacancy in a Low Income Unit can only be filled by a Senior Qualified Household at or below Low Income levels, etc.). The Authority shall be responsible for setting the initial rent rate for each new tenant in accordance with Sections D.6 below.

Once the Authority has verified that a prospective tenant is a Qualified Household and set a rental rate, the lease documentation for that Unit shall be processed by the Participant. All processing of leases, lease renewals (including the implementation of Annual Adjustments), and income/age recertification shall be undertaken by Participant.

b. *Income/Age Recertification.* Participant shall be responsible for all annual income recertification once a Restricted Unit has been initially certified by the Authority. From and after the commencement of the 55-Year Affordability Period, annually each year, or at any time upon the written request of Authority, Participant shall advise the Authority of the occupancy of the Project by delivering a **"Certificate of Continuing Program Compliance"** in the form attached hereto as Exhibit "F certifying: (i) the income and Senior Citizen status of each household occupying a Restricted Unit, (ii) the number of Restricted Units of the Project which were occupied or deemed occupied by a Qualified Household during such period, (iii) the number of months during which each Restricted Unit was occupied, and (iv) that to the knowledge of Participant either (a) no unremedied default has occurred under this Agreement, (b) a default has occurred, in which event the Certificate shall describe the nature of the default and set forth the measures being taken by the Participant to remedy such default. Participant agrees to pay Authority a fee pursuant to Health and Safety Code Section 33418(c) to offset Authority's actual costs of reasonable and necessary monitoring of affordable housing at the Site. The Certificate of Continuing Program Compliance shall be due to the Authority annually either on January 31 or June 15, as may be mutually-agreed by the parties.

c. *Certification of Preexisting Tenants.* Within thirty (30) days of this Agreement's recordation upon the Site, Participant shall conduct an income computation and age certification for those Preexisting Tenants who were already occupying Restricted Units on Parcel I prior to the date of recordation of this Agreement. Preexisting Tenants eligible as Qualified Households shall be entitled to continue their occupancy of their Restricted Unit subject to the rental rates stated in Section D.4 hereof. However, if a Preexisting Tenant is not eligible as a Qualified Household, then such ineligible Preexisting Tenant shall be remain in his/her tenancy and the Restricted Unit shall be subject to the provisions of Section D.11 hereof.

d. *Maintenance of Records.* Participant shall maintain materially complete and accurate records pertaining to the Units, and shall permit any duly authorized representative of the Authority to inspect the books and records of Participant pertaining to the Site including, but not limited to, those records pertaining to the occupancy of the Units.

e. *Reliance on Tenant Representations.* Each lease for a Restricted Unit shall contain a provision to the effect that Participant has relied on the income certification and supporting information supplied by the tenant in determining qualification for occupancy of the Restricted Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease. In order to assure the accuracy of income/age verification, lease documents executed between the Participant and/or Qualified Manager and each Qualified Household shall contain the following provision as a material term of the lease:

> Whenever Tenant's income changes or Tenant has a change in family composition (persons moving in or out of the household), the Tenant shall report that change to the Resident Manager (Landlord) in writing within 10 business days. Tenant's failure to so report any changes in household income or composition shall be deemed a material default of the Lease.

6. Setting of Base Rent Rates.

a. *Setting Affordable Rent Rates for New Qualified Households.* This Section applies to all new candidates for tenancy in the Project. Once the Authority has determined that a new prospective tenant is a Qualified Household, the Authority shall determine the Household's applicable income category (i.e., Extremely Low, Very Low, Low or Moderate). Based upon that determination, the Authority shall set the new tenant's initial, or base, rental rate. The base rent rate shall not exceed the Affordable Rent levels (by income category) mandated by Section D.4 above. Once the Authority has set the base rent rate for a new tenant, the Participant shall thereafter assume the responsibility of processing lease documentation, collecting rent, managing Annual Adjustments, and maintaining the rent at an Affordable Rent rate appropriate to the household's income level.

b. *Rent Rates for Preexisting Tenants Not to Change.* Those tenants who are currently living in Phase I Restricted Units as of the commencement of the 55-Year Affordability Period (the "**Preexisting Tenants**") shall not be subject to any rent increases above and beyond

the rental rates they pay/paid as of the commencement of the 55-Year Affordability Period. The foregoing requirement restricting rent increases for Preexisting Tenants shall not apply (i) to such Annual Adjustments applicable to the Preexisting Tenants under Section D.7.b hereof, or (ii) to rent increases approved by the Authority in writing.

7. Adjustments in Rent.

a. *Annual Adjustments*. Once the Authority has set the base rent rate for a Restricted Unit pursuant to Section D.6.a, above, the Participant may automatically apply a 2.5% rent increase each year (the "**Annual Adjustment**"). Subject to Section D.7.c below, such Annual Adjustment shall take effect, and be collectable from the tenant, in that month representing the anniversary of the tenant's lease. For example, if a Qualified Household initially enters its lease for a Restricted Unit at a base rent of $500/month in January, such rent will increase to $513/month (i.e., 2.5% increase) starting January of the next year. Lease documents between Participant and a Qualified Household shall fully disclose the nature and the amount of applicable Annual Adjustments.

b. *Special Rule for Annual Adjustments for Preexisting Tenants*. As opposed to the Annual Adjustments described in the foregoing Section D.7.a, Preexisting Tenants are subject to flat-rate Annual Adjustments each year. The Annual Adjustments for Preexisting Tenants shall take effect in the year following the 55-Year Affordability Period and adjust each anniversary thereafter as shown in the table attached hereto as Exhibit "G" hereto. Before any Annual Adjustment can be imposed upon a Preexisting Tenant, the Participant shall amend or revise all lease documents between Participant and each Preexisting Tenant in order to fully disclose the nature and the amount of applicable Annual Adjustments, and as required for providing the tenant sufficient, lawful notice of rent increases and/or such other tenant rights attendant to rent increases under all applicable laws, regulations or ordinances.

c. *No Annual Adjustment May Give Rise To Rental Rates Exceeding Affordable Rent.* No Annual Adjustment may be charged to a Qualified Household if such rent increase would exceed the Affordable Rent level applicable to the Household's Restricted Unit. For example, if an Annual Adjustment would cause a Low Income Household to pay a rent rate in excess of Low Income Affordable Rent, such Annual Adjustment shall not be charged to the household (though the escalated rent rate will be treated as Guaranteed Rent for purposes of calculating any Rent Subsidy under Section D.8.b). To this end, prior to levying any Annual Adjustment upon a Qualified Household, the Participant shall verify that the Annual Adjustment will not result in the household paying a rent rate that exceeds its Affordable Rent. To achieve this verification, Participant shall use the most recent income certification/re-certification reports and the Participant shall consider any other information as may be reasonably requested or provided by the Authority.

8. Guaranteed Rent; Rent Subsidy; Rent Refunds. In consideration for the Authority's payment of the Agency Assistance, the Authority will provide Participant with a minimum "**Guaranteed Rent**" for each Restricted Unit on the Site. Said Guaranteed Rent shall commence at the same time as the start of the 55-Year Affordability Period (i.e., the later of either (i) December 1, 2011, or (ii) the opening of Phase II units as available for rent). The

Guaranteed Rent shall also expire at the same time as the expiration of the 55-Year Affordability Period.

a. *Exhibit "E"*. The estimated Guaranteed Rent structure is shown in the Financial Analysis at Exhibit "E" hereto. As seen in Exhibit "E", Guaranteed Rent starts, in Calendar Year One, at $500 per unit and escalates each year thereafter by 2.5% (pursuant to the Annual Adjustment).

b. *Rent Subsidy*. On a monthly, per-Unit basis, the Authority will pay the Participant for any shortfalls in Guaranteed Rent (the "**Rent Subsidy**"). Such Rent Subsidy shall equal *the difference between*:

- The monthly Guaranteed Rent, *minus*
- The base rental rate set by Authority for a Restricted Unit pursuant to Section D.6 plus any applicable Annual Adjustments.

For example, under Exhibit "E" Year Two has a minimum per-unit Guaranteed Rent of $513/month. However, if the set base rent plus any Annual Adjustments for a Restricted Unit only comes to $450 per month, then the Authority will remit Sixty Three Dollars ($63) to Participant for that month (i.e., $513 minus $450).

c. *Rent Refund.* On a monthly, per-unit basis, the Participant will pay the Authority for any rent actually received in excess of the Guaranteed Rent. Such Rent Refund shall equal *the difference between:*

- The actual rent received for a Restricted Unit, minus
- The applicable monthly Guaranteed Rent.

For example, if in any month of Year Two (which has a minimum Guaranteed Rent per-unit of $513/month) the Qualified Tenant of a Restricted Unit pays $550 in a monthly rent, then the Participant will refund Thirty-Seven Dollars ($37) to Authority for that month (i.e., $550 minus $513).

d. *Payment of Rent Subsidies or Rent Refunds*. Within seven (7) days of the end of each month, the Participant will provide a monthly unit-by-unit written report to the Authority (the "**Monthly Rent Report**"). The Monthly Rent Report shall show the actual level of rent paid that month for each Restricted Unit and to what extent, if any, the unit's set rental rate is either in excess of, or below, the Guaranteed Rent. The Monthly Rent Report shall further report any leases in default, any material changes in tenant income levels, a unit-by-unit report of the initial rent rate for each tenant and the current rent paid by such tenant, a statement of any amounts of either Rent Subsidy or Rent Refund due and owing and documentation supporting such amounts, and such other information as Authority may reasonably request.

The Authority shall pay any Rent Subsidies owing for the reported month in a Monthly Rent Report within thirty (30) days of receiving such Report. The Authority shall pay any Rent Refund owing for the reported month in a Monthly Rent Report within thirty (30) days of submitting such Report to the Authority.

24

e. *Amendments; Default.* As of the recordation of this Agreement, the parties are unable to estimate or predict with certainty the exact level of property taxes that will be applicable to the Site throughout the 55-Year Affordability Period. Therefore, the parties acknowledge and accept that the calculations in Exhibit "E" may be amended or adjusted mutually by the Authority and Participant as needed to reflect the actual amounts of property taxes applicable to the Site throughout the 55-Year Affordability Period.

Notwithstanding the foregoing or any other provision of this Agreement, any amendments or adjustments to Exhibit "E" that alter the amount of Rent Subsidy or Rent Refund to be paid must be in writing and signed by the appropriate authorities of Authority and Participant. Any purported adjustments to Exhibit "E" not so memorialized in mutually-signed agreement shall be void *ab initio*. If Participant commits an uncured default resulting in termination of this Agreement, the Authority shall have the immediate right to cease any and all Rent Subsidy payments effective as of the date the breach becomes an uncured default under Article K.

9. Duration of Occupancy By Qualified Household. Except in the instance of Section D.11.a, a Restricted Unit occupied by a Qualified Household shall be treated as occupied by that Qualified Household until such time that re-certification of the household's income in accordance with Section D.5, above, demonstrates that the household's primary tenant no longer qualifies as a Qualified Household.

10. Rental Priority. During the term of this Agreement, and to the extent allowed under applicable Affordable Housing Program restrictions, Participant and Authority shall use their best efforts to lease vacant Restricted Units reserved for Qualified Households in the following order of priority: (i) displaced persons entitled to a preference pursuant to California Health and Safety Code Section 33411.3 or successor statute, with highest priority in this category to residents of Irwindale; (ii) residents of the City of Irwindale; and (iii) other persons meeting the eligibility requirements of this Agreement. Participant and Authority may maintain a list (the "**Housing List**") of persons who have filed a complete application with Authority to rent a Restricted Unit in the Project and who have incomes and Senior Citizen status which would qualify them as a Qualified Household.

11. Nonconforming Tenants. It is expressly understood between the parties to this Agreement that the Restricted Units are intended to be occupied solely by Qualified Households certified as Senior status and income-certified as Extremely Low, Very Low, Low or Moderate Income tenants pursuant to Health & Safety Code §50053 so that the Authority may count the Restricted Units towards its affordable production units; this is the express intent of entering into the DDA and this Agreement. Notwithstanding this intent, the parties acknowledge that there is an established policy against terminating the occupancy of Nonconforming Tenants who, in good faith, were either (i) over-income Preexisting Tenants, or (ii) Qualified Households who subsequently enjoyed a disqualifying increase in annual household income. With respect to such Nonconforming Tenants, the following rules shall apply:

a. *Continued Occupancy.* Any Nonconforming Tenant who, in good faith and in the absence of any fraud or misrepresentation, occupies a Restricted Unit may remain in occupancy of such unit; nothing herein shall be deemed to require Participant to evict or refuse renewal of a lease to such Nonconforming Tenant. For the purposes of this Agreement, a

25

Restricted Unit so occupied by a good faith Nonconforming Tenant is treated as though it was "occupied by a Qualified Household" throughout the duration of the Nonconforming Tenant's occupancy.

b. *Income Restrictions Resurrected Upon Vacation of Nonconforming Tenant.* When a Nonconforming Tenant occupying a Restricted Unit pursuant to subpart D.k(i) above vacates the Unit, that unit shall only be re-leased to a Qualified Household at the income level that was initially designated for the Restricted Unit prior to its occupation by the Nonconforming Tenant (except as otherwise provided by the "next available unit" rules stated below).

c. *Next Available Unit Requirement.* The parties intend that the Site shall be occupied by Extremely Low, Very Low, Low and Moderate Income households at the ratios and levels referenced in Section D.a hereof (i.e., 9 Extremely Low, 6 Very Low, 5 Low and 5 Moderate Units). To this end, Participant shall follow the "Available Unit Rules" set forth in Federal Internal Revenue Code § 42(g)(2), its successor statutes, Federal Treasury Regulation 1.42-15 (26 C.F.R § 1.42-15) and attendant Federal laws and regulations.

12. Conflicts. The leasing preference provision set forth in Section D.10 shall apply only in the event, and to the extent, such provisions are not in conflict with Internal Revenue Code provisions or IRS regulations.

13. Authority Remedy For Excessive Rent Charge.

a. It shall constitute a default for Participant to charge or accept for a Restricted Unit rent amounts in excess of the amounts provided for in Section D.4 of this Agreement. In the event that Participant charges or receives such higher rental amounts, in addition to any other remedy Authority shall have for such default, Participant shall be required to pay to Authority the entire amount of rent received in excess of the amount permitted pursuant to this Agreement.

b. It shall constitute a default for Participant to rent any Restricted Unit to a tenant who is not a Qualified Household for the particular Restricted Unit pursuant to the rental rate requirements set forth in Section D.4 of this Agreement. In the event Participant rents a Restricted Unit to an ineligible tenant, in addition to any other equitable remedy Authority shall have for such default, Participant, for each separate violation shall be required to pay to Authority an amount equal to (i) two times the greater of (A) the total rent Participant received from such ineligible tenant, or (B) the total rent Participant was entitled to receive for renting that Restricted Unit, plus (ii) any relocation expenses (if any) incurred by Authority or City as a result of Participant having rented to such ineligible person.

THE PARTIES HERETO AGREE THAT THE AMOUNTS SET FORTH IN SUBPARAGRAPHS (a) THROUGH (b) OF THIS SECTION D.13 (THE "DAMAGE AMOUNTS") CONSTITUTE A REASONABLE APPROXIMATION OF THE ACTUAL DAMAGES THAT AUTHORITY WOULD SUFFER DUE TO THE DEFAULTS BY PARTICIPANT SET FORTH IN SUBPARAGRAPHS (a) THROUGH (b), CONSIDERING ALL OF THE CIRCUMSTANCES EXISTING ON THE EFFECTIVE DATE OF THIS

AGREEMENT, INCLUDING THE RELATIONSHIP OF THE DAMAGE AMOUNTS TO THE RANGE OF HARM TO AUTHORITY AND ACCOMPLISHMENT OF AUTHORITY'S PURPOSE OF ASSISTING IN THE PROVISION OF AFFORDABLE HOUSING TO QUALIFIED HOUSEHOLDS THAT REASONABLY COULD BE ANTICIPATED AND THE ANTICIPATION THAT PROOF OF ACTUAL DAMAGES WOULD BE COSTLY OR INCONVENIENT. THE AMOUNTS SET FORTH IN THIS SECTION D.13 SHALL BE THE SOLE MONETARY DAMAGES REMEDY FOR THE DEFAULTS SET FORTH IN THIS SECTION D.13, BUT NOTHING IN THIS SECTION D.13 SHALL BE INTERPRETED TO LIMIT AGENCY'S REMEDY FOR SUCH DEFAULT TO SUCH A DAMAGES REMEDY. IN PLACING ITS INITIAL AT THE PLACES PROVIDED HEREINBELOW, EACH PARTY SPECIFICALLY CONFIRMS THE ACCURACY OF THE STATEMENTS MADE ABOVE AND THE FACT THAT EACH PARTY HAS BEEN REPRESENTED BY COUNSEL WHO HAS EXPLAINED

THE CONSEQUENCES OF THE LIQUIDATED DAMAGES PROVISION AT OR PRIOR TO THE TIME EACH EXECUTED THIS AGREEMENT.

PARTICIPANT'S INITIALS: _____ AGENCY'S INITIALS: _____

E. MAINTENANCE.

1. General Maintenance Obligations. Participant, for itself and its successors and assigns, hereby covenants and agrees to maintain and repair or cause to be maintained and repaired the Site and all related on-Site improvements and landscaping thereon, including, without limitation, buildings, parking areas, lighting, signs and walls in a first class condition and repair, free of rubbish, debris and other hazards to persons using the same, and in accordance with all applicable laws, rules, ordinances and regulations of all federal, state, and local bodies and agencies having jurisdiction, at Participant's sole cost and expense. Such maintenance and repair shall include, but not be limited to, the following: (i) sweeping and trash removal; (ii) the care and replacement of all shrubbery, plantings, and other landscaping in a healthy condition; and (iii) the repair, replacement and restriping of asphalt or concrete paving using the same type of material originally installed, to the end that such pavings at all times be kept in a level and smooth condition, and (iv) at a minimum interior conditions of Units and common buildings shall be maintained in accordance with the standards of habitability set forth in 24 CFR Part 5, Subpart G. In addition, Participant shall be required to maintain the Property in such a manner as to avoid the reasonable determination of a duly authorized official of the City that a public nuisance has been created by the absence of adequate maintenance such as to be detrimental to the public health, safety or general welfare or that such a condition of deterioration or disrepair causes appreciable harm or is materially detrimental to property or improvements within one thousand (1,000) feet of such portion of the Site.

2. Parking and Driveways. The driveways and traffic aisles on the Site shall be kept clear and unobstructed at all times. No vehicles or other obstruction shall project into any of such driveways or traffic aisles. Vehicles associated with the operation of the Site, including delivery vehicles, vehicles of employees and vehicles of persons with business on the Site shall park solely on the Site.

3. Specific Site Requirements. Without limiting any of the foregoing provisions, Participant's maintenance requirements shall include the following duties commencing from and continuing after the commencement of the 55-year Affordability Period:

a. Reasonably regular maintenance of interior and exterior lighting on the Site including, without limitation, the occasional, as-needed replacement or retrofitting of existing lighting with equipment designed for high-efficiency lumens per watt; the maintenance of interior fixtures as decorative, attractive and compatible with high-efficiency bulbs; the maintenance of motion-sensitive or other crime-deterrent exterior lighting to the extent such lighting can be maintained in an attractive and non-obtrusive manner; and, the maintenance of decorative exterior lighting with equipment designed for high-efficiency lumens per watt. Participant shall utilize renewable energy for exterior lighting, such as solar power, where reasonably possible, cost-effective, attractive and non-obtrusive to residents.

b. Reasonable maintenance and repair to all household appliances to maintain them in safe, working order (absent instances of tenant negligence or intentional destruction). To the extent reasonably possible and cost-effective, appliances shall be retrofitted and/or maintained with equipment designed for high-efficiency energy or water consumption, as appropriate.

c. Should any carpeting be more than ten (10) years old upon the vacation of a tenant from the unit, then Participant shall fully replace such carpeting and its underlying padding. Carpeting or padding that has been significantly damaged regardless of its age (i.e., beyond normal wear and tear) shall be replaced upon the tenant's vacation from the unit. Carpeting shall be shampooed every three (3) years, unless the tenant elects to not have shampooing performed.

d. Reasonably regular repair to all cabinetry, countertops showers, tubs and sinks; or if such cabinetry, countertops showers, tubs and sinks are irreparably and visibly broken, cracked, chipped, damaged, pitted or stained, then replacement with new ones (absent instances of tenant negligence or intentional destruction). To the extent reasonably possible and cost-effective, showers, tubs and sinks shall be maintained with equipment designed for high-efficiency water consumption.

e. Reasonably regular cleaning and any necessary repairs to all Heating, Ventilating and Air Conditioning ("HVAC") systems. To the extent reasonably possible and cost-effective, HVAC systems shall be maintained with equipment designed for high-efficiency energy consumption. Participant or its Qualified Manager shall utilize the air filters recommended by the HVAC system manufacturer (or more effective filter technology if reasonably available); changeable filters shall be changed at a minimum as often as recommended by the HVAC system manufacturer.

f. Neat, attractive and regular maintenance of any solar panels upon Site roofs in such a manner as to efficiently supplement and support electric energy needs of the Site.

g. Maintain the appearance and safety of the Site (including all improvements, fixtures, and landscaping) in good order, condition, and repair, and free from the accumulation of trash, waste materials, and other debris.

h. Remove all graffiti placed upon the Site (including all improvements, fixtures, and landscaping) within seventy-two (72) hours of its appearance.

i. Maintain in good order, condition and repair, properly functioning landscape irrigation systems, including rain gutters and drains, on the Site.

j. Remove and promptly replace all dead or diseased landscaping material on the Site.

k. Regularly maintain all painted, metal, stucco or similar exterior finishes in a neat condition without substantially visible chips, rust, cracking, peeling or other such deterioration.

l. A full upgrade and refurbishment of Site improvements will be undertaken once every ten (10) years (commencing the tenth year after the commencement of the 55-Year Affordability Period) in cooperation with the Authority to the extent upgrades and refurbishments are reasonable and cost-efficient for Participant. To this end, Participant will review the interior and exterior condition of Site structures to determine what improvements can be reasonably upgraded or refurbished. A representative of the Authority may accompany Participant during such ten-year Site review to assist and reasonably negotiate which improvements or Units require an upgrade. Participant shall not be required to pay for the ten-year upgrades or refurbishments required by this Section if such improvements would cost in excess of 75% of the Reserve Fund identified in the Financial Analysis at Exhibit "E" hereto.

4. Maintenance Schedule/Program. To implement the Site maintenance standards set forth in this Agreement, Participant shall abide by that "Las Casitas Maintenance Requirements" program schedule attached hereto as Exhibit "H" (the "**Maintenance Program**"). The Maintenance Program may only be amended, modified or waived pursuant to a written agreement signed by both the Participant and Authority.

5. Tenant Compliance. At the time any tenant signs a lease or lease renewal, Participant shall disclose the existence of this Agreement by providing a written notice to the tenant (included in the lease documentation) in substantially the following form:

> The Las Casitas Apartment complex is subject to a 55-year "Regulatory Agreement and Declaration of Covenants and Restrictions" dated MARCH 23, 2011, between the Landlord and the Irwindale Housing Authority. The Regulatory Agreement requires that the Landlord may only lease these apartments to specified levels of lower income, senior-citizen households. The Regulatory Agreement further requires the Landlord to maintain the interior and exterior conditions of the apartments in a neat, safe and habitable condition and it imposes a variety of specific obligations upon the Landlord relating to property maintenance. The Regulatory Agreement provides the Housing Authority with a variety of rights and remedies against the Landlord should Landlord breach its

affordable housing and/or property maintenance obligations. The resident manager maintains a complete copy of the Regulatory Agreement available for review by any tenant or prospective tenant upon request during regular business hours.

The above written notice shall be incorporated into Participant's lease documents with each and every tenant and each tenant shall sign some form of acknowledgment witnessing receipt of the notice. A copy of this Agreement shall be available on the Site during regular business hours for review by any Site resident.

6. Right of Entry. In the event Participant fails to maintain the Site in the above-mentioned condition, and satisfactory progress is not made in correcting the condition within thirty (30) days from the date of written notice from Authority, or if Participant and Authority agree such condition cannot reasonably be cured within such 30-day period Participant shall have such time as Participant and Authority mutually agree may be reasonably necessary to correct the condition provided that Participant is diligent in pursuit of the cure, City, Authority or Agency may, at their option, and without further notice to Participant, declare the unperformed maintenance to constitute a public nuisance. Thereafter, either Agency, Authority or City, their employees, contractors or agents, may cure Participant's default by entering upon the Site and performing the necessary landscaping and/or maintenance. The Agency, Authority or City shall give Participant, its representative or the residential manager reasonable notice of the time and manner of entry, and entry shall only be at such times and in such manner as is reasonably necessary to carry out this Agreement. Participant shall pay such costs as are reasonably incurred by Agency, Authority or City for such maintenance, including attorneys' fees and costs.

a. *Lien.* If such costs provided in this Section E.6 are not reimbursed within thirty (30) days after Participants' receipt of notice thereof, the same shall be deemed delinquent, and the amount thereof shall bear interest thereafter at a rate of the lower of ten percent (10%) per annum or the legal maximum until paid. Any and all delinquent amounts, together with said interest, costs and reasonable attorney's fees, shall be a personal obligation of Participant as well as a lien and charge, with power of sale, upon the property interests of Participant, and the rents, issues and profits of such property. City, Authority and/or Agency may bring an action at law against Participant obligated to pay any such sums or foreclose the lien against Participant's property interests. Any such lien may be enforced by sale by the City, Authority or Agency following recordation of a Notice of Default of Sale given in the manner and time required by law as in the case of a deed of trust; such sale to be conducted in accordance with the provisions of Section 2924, et seq., of the California Civil Code, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law.

Any monetary lien provided for herein shall be subordinate to any bona fide mortgage or deed of trust covering an ownership interest or leasehold or subleasehold estate in and to any Site approved by Agency or Authority pursuant to the DDA, and any purchaser at any foreclosure or trustee's sale (as well as any deed or assignment in lieu of foreclosure or trustee's sale) under any such mortgage or deed of trust shall take title free from any such monetary lien, but otherwise subject to the provisions hereof; provided that, after the foreclosure of any such mortgage and/or deed of trust, all other assessments provided for herein to the extent they relate to the expenses incurred subsequent to such foreclosure, assessed hereunder to the purchaser at

the foreclosure sale, as Participant of the subject Site after the date of such foreclosure sale, shall become a lien upon such Site upon recordation of a Notice of Assessment or Notice of Claim of Lien as herein provided.

7. Tenant Disputes. Tenants may, from time to time, have disputes with other tenants, with the Participant or the Participant's contractors and employees (collectively, "**Tenant Disputes**") with regard to rent collection, Site conditions (interior or exterior), parking, noise, management. Such Tenant Disputes shall be the responsibility of Participant and/or resolved through mediation or arbitration procedures, which procedures shall be set forth in the Participant's lease agreements with each and every tenant. In no case shall City, Authority or Agency be responsible for, nor the arbiter of, Tenant Disputes.

F. MANAGEMENT.

1. Approval of Qualified Manager; Designation of Qualified Manager. Subject to the terms and conditions contained hereinbelow, Participant shall at all times during the operation of the Site pursuant to this Agreement retain an entity to perform the management and/or supervisory functions ("**Qualified Manager**") with respect to the operation of the Project including day-to-day administration, maintenance and repair. Participant shall, before execution or any subsequent amendment or replacement thereof, submit and obtain Authority's written approval of a management contract ("**Management Contract**") entered into between Participant and its Qualified Manager acceptable to Authority. Subject to any regulatory or licensing requirements of any other applicable governmental agency, the Management Contract may be for a term of up to fifteen (15) years and may be renewed for successive terms in accordance with its terms, but may not be amended or modified without the written consent of Authority. The Management Contract shall also provide that the Qualified Manager shall be subject to termination for failure to meet project maintenance and operational standards set forth herein or in other agreements between Participant and Authority. Participant's obligation to retain a Qualified Manager shall remain in force and effect for the same duration as the 55-Year Affordability Period.

a. *Self-Management.* Notwithstanding anything to the contrary in this Section F.1, the Site may be self-managed by Participant with the prior approval of the Authority Executive Director. Prior to this Agreement, Participant itself was the Qualified Manager for Phase I of the Project, and the parties expect that Participant will be the initial Qualified Manager of the Site at the start of the 55-Year Affordability Period. The Authority therefore hereby approves Participant as the Qualified Manager. Any change in the Qualified Manager shall be approved, in writing, by the Executive Director, which approval shall not be unreasonably withheld.

b. *Serious Mismanagement.* If Authority determines in its reasonable judgment that the Site is not being operated or managed in accordance with all the requirements and standards of this Agreement, or other applicable laws and ordinances, then the Authority may deliver written notice to Participant setting forth with reasonable detail the nature of the deficiencies ("**Notice of Serious Mismanagement**"). Deficiencies which may result in such notice include any breach of the site maintenance obligations, use restrictions or management prerogatives mandated by this Agreement (hereinafter, "**Serious Mismanagement**"). For

purposes of this Agreement the term "Serious Mismanagement" shall include, but is not limited to, the following:

i. Knowingly leasing to ineligible households whose income exceeds the income levels prescribed by the Agreement;

ii. Knowingly leasing to ineligible households that do not qualify as Senior Citizen households;

iii. Knowingly allowing the tenants to exceed the prescribed occupancy levels without taking immediate steps to stop such overcrowding;

iv. Failing to timely maintain the Project and the Site in the manner required by this Agreement (including applicable cure periods);

v. Failing to timely submit the reports as required by this Agreement or failing to submit materially complete reports (including applicable cure periods);

vi. Fraud in connection with any document or representation relating to this Agreement or embezzlement of Project monies; and

vii. Failing to provide reasonable cooperation to the City's Police Department in any criminal or investigatory matter.

viii. Repeated, substantiated complaints of, or continued conditions of, poor service quality or failure to maintain the Site as required by Article E hereof such that nuisance conditions arise. For purposes of this Section, the term "nuisance conditions" shall include any condition that substantiates a code enforcement violation under the City of Irwindale Municipal Code, such as:

- Persistent debris and litter on the Site without prompt cleaning by the Qualified Manager,
- Violations of building safety standards required under local or state laws,
- Any recurrent or persistent failure to repair, reconstruct or repaint any structure(s) which have been damaged, defaced (e.g., graffiti) or have deteriorated, regardless of whether such deterioration is due to poor maintenance or through the course of normal wear and tear.
- Any condition that threatens the public health and safety.
- Repeated violations of this Agreement or of the Irwindale Municipal Code that are not directly identified above may

amount to Serious Mismanagement if such violations are recurrent to such an extent that, regardless of any cure, their repetitive nature amounts to a continuing violation.

c. *Termination of Qualified Manager; Notice/Cure Periods.* Within ten (10) days following the Participant's receipt of a Notice of Serious Mismanagement, the Authority, Qualified Manager and the Participant shall meet and confer in good faith concerning the nature of the Authority's alleged deficiencies and the actions which the Authority believes necessary to cure such deficiencies. Within thirty (30) days from the conclusion of such discussions, the Participant shall cure such deficiencies and shall ensure that such deficiencies do not recur. If such deficiencies are not cured within said thirty (30) day period, or if such deficiencies recur at a future date, the Authority may, at its option, require the Participant to replace the Site manager with another Qualified Manager selected by the Participant in it's reasonable discretion, provided, that the Participant shall ensure that such replacement Qualified Manager has the necessary skills, experience and financial ability to operate and manage the Site in accordance with all of the requirements and standards of this Agreement, the Lease/Regulatory Agreement and all other applicable laws and ordinances.

2. Qualified Manager Contract Terminable. Any contract for the operation or management of the Site entered into by the Participant shall provide that such contract shall be terminated upon thirty (30) days' notice, with or without cause. The Participant's failure to remove and replace a Qualified Manager in accordance with the provisions of Section F.1 shall constitute an event of default under this Agreement.

3. Qualifications/Duties of Qualified Manager. The Qualified Manager shall be qualified and able to promptly respond to tenant maintenance requests and tenant emergencies by promptly routing such matters to appropriate maintenance service providers or emergency services. The Qualified Manager shall reside in the designated "Manager's Unit" and shall be retained at no cost to the Authority, Agency or City. The Qualified Manager is expected to be promptly responsive to tenant needs, particularly by promptly or immediately contacting appropriate medical, maintenance, police or fire services when needed for response to a tenant emergency threatening the health, safety or welfare of any person. The Qualified Manager may perform maintenance duties on the Site, or chores and maintenance duties that are beyond the scope of the Qualified Manager may be contracted-out to an outside service provider, provided that the costs of such contracted services shall be the sole responsibility of Participant. From time-to-time, the Authority and Participant may develop a written policy detailing the specific scope of the Qualified Manager's duties, qualifications, responsibilities and response times pursuant to this Section.

G. COMPLIANCE WITH LAWS.

1. State and Local Laws. Participant shall comply with all ordinances, regulations and standards of the City, Authority and Agency applicable to the Site. Participant shall comply with all rules and regulations of any assessment district of the City with jurisdiction over the Site.

2. Lease Approval. Authority shall have the right but is not required to approve any lease forms, revisions, amendments or modification made to same, used by the Qualified Manager or Qualified Managers for leasing Restricted Units within the Site.

H. INSURANCE.

1. Duty to Procure Insurance. Participant covenants and agrees for itself, and its assigns and successors-in-interest in the Site that from completion of the Project as evidenced by City's issuance of a Certificate of Completion per the DDA, and continuing thereafter until the expiration of the 55-Year Affordability Period, Participant or such 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 Participant and Authority, and shall provide Authority evidence reasonably acceptable to Executive Director, insurance policies meeting the minimum requirements set forth below:

a. Commercial General Liability insurance with respect to the Site and the operations of or on behalf of Participant, in an amount not less than Two Million Dollars ($2,000,000) per occurrence combined single limit including products, completed operations, incidental, contractual, bodily injury, personal injury, death and property damage liability per occurrence, subject to such increases in amount as Authority may reasonably require from time to time. The insurance to be provided by Participant may provide for a deductible or self-insured retention of not more than Twenty-five Thousand Dollars ($25,000), with such maximum amount to increase at the same rate as the periodic increases in the minimum amount of total insurance coverage set forth above.

b. With respect to the improvements and any fixtures and furnishings to be owned by Participant on the Site, All Risk Property insurance against fire, extended coverage, vandalism, and malicious mischief, and such other additional perils, hazards, and risks as now are or may be included in the standard "all risk" form in general use in Los Angeles County, California, with the standard form fire insurance coverage in an amount equal to full actual replacement cost thereof, as the same may change from time to time. The above insurance policy or policies shall include coverage for earthquake to the extent generally and commercially available at commercially reasonable rates, as determined by Participant. City, Authority and Agency shall be loss payees under such policy or policies and such insurance shall contain a replacement cost endorsement.

c. All policies of insurance required to be carried by Participant shall be written by responsible and solvent insurance companies licensed or authorized to do business in the State of California and having a policy-holder's rating of A or better, in the most recent addition of "Best's Key Rating Guide -- Property and Casualty." A copy of each paid-up policy evidencing such insurance (appropriately authenticated by the insurer) or a certificate of the insurer, certifying that such policy has been issued, providing the coverage required herein, and containing the provisions specified herein, shall be delivered to Authority prior to its issuance of the Certificate of Completion for the Project per the DDA and thereafter, upon renewals, not less than thirty (30) days prior to the expiration of coverage. Authority may, at any time, and from time to time, inspect and/or copy any and all insurance policies required to be procured by

Participant hereunder. In no event shall the limits of any policy be considered as limiting the liability of Participant hereunder.

d. Each insurance policy required to be carried by Participant pursuant to this Agreement shall contain the following endorsements, provisions or clauses:

i. The insurer will not cancel or materially alter the coverage provided by such policy in a manner adverse to the interest of the insured without first giving Authority a minimum of thirty (30) days prior written notice by certified mail, return receipt requested; and

ii. A waiver by the insurer of any right to subrogation against Authority, its agents, employees, or representatives, which arises or might arise by reason of any payment under such policy or policies or by reason of any act or omission of Authority, its agents, officers, members, officials, employees, or representatives.

iii. The City, Agency, Authority and their respective agents, officers, members, officials, employees, volunteers, and representatives shall be named insureds on the Commercial General Liability policies.

iv. The City, Authority and Agency shall be loss payees on the All Risk Property insurance policies.

v. Coverage provided by these policies shall be primary and non-contributory to any insurance carried by the City, Agency, their officers, officials, employees, volunteers, agents, or representatives.

vi. Failure to comply with reporting provisions shall not affect coverage provided to City, Authority or Agency, their officers, employees, volunteers, agents, or representatives.

2. Updates in Insurance. Authority's Executive Director may require an increase in the minimum limits of the insurance policies required by this Article as such increases are reasonably determined necessary to provide for changes in cost of living, liability exposure, the market for insurance, or the use of the Site. Such increases in insurance coverage shall be effective upon receipt of written notice from the Executive Director, provided that Participant shall have the right to appeal a determination of increased coverage by the Executive Director to the Authority Board within 30 days of receipt of notice from the Executive Director.

3. Waiver. Authority's Executive Director may waive or modify the insurance requirements set forth herein if such insurance is determined by the Executive Director not to be commercially available. Participant shall submit such evidence of commercial availability as is reasonably required by the Executive Director. At least annually, Participant shall review the availability of any insurance requirement waived or modified pursuant to this Article, and shall meet any such insurance requirement as such insurance becomes commercially available.

4. Failure to Procure Insurance. If Participant fails to procure and maintain the above-required insurance despite its commercial availability, then Authority, in addition to any other remedy which Authority may have hereunder for Participant's failure to procure, maintain, and/or pay for the insurance required herein, may (but without any obligation to do so) at any time or from time to time, after thirty (30) days written notice to Participant, procure such insurance and pay the premiums therefor, in which event Participant shall immediately repay Authority all sums so paid by Authority together with interest thereon at the maximum legal rate.

I. OBLIGATION TO REPAIR.

1. Obligation to Repair and Restore Damage Due to Casualty Covered by Insurance. Subject to Section I.3 below, if the Project shall be totally or partially destroyed or rendered wholly or partly uninhabitable by fire or other casualty required to be insured against by Participant, Participant 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 Project to substantially the same condition as the Project is required to be maintained in pursuant to this Agreement, whether or not the insurance proceeds are sufficient to cover the actual cost of repair, replacement, or restoration, and Participant 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 Agreement. Subject to extensions of time for "force majeure" events described in the DDA, in no event shall the repair, replacement, or restoration period exceed one (1) year from the date Participant obtains insurance proceeds unless Authority's Executive Director, in his or her sole and absolute discretion, approves a longer period of time. Authority shall cooperate with Participant, at no expense to Authority, in obtaining any governmental permits required for the repair, replacement, or restoration. If, however, the then-existing laws of any other governmental agencies with jurisdiction over the Property do not permit the repair, replacement, or restoration, Participant may elect not to repair, replace, or restore the Project by giving notice to Authority (in which event Participant shall be entitled to all insurance proceeds but Participant shall be required to remove all debris from the Site) or Participant may reconstruct such other improvements on the Site as are consistent with applicable land use regulations and approved by the City, Authority, Agency, and the other governmental agency or agencies with jurisdiction.

If Participant fails to obtain insurance as required by the DDA or this Agreement (and Authority has not procured such insurance and charged Participant for the cost), Participant shall be obligated to reconstruct and repair any partial or total damage to the Project and improvements located on the site in accordance with this Section I.1.

2. Continued Operations. During any period of repair, Participant shall continue, or cause the continuation of, the operation of the Project to the extent reasonably practicable from the standpoint of prudent business management.

3. Damage or Destruction Due to Cause Not Required to be Covered by Insurance. If the improvements comprising the Project are completely destroyed or substantially damaged by a casualty for which Participant is not required to (and has not) insure against, then Participant shall not be required to repair, replace, or restore such improvements and may elect not to do so by providing Authority with written notice of election not to repair, replace, or

restore within ninety (90) days after such substantial damage or destruction. In such event, Participant shall remove all debris from the Property. As used in this Section I.3, "substantial damage" caused by a casualty not required to be (and not) covered by insurance shall mean damage or destruction which is [ten] percent [(10%)] or more of the replacement cost of the improvements comprising the Project. In the event Participant does not timely elect not to repair, replace, or restore the improvements as set forth in the first sentence of this Section I.3, Participant shall be conclusively deemed to have waived its right not to repair, replace, or restore the improvements and thereafter Participant shall promptly commence and complete the repair, replacement, or restoration of the damaged or destroyed improvements in accordance with Section I.1 above and continue operation of the apartment complex during the period of repair (if practicable) in accordance with Section I.2 above.

J. LIMITATION ON TRANSFERS.

The Participant covenants that Participant shall not transfer the Site or any of its interests therein except as provided in this Section.

1. Transfer Defined. As used in this Section, the term "transfer" shall include any assignment, hypothecation, mortgage, pledge, conveyance, or encumbrance of this Agreement, the Site, or the improvements thereon. A transfer shall also include the transfer to any person or group of persons acting in concert of more than twenty-five percent (25%) (in the aggregate) of the present ownership and/or control of any person or entity constituting Participant or its general partners, taking all transfers into account on a cumulative basis, except transfers of such ownership or control interest between members of the same immediate family, or transfers to a trust, testamentary or otherwise, in which the beneficiaries are limited to members of the transferor's immediate family, or among the entities constituting Participant or its general partners or their respective shareholders. In the event any entity constituting Participant, its successor or the constituent partners of Participant or any successor of Participant, is a corporation or trust, such transfer shall refer to the transfer of the issued and outstanding capital stock of such corporation, of beneficial interests of such trust; in the event that any entity constituting Participant, its successor or the constituent partners of Participant or any successor of Participant is a limited or general partnership, such transfer shall refer to the transfer of more than twenty-five percent (25%) of such limited or general partnership interest; in the event that any entity constituting Participant, its successor or the constituent partners of Participant or any successor of Participant is a joint venture, such transfer shall refer to the transfer of more than twenty-five percent (25%) of the ownership and/or control of any such joint venture partner, taking all transfers into account on a cumulative basis.

2. Authority Approval of Transfer Required. Participant shall not transfer the Site or any of Participant's rights hereunder, or any interest in the Site or in the improvements thereon, directly or indirectly, voluntarily or by operation of law, except as provided below, without the prior written approval of Authority, and if so purported to be transferred, the same shall be null and void. In considering whether it will grant approval of any transfer by Participant of its interest in the Site, Authority shall consider factors such as (i) whether the completion of the Project is jeopardized; (ii) the financial credit, strength, and capability of the proposed transferee to perform Participant's obligations hereunder; and (iii) the proposed transferee's experience and expertise in the planning, financing, development, ownership, and operation of similar projects.

In the absence of specific written agreement by Authority, no transfer by Participant of all or any portion of its interest in the Site (including without limitation a transfer not requiring Authority approval hereunder) shall be deemed to relieve it or any successor party from the obligation to complete the Project or any other obligations under this Agreement. In addition, no attempted transfer of any of Participant's obligations hereunder shall be effective unless and until the successor party executes and delivers to Authority an assumption agreement in a form approved by the Authority assuming such obligations.

3. Exceptions. The foregoing prohibition shall not apply to any of the following:

a. Any mortgage, deed of trust, sale/lease-back, or other form of conveyance for financing, but Participant shall notify Authority in advance of any such mortgage, deed of trust, or other form of conveyance for financing pertaining to the Site.

b. Any mortgage, deed of trust, sale/lease-back, or other form of conveyance for restructuring or refinancing of any amount of indebtedness described in subsection (a) above, provided that the amount of indebtedness incurred in the restructuring or refinancing does not exceed the outstanding balance on the debt incurred to finance the acquisition of the Site and construction of improvements on the Site, including any additional costs for completion of construction, whether direct or indirect, based upon the estimates of architects and/or contractors.

c. After recordation of the Release of Construction Covenants, any mortgage, deed of trust, sale/lease-back, or other form of conveyance for financing provided that the principal amount of the loan does not exceed eighty-five percent (85%) of the value of the land and improvements thereon.

d. The granting of easements to any appropriate governmental agency or utility to facilitate the development of the Site.

e. A sale or transfer resulting from or in connection with a reorganization as contemplated by the provisions of the Internal Revenue Code of 1986, as amended or otherwise, in which the ownership interests of a corporation are assigned directly or by operation of law to a person or persons, firm or corporation which acquires the control of the voting capital stock of such corporation or all or substantially all of the assets of such corporation.

f. A transfer of forty-nine percent (49%) or more ownership interest to a member of the transferor's immediate family, a trust, testamentary or otherwise, in which immediate family members of the transferor are the sole beneficiaries, or a corporation or partnership in which the immediate family members or shareholders of the transferor have controlling majority interest of more than fifty percent (50%).

g. A change in the respective percentage ownership interests exclusively of the present Participants of Participant (as of the date of this Agreement), but this shall not authorize the transfer of any interest to any person or entity who is not a present Participant of Participant.

K. ENFORCEMENT.

In the event Participant defaults in the performance or observance of any covenant, agreement or obligation of Participant pursuant to this Agreement, and if such default remains uncured for a period of thirty (30) days after written notice thereof shall have been given by Authority, or, in the event said default cannot be cured within said time period, Participant has failed to commence to cure such default within said thirty (30) days and thereafter fails to diligently prosecute said cure to completion, then Authority shall declare an "Event of Default" to have occurred hereunder, and, at its option, may take one or more of the following steps:

a. By mandamus or other suit, action or proceeding at law or in equity, require Participant to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of this Agreement; or

b. Take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of Participant hereunder; or

c. Enter the Site and cure the Event of Default as provided in Section E.6 hereof.

d. Impose, through Authority's Executive Director, an administrative fine for each day the violation continues. The amount of the fine shall be Twenty-Five dollars ($25.00) per day, unless the violation is deemed a major violation, in which case the fine shall be Seventy-Five dollars ($75.00) per day. The amounts of the foregoing fines shall be automatically increased by Five Dollars ($5.00) every five (5) years during the Term of this Agreement. For purposes of this Section, a "major" violation shall be one which affects adjacent property or the health and safety of persons. Participant may appeal the assessment of any fine to the Authority Board who may reverse, modify or uphold the decision of the Executive Director. In making this decision, the Agency Board shall determine whether the violation exists and whether the amount of the fine is appropriate under the circumstances.

Except as otherwise expressly stated in this Agreement, 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 another party.

L. NONDISCRIMINATION.

There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, or any part thereof, nor shall Participant, 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 Site, or any part thereof (except as permitted by this Agreement).

M. COMPLIANCE WITH AUTHORITIY'S LAS CASITAS HOUSING GUIDELINES.

In addition to the provisions of this Agreement, Participant agrees to abide by the Authority's duly-adopted "Las Casitas Housing Guidelines" ("**Guidelines**") as such Guidelines may be amended by the Authority from time to time. A true and correct copy of the Guidelines as in effect as of the Effective Date of this Agreement are attached hereto as Exhibit "I". The Authority shall notify Participant in writing of any proposed, substantive amendments to the Guidelines.

N. COVENANTS TO RUN WITH THE LAND.

Participant hereby subjects the Site to the covenants, reservations, and restrictions set forth in this Agreement. Authority and Participant hereby declare their express intent that all such covenants, reservations, and restrictions shall be deemed covenants running with the land and shall pass to, burden, and be binding upon the Participant's successors in title to the Site; provided, however, that on the termination of this Agreement said covenants, reservations and restrictions shall expire. All covenants without regard to technical classification or designation shall be binding for the benefit of the Authority, and such covenants shall run in favor of the Authority and for the benefit of the Public Parcels identified in Exhibit C hereto for the entire term of this Agreement, without regard to whether the Authority is or remains an owner of any land or interest therein to which such covenants relate. Each and every contract, deed or other instrument hereafter executed covering or conveying the Site or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations, and restrictions, regardless of whether such covenants, reservations, and restrictions are set forth in such contract, deed or other instrument.

Pursuant to California Civil Code Section 1468, the obligations of this Agreement burden the Site for the benefit of the Public Parcels, the parcels comprising the Banning Redevelopment Project Area and other surrounding lands impacted by the blighted conditions of the Site. Authority and Participant hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that Participant's legal interest in the Site is rendered less valuable thereby. Authority and Participant hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Eligible Tenants, the intended beneficiaries of such covenants, reservations, and restrictions, and by furthering the public purposes for which the Authority was formed.

Participant, in exchange for the Authority entering into the DDA, hereby agrees to hold, sell, and convey the Site subject to the terms of this Agreement. Participant also grants to the Authority, Agency and the City the right and power to enforce the terms of this Agreement against the Participant and all persons having any right, title or interest in the Site or any part thereof, their heirs, successive owners and assigns.

O. INDEMNIFICATION.

Participant agrees for itself and its successors and assigns to indemnify, defend, and hold

harmless Authority, Agency, City, and their respective officers, members, officials, employees, agents, volunteers, and representatives from and against any loss, liability, claim, or judgment relating in any manner to the Project excepting only any such loss, liability, claim, or judgment arising out of the intentional wrongdoing or gross negligence of Authority, Agency, City, or their respective officers, officials, employees, members, agents, volunteers, or representatives. Participant, while in possession of the Site, and each successor or assign of Participant while in possession of the Site, shall remain fully obligated for the payment of property taxes and assessments in connection with the Site. The foregoing indemnification, defense, and hold harmless agreement shall only be applicable to and binding upon the party then owning the Site or applicable portion thereof.

P. ATTORNEYS' FEES.

In the event that a party to this Agreement brings an action against the other party hereto by reason of the breach of any condition, covenant, representation or warranty in this Agreement, or otherwise arising out of this Agreement, the prevailing party in such action shall be entitled to recover from the other reasonable expert witness fees, and its attorney's fees and costs. Attorney's 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, including the conducting of discovery.

Q. AMENDMENTS.

This Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County of Los Angeles.

R. NOTICE.

Any notice required to be given hereunder shall be made in writing and shall be given by personal delivery, certified or registered mail, postage prepaid, return receipt requested, at the addresses specified below, or at such other addresses as may be specified in writing by the parties hereto:

Authority: Irwindale Housing Authority
5050 N Irwindale Avenue
Irwindale, CA 91706
Attn: Executive Director

Copy to: Aleshire & Wynder, LLP
18881 Von Karman, Suite 1700
Irvine, CA 92612
Attn: Fred Galante, Esq.

Participant: The Northridge Group, Inc.
798 Pine Knot Ave., P.O. Box 134401,
Big Bear Lake, CA 92315
Attn: William Jahn

Copy to: Patrick Ragan, Esq.
1881 S. Business Center Dr., Suite 7B
San Bernardino, CA 92408

The notice shall be deemed given three (3) business days after the date of mailing, or, if personally delivered, when received.

S. SEVERABILITY/WAIVER/INTEGRATION.

a. Severability. If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

b. Waiver. A waiver by either party of the performance of any covenant or condition herein shall not invalidate this Agreement or waive any other covenants or conditions, nor shall the delay or forbearance by either party in exercising any remedy or right be considered a waiver of, or an estoppel against, the later exercise of such remedy or right.

c. Integration. This Agreement contains the entire Agreement between the parties and neither party relies on any extraneous warranty or representation.

T. CONFLICT OF CONTRACT LANGUAGE.

In the event there is any conflict between the terms of this Regulatory Agreement and the terms of the DDA, the controlling language shall be determined as follows:

a. Prior to the issuance of a Certificate of Completion for the Project (as described in § 615 of the DDA), the terms and language of the DDA shall be controlling.

b. After issuance of a Certificate of Completion for the Project (as described in § 615 of the DDA), the terms and language of this Agreement shall be controlling.

U. FUTURE ENFORCEMENT.

The parties hereby agree that should the Authority cease to exist as an entity at any time during the term of this Agreement, the City of Irwindale shall have the right to enforce all of the terms and conditions herein, unless the Authority had previously specified another entity to enforce this Agreement.

V. GOVERNING LAW.

This Agreement shall be governed by the laws of the State of California.

W. COUNTERPARTS.

This Agreement may be executed in any number of counterparts, each of which shall constitute one original and all of which shall be one and the same instrument.

[Signatures on Next Page]

IN WITNESS WHEREOF, the Authority and Participant have executed this Regulatory Agreement and Declaration of Covenants and Restrictions by duly authorized representatives on the date first written hereinabove.

03.23.11
Date

"AUTHORITY"
IRWINDALE HOUSING AUTHORITY, a public body corporate and politic

Chair

ATTEST:

Authority Secretary
Assistant

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

Fred Galante, Authority Counsel

March 19th 2011
Date

"PARTICIPANT"
THE NORTHRIDGE GROUP, INC., a California corporation

W.E. Jahn, Executive Vice President

Alex Blanco, CFO
AKA ALEJANDRO BLANCO

[End of Signatures]

43

CALIFORNIA JURAT WITH AFFIANT STATEMENT

GOVERNMENT CODE § 8202

☒ See Attached Document (Notary to cross out lines 1–6 below)
☐ See Statement Below (Lines 1–6 to be completed only by document signer[s], *not* Notary)

1 _____
2 _____
3 _____
4 _____
5 _____
6 _____

Signature of Document Signer No. 1 | Signature of Document Signer No. 2 (if any)

State of California
County of San Bernardino

Subscribed and sworn to (or affirmed) before me on this 19th day of March, 2011.
Date | Month | Year

by
(1) William E. Jahn,
Name of Signer

proved to me on the basis of satisfactory evidence to be the person who appeared before me (.) (,)

(and
(2) _____,
Name of Signer

proved to me on the basis of satisfactory evidence to be the person who appeared before me.)

Signature Fawnya Ramirez
Signature of Notary Public

FAWNYA RAMIREZ
Commission # 1911802
Notary Public - California
San Bernardino County
My Comm. Expires Nov 2, 2014

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

RIGHT THUMBPRINT OF SIGNER #1	RIGHT THUMBPRINT OF SIGNER #2
Top of thumb here	Top of thumb here

Further Description of Any Attached Document

Title or Type of Document: Regulatory Agreement

Document Date: 3/19/2011 Number of Pages: 41

Signer(s) Other Than Named Above: _____

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Item #5910

CALIFORNIA JURAT WITH AFFIANT STATEMENT

☑ See Attached Document (Notary to cross out lines 1–6 below)
☐ See Statement Below (Lines 1–6 to be completed only by document signer[s], *not* Notary)

1 _____
2 _____
3 _____ N/A
4 _____
5 _____
6 _____ _____
Signature of Document Signer No. 1 Signature of Document Signer No. 2 (if any)

State of California
County of SAN BERNARDINO

Subscribed and sworn to (or affirmed) before me
on this 31 (Date) day of MARCH (Month), 2011 (Year),
by
(1) ALEJANDRO BLANCO (Name of Signer),
proved to me on the basis of satisfactory evidence
to be the person who appeared before me (.) (,)
(and
(2) N/A (Name of Signer),
proved to me on the basis of satisfactory evidence
to be the person who appeared before me.)

CINDY L. BOULWARE
Commission # 1906109
Notary Public - California
San Bernardino County
My Comm. Expires Oct 28, 2014

Signature _____
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

RIGHT THUMBPRINT OF SIGNER #1	RIGHT THUMBPRINT OF SIGNER #2
Top of thumb here	Top of thumb here

Further Description of Any Attached Document

Title or Type of Document: REGULATORY AGREEMENT

Document Date: _____ Number of Pages: 21

Signer(s) Other Than Named Above: _____

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45

EXHIBIT "A"
LEGAL DESCRIPTION OF PARCEL I

[Insert Legal Description]

46

LEGAL DESCRIPTION

PARCEL 1:

That portion of the West half of the Northeast Quarter of Section 9, Township 1 South, Range 10 West, in the City of Irwindale, according to the Official Plat of said land filed in the District Land Office April 21, 1877 described as follows:

Beginning at a point in the North line of said Section 9, distant Easterly thereon 1102.10 feet from the West line of said Northeast Quarter of said Section, thence continuing along said Northerly line North 89 degrees 48' 05" East 79.60 feet, thence South 0 degrees 40' 25" West 190.09 feet, thence South 89 degrees 00' 07" West 79.30 feet to a point nearing South 0 degrees 43' 02" West 191.74 feet from the point of beginning, thence North 0 degrees 43' 02" East 191.74 feet to the point of beginning.

Excepting from said land the interest in the North 20 feet thereof reserved by A. G. Bottller in deed recorded April 29, 1898, in Book 1220, page 190 of Deeds.

Said land is also known as Parcel 17 of Official Maps, in the City of Irwindale, County of Los Angeles, as per map recorded in Book 4, page(s) 58 to 61, inclusive, of Official Maps, in the Office of the County Recorder of said County.

PARCEL 2:

Parcel 18, in the City of Irwindale, as per Map recorded in Book 4, page(s) 58 to 61, inclusive, of Official Maps, in the Office of the County Recorder of said County.

Said land is also known as a portion of the West half of the Northeast Quarter of Section 9, Township 1 South, Range 10 West, San Bernardino Base and Meridian, in the City of Irwindale, according to the Official Plat of said land filed in the District Land Office April 21, 1877, official records.

95- 934048

PARCEL 3:

That portion of the West half of the Northeast Quarter of Section 9, Township 1 South, Range 10 West, San Bernardino Base and Meridian, in the City of Irwindale, according to the Official Plat of said land filed in the District Land Office, April 21, 1877, described as follows:

Beginning at a point in the Northerly line of said Section 9, distant Easterly thereon 1007.50 feet from the West line of said Northeast Quarter of said Section; thence Easterly along said Northerly line 94.60 feet; thence South 0° 43' 02" West 191.74 feet; thence South 89° 00' 07" West 94.30 feet to a point bearing South 0° 37' 40" West from the point of beginning; thence North 0° 37' 40" East 193.73 feet to the point of beginning.

Portion of said land is also known as Parcel 16 of Official Maps, in the City of Irwindale, County of Los Angeles, as per map recorded in Book 4, pages 58-61, inclusive, of Official Maps, in the Office of the County Recorder of said County.

8417 | 29 SHEET | P. A. 8818-18 | TRA 3055 3057 3127 | REVISED 2005120706001001-06 2006101704003001-06 | 2006112705013001-06 2008120307001001-27 | SEARCH NO | OFFICE OF THE ASSESSOR COUNTY OF LOS ANGELES COPYRIGHT © 2002

2009 | BK 8619

LAS CASITAS PHASE 2

LAS CASITAS PHASE 1

N 1/4 COR SEC 9 T1S R10W

CF 2396 | CS 7590 | CSB-1833-3 | CSB-2112 | CS 8481-1

1364.65 | 1004.73

ARROW HWY

MAPPING AND GIS SERVICES SCALE 1" = 100'

HIDALGO ST

JUAREZ ST

CALLE 62

DE NORTE 62

AVE 60 | CS 6647 | DM 3842-10 | CS 7590

IRWINDALE AVE

PAT & MIRANDA LN

AYON AVE

ALLEN DR

TRACT NO 23613

TRACT NO 65236

IRWINDALE HOUSING AUTHORITY

PG 28 | PG 30 | PG 34

OM 4-86 | RS 114-4-10 | M B 132-48-49 | P M 285-48-49

ALL 900 SERIES PARCELS ON THIS PAGE ARE ASSESSED TO REDEVELOPMENT AGENCY OF THE CITY OF IRWINDALE, UNLESS OTHERWISE NOTED

3057

84

49

EXHIBIT "B"
LEGAL DESCRIPTION OF PARCEL II

[Insert Description]

50

Real property in the City of Irwindale, County of Los Angeles, State of California, described as follows:

THAT PORTION OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 9, TOWNSHIP 1 SOUTH, RANGE 10 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF IRWINDALE, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE, APRIL 21, 1877, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE NORTHERLY LINE OF SAID SECTION 9, DISTANT EASTERLY THEREON 1007.50 FEET FROM THE WEST LINE OF SAID NORTHEAST QUARTER OF SAID SECTION; THENCE EASTERLY ALONG SAID NORTHERLY LINE 94.60 FEET; THENCE SOUTH 0° 43' 02" WEST 191.74 FEET; THENCE SOUTH 89° 00' 07" WEST 94.30 FEET TO A POINT BEARING SOUTH 0° 37' 40" WEST FROM THE POINT OF BEGINNING; THENCE NORTH 0° 37' 40" EAST 193.73 FEET TO THE POINT OF BEGINNING.

PORTION OF SAID LAND IS ALSO KNOWN AS PARCEL 16 OF OFFICIAL MAPS, IN THE CITY OF IRWINDALE, COUNTY OF LOS ANGELES, AS PER MAP RECORDED IN BOOK 4, PAGES 58-61, INCLUSIVE, OF OFFICIAL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 8417-029-017

8417 | 29 SHEET | P. A. 8618-18 | TRA 3055 3057 3127 | REVISED 2005120706001001-06 2006101704003001-06 | 2006112705013001-06 2008120300100I-27 | SEARCH NO | OFFICE OF THE ASSESSOR COUNTY OF LOS ANGELES COPYRIGHT © 2002

2009 | BK 8619

LAS CASITAS PHASE 2

LAS CASITAS PHASE 1

N 1/4 COR SEC 9 T1S R10W

CF 2396 | CS 7590 | CS B-1833-3 | CS B-2112 | CS S-181-1

1364.85 | 1004.73 | 360.12

ARROW | HWY

N89°48'05"W

TRACT NO 23613

MAPPING AND GIS SERVICES SCALE 1" = 100'

HIDALGO ST

JUAREZ ST

IRWINDALE AVE

PAT & MIRANDA & LN

AYON AVE

DE NORTE

CALLE

ALLEN

PG 28

PG 30

PG 34

P M 285-48-49

OM 4-86

M B

R S 114-4-10

CITY 910 28570±SF

CITY 911 27010±SF

CITY 912 12580±SF

CITY 913

IRWINDALE HOUSING AUTHORITY 17 919 33710±SF

16 POR 17 9020±SF

18 POR

19 POR 61

20

21

20 POR 22

21 POR 23 10335 SF

22 24 6978 SF

23 25 15432 SF

24 45 5680±SF

46 3350±SF

50 1 8837 SF

51 2 8450 SF

52 3 8451 SF

53 4 8555 SF

54 5 8682 SF

27 7767 SF

28 8470±SF

29 16314 SF

30 8834 SF

31 7604 SF

32 31

33 32

1 POR 3 61

2-A POR 1

2-B POR 927

3 POR 914

4 POR 5 58

5 POR 917 4

6 POR 7

7 POR 8

9350±SF 903 4

1.58±AC 44

1.03±AC 36

10160±SF

10130±SF 41 5

9200±SF 38 6

8830±SF 42 7

9920±SF 43 8

8040±SF 40 9

8000±SF 34

8412 SF 47 1

7852 SF 48 2

16990±SF 15 14 POR

12 CITY 913

15 POR CITY 912 12580±SF

11 POR

13 POR 14 58

873 | 99 | 100

3055 | 3057

ALL 900 SERIES PARCELS ON THIS PAGE ARE ASSESSED TO REDEVELOPMENT AGENCY OF THE CITY OF IRWINDALE, UNLESS OTHERWISE NOTED

5

EXHIBIT "C"
LEGAL DESCRIPTION OF WHOLE SITE

[Insert Description]

53

LEGAL DESCRIPTION

REAL PROPERTY IN THE CITY OF IRWINDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, BEING A PORTION OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 9, TOWNSHIP 1 SOUTH, RANGE 10 WEST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE APRIL 21,1877. ALSO, MORE RECENTLY KNOWN AS LOTS 16,17 AND 18 AS SHOWN ON THE RECORD OF SURVEY FILED IN BOOK 114, PAGES 4-10 INCLUSIVE OF RECORD OF SURVEYS, RECORDS OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE CENTERLINE INTERSECTION OF ARROW HIGHWAY AND AYON AVENUE AS SHOWN ON SAID RECORD OF SURVEY; THENCE SOUTH 00° 15' 30" WEST 263.31 FEET ALONG AYON AVENUE CENTERLINE; THENCE SOUTH 88° 37' 44" EAST 25.01 FEET TO THE **TRUE POINT OF BEGINNING**, SAID TRUE POINT OF BEGINNING IS A POINT IN THE EASTERLY RIGHT-OF-WAY LINE OF AYON AVENUE, 50 FEET WIDE, PER SAID MAP; THENCE NORTH 00° 15' 30" EAST 196.94 FEET ALONG SAID EASTERLY RIGHT-OF-WAY LINE; THENCE NORTH 45° 05' 44" EAST 24.11 FEET TO A POINT IN THE SOUTHERLY RIGHT-OF-WAY LINE OF ARROW HIGHWAY, 100 FEET WIDE, PER SAID MAP; THENCE NORTH 89° 55' 58" EAST 137.24 FEET ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE; THENCE SOUTH 01° 17' 27" WEST 145.29 FEET ALONG THE EASTERLY LINE OF LOT 17 PER SAID MAP; THENCE SOUTH 00° 29' 30" WEST 72.49 FEET ALONG THE EASTERLY LINE OF LOT 18 PER SAID MAP; THENCE NORTH 88° 37' 44" WEST 151.35 FEET ALONG THE SOUTHERLY LINE OF LOT 18 PER SAID MAP TO THE **TRUE POINT OF BEGINNING.**

CONTAINING AN AREA OF 32,760 SQUARE FEET, MORE OR LESS.

Description prepared by:

John R. Price 12/12/11

John R. Price
R.C.E. No. 28182

Date

REGISTERED PROFESSIONAL ENGINEER
JOHN R. PRICE
No. 28182
EXP. 3-31-2012
CIVIL
STATE OF CALIFORNIA

54

EXHIBIT "D"
DEPICTION OF PUBLIC PARCELS

[Insert Depiction]

16140 Arrow Hwy, Irwindale, CA 91706
Google

EXHIBIT "E"
KEYSER MARSTON FINANCIAL ANALYSIS OF GUARANTEED RENT

[Insert Analysis]

NET OPERATING INCOME
LAS CASITAS SENIOR APARTMENTS
CITY OF IRWINDALE

	# of Units	Monthly Rent (1)	Total Annual
I. Gross Scheduled Income			
One Bedrooms @ 50% of AMI	25	$500	$150,000
Manager Unit	1	$0	$0
Total/Average	26	$481	$150,000
Add: Other Income	$0 /Unit/Month		$0
(Less) Vacancy @	0.0% of Income		$0
Effective Gross Income (EGI)			$150,000
II. Operating Expenses			
(Less) Operating Expenses (2)	$3,200 /Unit/Year		($83,000)
(Less) Property Taxes (3)	$346 /Unit/Year		($9,000)
(Less) Replacement Reserves	$350 /Unit/Year		($9,000)
Total Expenses	$3,885 /Unit/Year		($101,000)
	67.3% of EGI		
III. Net Operating Income			**$49,000**

(1) Reflects Guaranteed Rent.
(2) Includes Contracted Services, Utilities, Turn-Over/Redecorating, Maintenance, and Office (excluding property taxes).
(3) Estimated allowance; not verified by KMA.

Prepared by: Keyser Marston Associates, Inc.
Filename: Irwindale\Las Casitas Pro Forma_v3_33433 Report;3/1/2011;rks

VALUE OF INCOME STREAM - PHASE I
LAS CASITAS SENIOR APARTMENTS
CITY OF IRWINDALE

Lease Year	Guaranteed Rent (1)	(Less) Expenses (2)	Net Operating Income Per Unit	Net Operating Income Annual
1	$500	($324)	$145	$27,846
2	$513	($333)	$147	$28,232
3	$525	($343)	$149	$28,617
4	$538	($354)	$151	$29,003
5	$552	($364)	$153	$29,388
6	$566	($375)	$155	$29,773
7	$580	($387)	$157	$30,157
8	$594	($398)	$159	$30,540
9	$609	($410)	$161	$30,922
10	$624	($422)	$163	$31,301
11	$640	($435)	$165	$31,678
12	$656	($448)	$167	$32,052
13	$672	($462)	$169	$32,423
14	$689	($475)	$171	$32,791
15	$706	($490)	$173	$33,154
16	$724	($504)	$175	$33,513
17	$742	($519)	$176	$33,867
18	$761	($535)	$178	$34,215
19	$780	($551)	$180	$34,557
20	$799	($568)	$182	$34,891
21	$819	($585)	$183	$35,219
22	$840	($602)	$185	$35,538
23	$861	($620)	$187	$35,848
24	$882	($639)	$188	$36,149
25	$904	($658)	$190	$36,439
26	$927	($678)	$191	$36,719
27	$950	($698)	$193	$36,986
28	$974	($719)	$194	$37,240
29	$998	($741)	$195	$37,481
30	$1,023	($763)	$196	$37,707
31	$1,049	($786)	$197	$37,917
32	$1,075	($809)	$198	$38,111
33	$1,102	($834)	$199	$38,287
34	$1,129	($859)	$200	$38,444
35	$1,158	($884)	$201	$38,581
36	$1,187	($911)	$202	$38,696
37	$1,216	($938)	$202	$38,789
38	$1,247	($966)	$202	$38,858
39	$1,278	($995)	$203	$38,902

Escalation Factors	
Income	2.5%
Expenses	3.0%

(1). Reflects Guaranteed Income for 15 units.

(2) Reflects total operating expenses of $3,885/unit/year for 16 units. See Table 6.

Prepared by: Keyser Marston Associates, Inc.
Filename: i: Irwindale\Las Casitas Pro Forma_v3_33433 Report;3/1/2011;rks

VALUE OF INCOME STREAM - PHASE I
LAS CASITAS SENIOR APARTMENTS
CITY OF IRWINDALE

Lease Year	Guaranteed Rent (1)	(Less) Expenses (2)	Net Operating Income Per Unit	Net Operating Income Annual
40	$1,310	($1,025)	$203	$38,919
41	$1,343	($1,056)	$203	$38,908
42	$1,376	($1,088)	$202	$38,866
43	$1,410	($1,120)	$202	$38,794
44	$1,446	($1,154)	$202	$38,688
45	$1,482	($1,189)	$201	$38,548
46	$1,519	($1,224)	$200	$38,371
47	$1,557	($1,261)	$199	$38,155
48	$1,596	($1,299)	$197	$37,898
49	$1,636	($1,338)	$196	$37,599
50	$1,677	($1,378)	$194	$37,255
51	$1,719	($1,419)	$192	$36,863
52	$1,762	($1,462)	$190	$36,422
53	$1,806	($1,506)	$187	$35,930
54	$1,851	($1,551)	$184	$35,383
55	$1,897	($1,597)	$181	$34,778
Present Value in Calendar Year 0 @			**8.0%**	**$364,000**
Per Unit				**$22,750**

(2) Reflects total operating expenses of $3,885/unit/year for 16 units. See Table 6.

Prepared by: Keyser Marston Associates, Inc.
Filename: i: Irwindale\Las Casitas Pro Forma_v3_33433 Report;3/1/2011;rks

VALUE OF INCOME STREAM - PHASE II
LAS CASITAS SENIOR APARTMENTS
CITY OF IRWINDALE

Year	Guaranteed Rent (1)	(Less) Expenses (2)	Net Operating Income Per Unit	Net Operating Income Annual
1	$500	($324)	$176	$21,154
2	$513	($333)	$179	$21,488
3	$525	($343)	$182	$21,826
4	$538	($354)	$185	$22,165
5	$552	($364)	$188	$22,507
6	$566	($375)	$190	$22,851
7	$580	($387)	$193	$23,197
8	$594	($398)	$196	$23,545
9	$609	($410)	$199	$23,895
10	$624	($422)	$202	$24,246
11	$640	($435)	$205	$24,599
12	$656	($448)	$208	$24,953
13	$672	($462)	$211	$25,308
14	$689	($475)	$214	$25,664
15	$706	($490)	$217	$26,020
16	$724	($504)	$220	$26,377
17	$742	($519)	$223	$26,734
18	$761	($535)	$226	$27,090
19	$780	($551)	$229	$27,447
20	$799	($568)	$232	$27,802
21	$819	($585)	$235	$28,157
22	$840	($602)	$238	$28,510
23	$861	($620)	$241	$28,861
24	$882	($639)	$243	$29,210
25	$904	($658)	$246	$29,557
26	$927	($678)	$249	$29,901
27	$950	($698)	$252	$30,242
28	$974	($719)	$255	$30,579
29	$998	($741)	$258	$30,913
30	$1,023	($763)	$260	$31,241
31	$1,049	($786)	$263	$31,564
32	$1,075	($809)	$266	$31,882
33	$1,102	($834)	$268	$32,193
34	$1,129	($859)	$271	$32,498
35	$1,158	($884)	$273	$32,795
36	$1,187	($911)	$276	$33,085
37	$1,216	($938)	$278	$33,365
38	$1,247	($966)	$280	$33,636
39	$1,278	($995)	$282	$33,897

Escalation Factors	
Income	2.5%
Expenses	3.0%

(1) Reflects Guaranteed Income for 10 units.
(2) Reflects total operating expenses of $3,885/unit/year for 10 units. See Table 6.

Prepared by: Keyser Marston Associates, Inc.
Filename: I: Irwindale\Las Casitas Pro Forma_v3_33433 Report;3/1/2011;rks

VALUE OF INCOME STREAM - PHASE II
LAS CASITAS SENIOR APARTMENTS
CITY OF IRWINDALE

Year	Guaranteed Rent (1)	(Less) Expenses (2)	Net Operating Income Per Unit	Net Operating Income Annual
40	$1,310	($1,025)	$285	$34,148
41	$1,343	($1,056)	$287	$34,386
42	$1,376	($1,088)	$288	$34,612
43	$1,410	($1,120)	$290	$34,825
44	$1,446	($1,154)	$292	$35,023
45	$1,482	($1,189)	$293	$35,207
46	$1,519	($1,224)	$295	$35,374
47	$1,557	($1,261)	$296	$35,524
48	$1,596	($1,299)	$297	$35,655
49	$1,636	($1,338)	$298	$35,767
50	$1,677	($1,378)	$299	$35,859
51	$1,719	($1,419)	$299	$35,929
52	$1,762	($1,462)	$300	$35,975
53	$1,806	($1,506)	$300	$35,998
54	$1,851	($1,551)	$300	$35,994
55	$1,897	($1,597)	$300	$35,964
Present Value in Calendar Year 0 @			**8.0%**	**$287,000**
Per Unit				**$28,700**

(2) Reflects total operating expenses of $3,885/unit/year for 10 units. See Table 6.

Prepared by: Keyser Marston Associates, Inc.
Filename: i: Irwindale\Las Casitas Pro Forma_v3_33433 Report;3/1/2011;rks

62

EXHIBIT "F"

FORM CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

Period Covered _____

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE
IRWINDALE HOUSING AUTHORITY OF THE
CITY OF IRWINDALE, CALIFORNIA

The undersigned, THE NORTHRIDGE GROUP, INC., a California corporation (the "Participant"), has read and is thoroughly familiar with the provisions of the Disposition and Development dated _____, 2011, ("DDA") and documents referred to therein executed by Participant and Irwindale Housing Authority ("Agency") including but not limited to the Regulatory Agreement, as such term is defined in the DDA.

As of the date of this Certificate, the following Restricted Units in the Project are: (i) occupied by Qualified Households or Qualified Permanent Residents (as defined in the Regulatory Agreement), or (ii) currently vacant and being held available for such occupancy and have been so held continuously since the date an Qualified Household vacated such Restricted Unit:

	Occupied	Vacant
Qualified Households/Qualified Permanent Residents:		

As of the date of this Certificate, the following are numbers of Extremely Low, Very Low, and Moderate Income Senior Citizen Tenants who commenced occupancy of Restricted Units during the preceding year:

Very Low Income Tenants	**Low Income Tenants**	**Low Income Senior Citizen Tenants**	**Very Low Income Senior Citizen Tenants**
Unit Nos. _____	Unit Nos. _____	Unit Nos. _____	Unit Nos. _____

Attached is a separate sheet (the "Occupancy Summary") listing, among other items, the following information for each Restricted Unit: the number of Restricted Unit, the occupants of each Restricted Unit, the rental amount paid for each Restricted Unit, and the size and number of bedrooms of each Restricted Unit. The Participant certifies that the information contained in the Occupancy Summary is true and accurate.

The undersigned hereby certifies that (1) a review of the activities of the Participant during such period and of the Participant's performance under the DDA and the documents

referred to therein has been made under the supervision of the undersigned, and (2) to the best knowledge of the undersigned, based on the review described in clause (1) hereof, the Participant is not in default under any of the terms and provisions of the above documents (or describe the nature of any detail and set forth the measures being taken to remedy such defaults).

THE NORTHRIDGE GROUP, INC., a California corporation

By:_____
W.E. Jahn, Executive Vice President

[End of Signatures]

EXHIBIT "G"
ANNUAL ADJUSTMENT SCHEDULE FOR PREEXISTING TENANTS

[Insert Schedule]

EXHIBIT "G"

Annual Rent Increases Applicable to Preexisting Tenants

Preexisting Tenants are subject to flat-rate Annual Adjustments each year, as follows:

- The Annual Adjustments for Preexisting Tenants shall commence in the year following the start of the 55-Year Affordability Period and adjust annually thereafter.

- No Annual Adjustment may be charged to a Qualified Household if such rent increase would exceed the Affordable Rent level applicable to the Household's Restricted Unit. Prior to levying any Annual Adjustment upon a Qualified Household, the Participant shall verify that the Annual Adjustment will not result in the household paying a rent rate that exceeds its Affordable Rent. To achieve this verification, Participant shall use the most recent income certification/re-certification reports and the Participant shall consider any other information as may be reasonably requested or provided by the Authority.

- Preexisting Tenants shall be subject to no increase in the first year of the 55-Year Affordability Period. However, the monthly rent for each Preexisting Tenant will increase automatically each year after the first year of the 55-Year Affordability Period as follows:

YEAR	AMOUNT ADDED TO PREEXISTING TENANT'S MONTHLY RENT
One (first year of 55-Year Affordability Period)	$0
Two	$13
Three	$12
Four	$13
Five	$14
Six	$14
Seven	$14
Eight	$14
Nine	$15
Ten	$15
Eleven	$16

YEAR	AMOUNT ADDED TO PREEXISTING TENANT'S MONTHLY RENT
Twelve	$16
Thirteen	$16
Fourteen	$17
Fifteen	$17
Sixteen	$18
Seventeen	$18
Eighteen	$19
Nineteen	$19
Twenty	$19
Twenty-One	$20
Twenty-Two	$21
Twenty-Three	$21
Twenty-Four	$21
Twenty-Five	$22
Twenty-Six	$23
Twenty-Seven	$23
Twenty-Eight	$24
Twenty-Nine	$24
Thirty	$25
Thirty-One	$26
Thirty-Two	$26
Thirty-Three	$27
Thirty-Four	$27
Thirty-Five	$29
Thirty-Six	$29

YEAR	AMOUNT ADDED TO PREEXISTING TENANT'S MONTHLY RENT
Thirty-Seven	$29
Thirty-Eight	$31
Thirty-Nine	$31
Forty	$32
Forty-One	$33
Forty-Two	$33
Forty-Three	$34
Forty-Four	$36
Forty-Five	$36
Forty-Six	$37
Forty-Seven	$38
Forty-Eight	$39
Forty-Nine	$40
Fifty	$41
Fifty-One	$42
Fifty-Two	$43
Fifty-Three	$44
Fifty-Four	$45
Fifty-Five	$46

EXHIBIT "H"
MAINTENANCE SCHEDULE/PROGRAM

[Insert Schedule]

Las Casitas
Maintenance Requirements

I. CUSTODIAL AND GROUNDS MAINTENANCE:

Custodial and grounds maintenance involve a planned program of routine daily, weekly and monthly activities to maintain the cleanliness, healthfulness and appearance of the property. Custodial maintenance is performed by the Property Manager and maintenance workers. Duties include: daily site inspections, cleaning of the community rooms, pickup of litter on the grounds, and generation of written maintenance service requests based on the Property Manager's and Maintenance Worker's own inspections and observations, and based on legitimate written requests submitted by residents.

The daily, weekly and monthly common area cleaning is the responsibility of the Property Manager, Maintenance Worker, or by outside contractors when applicable:

A. Daily
   1. Patrol site (including parking area(s)), pickup litter and remove shopping carts.
   2. Sweep clean litter/debris from community room and empty all waste baskets. Mop/vacuum the community room on Monday, Wednesday and Friday or more frequently if needed.
   3. During the daily patrols of the entire site to pick up litter, also inspect for any damage or malfunctions; write a maintenance service request for any problems found.

B. Weekly:
   1. Hose or sweep down sidewalks, walkways and trash dumpster area. (During months when there is a substantial amount of rain, hosing down sidewalks may occur less frequently.)
   2. An evening lighting inspection to identify and replace any burned out light bulbs.
   3. Landscaping maintenance including weeding, tree and shrubbery trimming and spraying, is performed by a contract gardener.
   4. Monitor work performed by contract gardener; report problems to the Property Manager.

The Property Manager's work is to be supervised, monitored and inspected by the management company's Supervisor on a monthly basis.

C. Bi-weekly:
1. Inspect landscape sprinkler system to identify any broken heads, lines or other malfunctions; do a work order and repair any problems found; reset timer, if needed.

II. LANDSCAPE MAINTENANCE:

A proposal will go out to bid to landscape contractors which will include the following language:

- All hedges will be trimmed
- Cut Grass to be below 6" inches in height an least once weekly
- Prune trees and shrubs
- Remove weeds, dead or decayed trees, shrubs, and other vegetation from landscape areas.
- Keep irrigation system operative.
- Fertilize landscape areas.

III. RECREATION BUILDING:

In addition to day to day maintenance, the following schedule of maintenance shall be implemented:

A. Monthly
1. Elevator to be inspected and serviced.

B. Quarterly (every 3 months)
1. All HVAC filters changed.

C. Semi-Annual (every 6 months)
1. All windows cleaned (in and out)
2. All paint touched up.

D. Annual (every 12 months)
1. All hard surfaced floors cleaned and sealed.
2. All cabinetry oiled.
3. All shelves and drawers cleaned and wiped down.
4. All window blinds removed and cleaned.
5. All appliances cleaned and wiped down, per manufacture's recommendations.
6. All carpets and rugs cleaned.

E. Every two (2) years
1. All window coverings cleaned.

2. All furniture cleaned.

F. Every three (3) years
1. All interior walls painted.

IV. EXTERIOR MAINTENANCE:

2. Painting/touch up of exterior structures, including mailboxes, fences, gates and the like as needed to preclude peeling, chipping, flaking or oxidation of such coating.
3. Washing/cleaning of windows and skylights on regular maintenance, but not less than quarterly.
4. Maintain all exterior stucco, flashing, trim, fascia, exposed beans, exterior stairways, railings, treads, etc., on an as-needed basis including painting, patching and or/or repair as indicated, to ensure proper functioning of the same.
5. Stripe/sign parking areas as needed.
6. Establishing and maintain regular pest control (ants, hornets, wasps, termites, etc.).

V. INTERIOR (UNIT) MAINTENANCE:

All apartments will be serviced and maintained on an "as needed" basis including, but not limited to, service adjustment and cleaning schedules recommended by manufacturer:

- All plumbing
- All electrical (including emergency call systems).
- All appliances.
- All HVAC systems.
- All window coverings.

A. Vacated Unit Turnovers:

Turnover maintenance involves securing, cleaning and redecorating vacated units for occupancy by new residents. The type and amount of work performed is to be determined by the Property Manager and Maintenance Worker upon performing a move-out inspection after the former resident has vacated the unit on the move-in/move-out "Unit Inspection" form (Attachment ""). The amount of work needed will depend both on the condition the former resident left the unit in and whether a preventive maintenance or replacement item, such as complete unit repainting or re-carpeting, is scheduled for the near future. Dead-bolts (including locks and drums) are replaced on unit exterior doors after a resident moves out. The keys will then need to be re-coded.

Cleaning and repair work on vacated units is performed by the Property Manager and Maintenance Worker, unless there is a problem or repair where a special trades worker is required. In this instance, the Property Manager or Maintenance Worker will call the trades person and arrange to have them do the work. All unit turnover work should be documented with work orders which note the time spent and cost of materials used. If there are cleaning, repairs or replacements necessary which are beyond "normal wear and tear", the appropriate costs are deducted from the former resident's security deposit and detailed on the report mailed to the former resident.

Unless major damage has been done to the unit or substantial replacements are necessary, the normal standard for preparing a unit for re-renting should be within 5 work days of the time it was vacated.

VI. CORRECTIVE MAINTENANCE:

Corrective maintenance involves repairs or replacement of items which are not working or damaged--based on service requests from residents and problems found during inspections. Both should be documented on work orders.

Residents are to come to the Property Manager's office or call the Property Manager to make a maintenance service request. The Property Manager will then fill-out a maintenance work order form to give to the Maintenance Worker and establish the priority in which it should be handled. Based on their own inspections, the Property Manager and maintenance worker should also fill-out maintenance work order forms. Other than routine custodial and grounds maintenance, all maintenance work performed on PROPERTY NAME must be documented on maintenance service request forms. Upon completion, one copy is to remain in the property files, one copy is to be placed in the unit's maintenance file, and one copy should be given to the resident. Additionally, all maintenance requests should be dated at the time they are received and at the time the work has been completed.

A priority system is used for handling corrective maintenance items, based on the seriousness of the problem:

Emergency items, as noted above, must be abated immediately and should be repaired within 24 hours. Graffiti and shopping cart removal are to be considered an emergency item.

Urgent items are problems that involve a major inconvenience, discomfort or hardship to residents and/or could result in further deterioration to the property, if left unattended. Normally, these requests should be handled within 1 to 2 workdays.

Routine items are situations that warrant repair, but are not of an urgent or emergency nature. They also include cosmetic improvements requested by residents or the Property Manager. These should be handled within 3 to 5 workdays of the request, depending on the nature of the job.

When filling out a work order for a resident, where work must be done within the resident's unit, the Property Manager should request written consent by the resident for management to enter the resident's unit when they are not present. If the resident wants to be present when someone is working on the problem, the resident manger will attempt to schedule an appointment with the resident prior to scheduling the work.

If the nature of the work requires the skills of a licensed plumber or electrician, the Property Manager is responsible for calling the appropriately skilled contractor from an approved list. The Property Manager will also be responsible for scheduling an appointment with the resident, only if applicable, and the contractor.

In the event of emergency or urgent work that needs to be done, management may enter the unit without the resident being present. In these cases a notice is left for the resident indicating the time the unit was entered and the reason.

VII. PREVENTIVE MAINTENANCE:

Preventive Maintenance involves a program of planned inspections and servicing intended to reduce the frequency and severity of breakdowns of building systems and also helps to preserve and extend the useful life of building equipment and fixtures.

Management is primarily responsible for performing inspections and scheduling appropriate servicing of common area equipment and for units' space heaters and hot water heaters.

Residents also have an important role in the preventive maintenance program by properly using and cleaning certain appliances and fixtures in their units. Residents should be taught how to use and clean their stove and vent, refrigerator, disposal, and flooring at the time of their initial orientation and/or unit inspection. Their resident handbooks will also contain written information regarding the use and care of these things for their future reference.

The following summarizes the management's, owner's, contractor's and resident's responsibilities in PROPERTY NAME's preventive maintenance program:

Daily:

Maintenance Worker/ Property Manager:	Inspect the site each week-day; document any abnormal or hazardous conditions, any damage, or any special maintenance needs on work orders; correct problems.
Residents:	Clean off any spillage on range/ovens and refrigerators. Porches to be maintained and kept free of debris; parking spaces to be kept free of oil and debris. Take all trash to dumpster. Wash dishes and cover or refrigerate all food to eliminate potential for vermin infestation.

Weekly:

Residents:	Mop vinyl floors. Vacuum carpets.

Bi-weekly:

Maintenance Worker:	Test lawn sprinkler systems to make sure they are functioning properly; repair any leaks, broken heads or malfunctions.

Monthly:

Pest Control Contractor:	Spray exteriors of all buildings.

Quarterly:

Pest Control Contractor:	Spray interiors of 1/4th of all units each quarter; this will result in all interiors of all buildings sprayed for insects at least once per year.
Residents:	Wash/de-grease aluminum range hood filter. Wash surface of range hood. Clean inside surface of refrigerator.

Semi-Annual:

Property Manager/ Property Supervisor:	Conduct a semi-annual inspection of all units to check that all smoke detectors are attached and functioning; check for any malfunctions or damage within units including all water fixtures and appliances; check to assure that a reasonable

standard of housekeeping is being maintained by residents. If housekeeping problems are found, residents will be notified verbally and in writing. The resident will be provided with a written Lease Violation and notified that more frequent unit inspections will be scheduled. Residents are to be given a written "Notice to Inspect Premises" at least 24 hours prior to the inspections.

Property Manager: Confirm maintenance records of fire extinguishers.

Property Manager,
Maintenance Worker,
Property Supervisor,
Contractors: Inspect all unit HVAC systems during annual inspection and replace filters on a quarterly basis.Inspect all unit hot water heaters and related pipe connectors and valves for leaks during the annual inspection; test temperature-pressure-relief valve and replace, if necessary. Check gas vent duct and clean, if necessary. Drain water heater to remove sediment if necessary.

Inspect all unit refrigerator condenser coils and water pans during annual inspection.

Annual:

Property Manager,
Maintenance Worker,
Property Supervisor,
Contractors: Inspect driveway/parking lot paving; seal-up any alligator cracks found.

Inspect condition of concrete walkways; order steam cleaning, if necessary.

Inspect and clean out, if necessary, roof gutters and drains and wash the outside of all second-story windows.

Evaluate condition of landscaping; order replacement planting, pruning, skinning and trim of trees, as needed and appropriate.

Residents: Clean mini-blinds.

VIII. MAJOR MAINTENANCE & REPLACEMENTS AT PERIODIC INTERVALS:

Property Manager,
Maintenance Worker,
Property Supervisor,
Contractors:

Repaint unit interiors every 5 years, or earlier if necessary upon unit turnover.

Repaint building exteriors between 10-15 years or sooner if needed. (replacement reserve item).

Refinish kitchen and bathroom cabinets every 20 years.
Replace carpeting every 5 years, or earlier, if necessary upon unit turnover (replacement reserve item, unless replaced and paid for with security deposits).

Replace tile/vinyl floors at least every 20 years (replacement reserve item).

Replace ranges every 15 years; and refrigerators every 15 years, as needed (replacement reserve items).

Replace blinds after 7 years, or as needed at unit turnover.

Replace hot water heaters at least every 12 years, if needed (replacement reserve item).

Repair or replace tar and gravel on flat roof areas after 12 years; replace pitched roof tiles after 40 years (replacement reserve item).

Slurry coat and re-stripe parking area after 6 years (replacement reserve item).

Replace screens after 5 to 7 years as needed (normal maintenance item).

Appendix 5

Sample Move-In/Move-Out Inspection Form

Appendix 5: Sample Move-In/Move-Out Inspection Form

[Company name]
[Company address]

Property		Resident	
Apartment No.	Unit Size	Move-In Inspection Date	Move-Out Inspection Date

Item	Condition		Cost to Correct
	Move-In	Move-Out	
ENTRANCE/HALLS			
Steps and landings			
Handrails			
Doors			
Hardware/Locks			
Floors/Coverings			
Walls/Coverings			
Ceilings			
Windows/Coverings			
Lighting[1]			
Electrical Outlets			
Closets[2]			
Fire alarms/equipment			
LIVING ROOM			
Floor/Coverings			
Walls/Coverings			
Ceiling			
Windows/Covering			
Lighting[1]			
Electrical outlets			

Item	Condition		Cost to Correct
	Move-In	Move-Out	
DINING ROOM			
Floor/Coverings			
Walls/Coverings			
Ceiling			
Windows/Coverings			
Lighting[1]			
Electrical outlets			
KITCHEN			
Range			
Refrigerator			
Sink/Faucets[3]			
Floor/Coverings			
Walls/Coverings			
Ceiling			
Windows/Coverings			
Lighting[1]			
Electrical outlets			
Cabinets			
Closets/Pantry[2]			
Exhaust fan			
Fire alarms/equipment			
BEDROOM(S)			
Doors and locks			
Floor/Coverings			
Walls/Coverings			
Ceiling			
Windows/Covering			
Closets[2]			
Lighting[1]			
Electrical outlets			

Item	Condition		Cost to Correct
	Move-In	Move-Out	
BATHROOM(S)			
Sink/Faucets[3]			
Shower/Tub[3]			
Curtain rack/Door			
Towel rack			
Toilet			
Doors/Locks			
Floor/Coverings			
Walls/Coverings			
Ceiling			
Windows/Coverings			
Closets[2]			
Cabinets			
Exhaust fan			
Lighting[1]			
Electrical outlets			
OTHER EQUIPMENT			
Heating Equipment			
Air-conditioning unit(s)			
Hot-water heater			
Smoke/Fire alarms			
Thermostat			
Door bell			
TOTAL			

1. Fixtures, Bulbs, Switches, and Timers
2. Floor/Walls/Ceiling, Shelves/Rods, Lighting
3. Water pressure and Hot water

Move-In

This unit **is in decent, safe and sanitary condition. ** Any deficiencies identified in this report will be remedied within 30 days of the date the tenant moves into the unit.

_____
Manager's Signature

I have inspected the apartment and found **this unit to be in decent, safe and sanitary condition. Any deficiencies are noted above.** I recognize that I am responsible for keeping the apartment in good condition, with the exception of normal wear. In the event of damage, I agree to pay the cost to restore the apartment to its original condition.

_____
Resident's Signature

_____
Resident's Signature

	By	Date
Prepared		
Reviewed		
Prepared		
Reviewed		

Move-Out

_____
Manager's Signature

___Agree with move-out inspection
___Disagree with move-out inspection
If disagree, list specific items of disagreement.

_____
_____
_____

_____
Resident's Signature

_____
Resident's Signature

	By	Date
Prepared		
Reviewed		
Prepared		
Reviewed		

PREVENTIVE MAINTENANCE SCHEDULE

Preventive Maintenance is regular, systematic inspection, cleaning & repair of equipment & systems in order to prevent unplanned or premature failure.

The checklist needs to be property customized for your individual needs

Instructions:

1 Form can be used as computer spreadsheet
2 Add "X" boxes under appropriate months
3 Insert "Staff" if done in-house, vendor name if contracted out
4 Insert work order # for every task
5 Assign work order for every task
6 Place an N/A for the items that are not on the property

City of IRWINDALE

Property: _____ Date: _____

Area	Item	Task	Frequency	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Performed By	Work Order # completion
***MANDATORY* ROUTINE MAINTENANCE & SAFETY INSPECTIONS**																	
SITE	Q2 Maintenance and Safety Inspection	Submit by June 30th	Annually														
BUILDING EXTERIOR	Q3 Maintenance and Safety Inspection	Submit by September 30	Annually														
BUILDING SYSTEMS	Q1 Maintenance and Safety Inspection	Submit by March 31st	Annually														
COMMON AREAS	Q1 Maintenance and Safety Inspection	Submit by March 31st	Annually														
APARTMENT UNITS	Q4 Annual unit inspections	Per site staff	Annually or re-certification														
PROPERTY	Q4 Emergency & safety property staff walk	Submit by December 31st	Annually														
FACILITIES	Annual inspection	As scheduled	Annually														
SITE																	
Grounds	Landscape regular service	Inspect sod/quality	Monthly														
	Fertilizer & weed	Check for application, etc	Semi-annually														
	Exterior pest control	Check for application, etc	Semi-annually														
Irrigation	Backflow preventer	Inspect/test/repair	Annually														
	Irrigation lines & sprinkler heads	Inspect/adjust/repair	Monthly per season														
	Irrigation controllers & timers	Check & reset	Quarterly														
Parking Lots/Driveways	Automatic vehicle gates	Inspect/repair	Monthly														
Storm Drainage	Catch basins and storm drains	Clean/Repl. missing covers	Quarterly														
Generators	Test runs-exercise, full load	Check documents	Monthly														
	Exercise run, check oil, fuel, visual inspection	Physical run	Weekly														
Other:																	
Other:																	
Other:																	
BUILDING EXTERIOR																	
Building Walls	Building exterior	Clean/powerwash	Annually														
	Siding - cracks/gaps/holes, re-caulk	Inspect/repair	Annually														
Doors	Hardware, locks & closers	Inspect/repair damage	Quarterly														
	Weather stripping	Inspect/replace	Quarterly														
Dryer Vents	Damaged, disconnected or clogged	Clean/repair	Semi-annually														
Fire Escapes	Components	Inspect/repair damage	Annually														
Lighting	Fixtures, bulbs, timers/sensors - exterior	Inspect/repair	Weekly														
Roofs	Gutters, downspouts, drains & scuppers	Inspect/clean/repair	Semi-annually														
	Roof surface	Clean/inspect/repair	Semi-annually														
	Roof vents & flashings	Inspect/repair damage	Semi-annually														
Windows/sliding doors	Caulking/seals/glazing compound, weep holes	Inspect/replace	Semi-annually														
	Security bars, integrity	Inspect	Semi-annually														
Other:																	
Other:																	
Other:																	
BUILDING SYSTEMS & EQUIPMENT																	
Domestic Water	Backflow preventer	Inspect/test/certification	Annually														
	Boiler/HWH exhaust vents (combustion/relief)	Inspect/align/repair	Quarterly														
	Central water supply piping & valves	Inspect/repair leaks	Quarterly														

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8

PREVENTIVE MAINTENANCE SCHEDULE

Area	Item	Task	Frequency	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Performed By	Work Order # completion
	Circulating pump(s)	Lubricate & inspect	Semi-annually														
	Water treatment systems	Inspect/test	Weekly														
	Domestic water boiler(s)	Service & certification	Annually														
	Hot Water Heater(s)(HWH) , 100 gal & above	Flush Tank(s)	Annually														
	HWH seismic straps - tight, wrap-around straps	Inspect/verify	Annually														
	HWH TP relief valve(s) is 6" or less from floor	Inspect/verify	Annually														
Solar panels	Domestic hot water	Inspect/test	Semi-annually or as required by the system														
	PV solar panels	Inspect/test	Semi-annually or as required by the system														
	sump pumps (including sewer lift stations)	Inspect/test	Monthly														
Electrical System	Access to panels/subpanels	Ensure clear/unobstructed	Monthly														
Elevators	Elevator operation & safety	Routine service	Quarterly														
	Elevator permit	Ensure current & posted	Annually														
	Load test, insert date test is due	Ensure current	5 years														
Sesmic	Sesmic valves	Inspect	Annually														
Evacuation	Emergency exit lighting	Inspect/repair	Monthly														
	Evacuation signs	Inspect / replace if missing	Annually														
Fire/CO Protection	Fire alarm control & annunciator panels, review requirements with local Authority Having Jurisdiction, contractor driven	Service & certification	Annually														
	Fire sprinkler system inspection, review requirements with local Authority Having Jurisdiction, contractor driven	Service & certification	Annually														
	Fire spinkler valves (PIV), locked in position with break-away locks, by staff	Visual inspection	Weekly														
	Visual fire sprinkler heads, by staff	Visual inspection	Monthly														
	Refrigerator/freezer compressors	Inspect/service	Annually														
	Range hood & exhaust filter	Inspect/clean	Annually														
HVAC	Circulating pump	Inspect	Weekly														
	Circulating pump(s), as applicable	Lubricate	Semi-annually														
	Filters - furnace, A/C	Replace	Semi-annually, or as necessary														
	Motors, bearings	Lubricate	Semi-annual														
	Service contracts	Inspect for quality of service	Annually														
	Furnace exhaust vent stacks	Inspect/align/repair	Annually														
Roof top	Exhaust fans(motors, fan belts, bearings, obstructions)	Inspect	Monthly														
	Air handlers(filters, motors, fan belts, bearings, obstructions)	Inspect	Monthly														
	Vents and other roof jacks (See also roof inspections)	Inspect	Monthly														
Boiler room	Heat boiler (If over 500 MBH, daily check)	Inspect	Weekly														
	Heat boiler	Service & certification	Annually														
	Motors & pumps	Lubricate	Semi-annually														
	Combustion/relief air vents	Inspect/clean	Monthly														
	CO alarms/detectors where required	Batteries/inspect	Semi-annually														
	CO alarms/detectors where required	Certification/test	Annually														
		Inspect/clean	Monthly														
	Thermostats	Inspect/check operation	Annually														
	Wall furnaces	Inspect/clean/ck. operation	Annually														
Refuse Disposal		Verify adequacy	Annually														
Trash Compactor	Check keyed switches & enclosure	Inspect	Weekly														

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42

PREVENTIVE MAINTENANCE SCHEDULE

Area	Item	Task	Frequency	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Performed By	Work Order # completion
Sanitary Sewer	Main sanitary sewer lines	Clean as needed	Annually														
Other:																	
Other:																	
Other:																	
COMMON AREAS	(Add Inspection of Asbestos-Containing Materials if applicable)																
Doors	Close, latch. Closers	Inspect/adjust/repair	Quarterly														
Security	Security cameras	Inspect/adjust/repair	Annually														
	Security entry systems	Inspect/repair/service	Annually														
Laundry equipment	Community centers	Inspect	Weekly														
	Dryer vent connections	Inspect/repair/service	Semi-annually														
	Washer supply hoses	Inspect/replace	Annually														
	Washer drain hoses	Inspect/replace	Annually														
	Dryer ducting	Clean	Annually														
Kitchen equipment	Refrigerator/freezer compressors	Inspect/service	Annually														
	Range hood & exhaust filter	Inspect/clean	Annually														
Fitness Center	Equipment functions properly, weights, cables	Inspect/clean	Monthly														
Other:																	
Other:																	
Other:																	
APARTMENT UNITS	(Add inspection of Carbon Monoxide detectors if applicable)																
Fire Protection	Fire extinguishers	Inspect/re-charge	Annually														
HVAC	Fire sprinkler valves	Inspect/test	Quarterly														
	Smoke detectors - check operation	Clean/replace batteries	Semi-annually														
	Wall heaters	Inspect/clean/repair	Annually														
	Filters - furnace, A/C, fan/coil units	Replace	Per schedule														
	Furnace exhaust vent stacks	Inspect/align/repair	Annually														
	Thermostats	Inspect/check operation	Annually														
	Baseboard fintube	Inspect/clean	Annually														
Windows	Frame vents (WA & ID)	Inspect/clean	Annually														
	Quick release security bars	Inspect/repair	Annually														
Other:																	
Other:																	
Other:																	
MAINTENANCE AREAS																	
	Shop organization		Semi-annually														
	Storage organization		Semi-annually														
	Tools & equipment	Service/inventory	Semi-annually														
	Supply inventory		Quarterly														
	Equipment inventory.inspection/service		Semi-annually														

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EXHIBIT "I"
AUTHORITY GUIDELINES

[Insert Guidelines]

IRWINDALE HOUSING AUTHORITY

GUIDELINES, POLICIES AND

PROCEDURES FOR

SENIOR LOW/MODERATE INCOME

HOUSING APARTMENT RENTAL

PROGRAM

Adopted by the:

Irwindale Housing Authority

Approved: March 9, 2011

GUIDELINES, POLICIES, AND PROCEDURES

SECTION 1. GENERAL

The Irwindale Housing Authority ("Authority") has a goal of providing a multi-family housing stock for Irwindale residents to replace existing substandard housing units and to create safe and sanitary rental opportunities for seniors.

SECTION 2. PROGRAM GUIDELINES, POLICIES AND PROCEDURES

A. Definitions

1. ***Applicant***

   A person/family submitting a formal application for consideration and determination of eligibility to rent an apartment hereunder.

2. ***Application Deadline***

   The Application Deadline shall be the date established by the Authority as the deadline for submitting Applications for each apartment unit that becomes available.

3. ***Conflict of Interest***

   Authority Board members and officers, or management level employees of the Authority are deemed to have a conflict of interest and may not participate in this program. Persons who exercise operational responsibilities relative to any financing pertaining to the apartment project are similarly deemed to have a conflict of interest.

4. ***Continuous Resident***

   A "Continuous Resident(s)" shall be placed in two (2) subcategories thereof: Those persons/families continuously residing in Irwindale since at least fifteen (15) year period immediately preceding the Application Deadline shall be identified as "Category A" Continuous Resident. Those persons/families continuously residing in Irwindale for at least thirty-six (36) months but establishing residence on or after fifteen (15) year period immediately preceding the Application Deadline shall be identified as "Category B" Continuous Resident.

5. ***Disabled Family***

   (a) Any person or his/her family member who has a disability or handicap recognized under the Americans with Disabilities Act of 1990, as amended, which includes:

   (i) a physical or mental impairment that substantially limits one or more of the major life activities of such individual;

   (ii) a record of such an impairment; or

(iii) being regarded as having such an impairment (42 U.S.C. §12102.)

(b) A handicap does not include current, illegal use of or addiction to a controlled substance. For purposes of this part, an individual shall not be considered to have a handicap solely because that individual is a transvestite. (24 C.F.R. § 100.201) As used in this definition:

(c) "Physical or mental impairment" includes:

(i) Any physiological disorder or condition, cosmetic disfigurement, or anatomical loss affecting one or more of the following body systems: Neurological; musculoskeletal; special sense organs; respiratory, including speech organs, cardiovascular; reproductive; digestive; genitourinary; hemic and lymphatic; skin; and endocrine; or

(ii) Any mental or psychological disorder, such as mental retardation, organic brain syndrome, emotional or mental illness, and specific learning disabilities. The term "physical or mental impairment" includes, but is not limited to, such diseases and conditions as orthopedic, visual, speech and hearing impairments, cerebral palsy, autism, epilepsy, muscular dystrophy, multiple sclerosis, cancer, heart disease, diabetes, Human Immunodeficiency Virus infection, mental retardation, emotional illness, drug addiction (other than addiction caused by current, illegal use of a controlled substance) and alcoholism.

(d) "Major life activities" means functions such as caring for one's self, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning and working.

(e) "Has a record of such an impairment" means has a history of, or has been misclassified as having, a mental or physical impairment that substantially limits one or more major life activities.

(f) "Is regarded as having an impairment" means:

(i) Has a physical or mental impairment that does not substantially limit one or more major life activities but that is treated by another person as constituting such a limitation;

(ii) Has a physical or mental impairment that substantially limits one or more major life activities only as a result of the attitudes of other toward such impairment; or

(iii) Has none of the impairments defined in paragraph (i) of this definition but is treated by another person as having such an impairment.

Medical certification of a disability or handicap is required from persons claiming disability who are not recipients of benefits under either 42 U.S.C. § 423 (Social Security Act) or § 102 (b) (5) of the Development Services and Facilities Construction Amendments of 1970. The laws and regulations cited in this Section may be amended from time to time by the appropriate governmental authority. Any such amendments that modify the definitions contained herein shall be automatically incorporated without formal action by the Authority.

6. ***Former Resident***

Persons who previously resided within Irwindale for at least thirty-six (36) consecutive months within the fifteen (15) year period immediately preceding the Application Deadline, but who do not currently reside in Irwindale, shall be considered to be Former Residents.

7. ***Handicapped Person***

A person having a disability or handicap, which (a) is expected to be of long continued and indefinite duration, (b) substantially impedes the person's ability to live independently, and (c) is of such a nature that such ability could not be improved by more suitable housing. Any member of a family who is handicapped qualifies that family as a Disabled Family. (See: "***Disabled Family***".)

8. ***Immediate Family Member***

Parents, grandparents, siblings, or children of Continuous Residents are considered to be Immediate Family Members.

9. ***Income Qualification Criteria***

Extremely low, very low, low and moderate income qualification criteria shall be as set forth in Exhibit "A" hereto, which may be amended from time to time without formal action by the Authority or CRA to be consistent with state laws and regulations (Subchapter 2 of Chapter 6.5 of Division 1 of Title 25, California Code of Regulations; see also: California Health and Safety Code §§ 50106, 50105, 50079.5 and 50093.)

10. ***Interrupted Resident***

Any person (or family) who resided in Irwindale for at least thirty-six (36) consecutive months within the fifteen (15) year period immediately preceding the Application Deadline, moved away for a period of time, but has reestablished a bona fide residence within the City limits of Irwindale for at least one year prior to the Application Deadline shall be considered to be an Interrupted Resident.

11. ***Non-resident***

Any person (or family) who is not now and has not been a resident of Irwindale for at least thirty-six (36) consecutive months within the

fifteen (15) year period immediately preceding the Application Deadline.

12. ***Renter***

An applicant successfully completing the application process and renting an apartment hereunder.

13. ***Senior***

A Senior is a person who is at least sixty-two (62) years of age or older.

14. ***Shared Renter***

Persons sharing rental accommodations with unrelated persons.

15. ***Veteran***

Any person who has been honorably discharged from one of the military services of the United States shall be considered a Veteran.

B. <u>Eligibility Criteria</u>

Since the Senior Apartment Rental Program is an apartment rental program, there are two (2) primary criteria which must be met to determine eligibility:

1. Income eligibility under § 2.A.9, above.
2. Be a Senior as specified in § 2.A.12, above.

C. <u>Priorities</u>

Eligible applications from persons/families meeting basic income (extremely low, very low, low or moderate income) criteria, shall be processed based upon the following priority schedule and the application procedures in Section 2.D:

1. **First Priority Criteria:**

(a) Extremely low income persons/family – nine (9) apartment units **[subject to modification]**

(b) Very low income persons/family – six (6) apartment units **[subject to modification]**

(c) Low income persons/families – five (5) apartment units **[subject to modification]**

(d) Moderate income persons/families – five (5) apartment units **[subject to modification]**

A primary goal of the Authority is to create, to the extent feasible, sufficient new rental units to meet the projected needs of Irwindale Seniors. Accordingly, and notwithstanding the initial allocations established in § 2.C.1, above, pertaining to the number of units allocated among the income categories, the Authority reserves the right to reallocate the final

number of units specified for each income category, if deemed necessary and appropriate, to meet the quantified needs of Irwindale Seniors.

2. **Second Priority Criteria:**

(a)	Disabled Family	Priority	1
(b)	Veteran	Priority	2
(c)	None of the above	Priority	3

3. **Third Priority Criteria**

(a) Shared Renter for longer than one (1) year prior to Application - Priority 1.

(b) Shared Renter for less than (1) year prior to Application – Priority 2.

(c) Persons residing in rental accommodations (single/married) for longer than one (1) year prior to Application – Priority 3.

(d) Persons residing in rental accommodations (single/married) for less than one (1) year prior to Application – Priority 4.

(e) Persons owning residence or other residential real property – Priority 5.

4. **Final Priority Criteria**

(a) Category A Continuous Irwindale Resident - Priority 1

(b) Category B Continuous Resident – Priority 2

(c) Interrupted Resident – Priority 3

(d) Former Resident – Priority 4

(e) Immediate Family Member – Priority 5

(f) None of the above – Priority 6

D. <u>Application Procedure</u>

1. **Applications**

(a) Upon commencement of the application process, interested persons will be required to complete and sign an Application. As a material part of the Application, interested persons will be required to execute an authorization and waiver form for release of information from persons, firms, public entities and others who may retain data necessary for a complete analysis of the Application. Data needed will include name, address, telephone number, family composition and ages, declaration of income and assets, declaration of outstanding financial obligations, veteran status, declaration of physical status (with appropriate medical confirmation), declaration of home ownership status. (See: § 2.D.1(i).).

Appropriate assistance in completing the Application will be provided to interested persons, if requested.

(b) Applications shall be submitted for review and screening.

(c) Applications will then be assigned to the appropriate First Priority classification under § 2.C.1.

(d) Within each primary eligibility classification (or priority), the Applications will be further prioritized according to the Second Priority Criteria set forth in § 2.C.2, above.

(e) Applications will be further prioritized with each category by the Third Priority Criteria set forth in § 2.C.3, above.

(f) Applications will be finally prioritized within each classification by the Final Eligibility Criteria set forth in § 2.C.4

(g) Within the numerical allotments provided by the First Eligibility Criteria (§ 2.C.1), the final order of priority will be established by adding the numerical priority rating assigned to each Application. The Applications will be ranked, in order of descending priority, with the smallest total number assigned being the highest priority. For example, an Applicant who is a Displaced Person (Priority 1), Shared Renter (Priority 1) and a Continuous Resident (Priority 1) will have a total Priority Rating of 3 and would be ranked higher than a person who is a "none of the above" (Priority 4), Property Owner (Priority 5) and an Immediate Family Member (Priority 5) with a total Priority Rating of 13.

(h) In the event a tie occurs between two (2) or more Applicants, the total Priority Rating rank order will be assigned by a random blind drawing conducted by the Executive Director.

(i) The Authority staff will verify the following data:

(i) name and address

(ii) residence requirement

(iii) employment

(iv) income

(v) existing equity/assets (if applicable)

(vi) credit history

(vii) property ownership

(i) Documentation necessary to verify income, age, handicap (disability), and residency requirements shall be submitted with application documents and may include, but is not limited to: birth certificates, current pay check stubs, income tax returns, employment/salary verification, bank statements for all checking

and/or savings accounts, telephone records and utility records, hospital admittance records, medical care records, and records of educational institutions and public agencies as the same are relevant to matters pertaining to verification of information submitted.

(j) All data submitted shall be verified as true and correct under penalty of perjury of the laws of the State of California. Failure to so verify shall result in application rejection.

(k) Ineligible Applicants shall be notified, in writing, with a statement indicating why the Applicant has been denied and advising the Applicant of his or her right to appeal the determination in writing within ten (10) days of the letter of denial. Appeals will be heard by the Authority Board and the Authority Board's determination shall be final.

(l) Eligible Applicants shall be mailed the necessary rental agreement documents to begin processing the rental application. The Authority will provide such assistance as may be necessary to ensure timely and complete submissions.

2. **Insufficient Eligible Applications**

(a) If there are insufficient eligible Applicants during the first thirty (30) days of the Application Deadline, the Board may authorize additional time for further applications which will be processed in accordance with the procedures set forth in § 2.D.1, above.

(b) Priority for Applicants shall be strictly maintained in accordance with the application period during which submittal occurred. Additional Applicants authorized by the Board after the first thirty (30) days shall not be included with the first group of Applicants.

(c) Once rental agreement documents have been approved, then a move-in date will be established.

EXHIBIT "G"
LAS CASITAS II DDA
IMPROVEMENTS TO BE PROVIDED IN EXCHANGE FOR ADJUNCT CONTRIBUTION

[To Be Inserted]

Las Casitas
Phase I Additional Improvements

ITEM	COST
1. Second Story Balcony: When it rains, water drains into balcony and dwelling of the 2nd story units. Some tenants have reported that the carpet inside their unit gets wet due to the water drainage. Install drainage mechanisms to resolve this issue (Eight Units).	**$12,000**
2. Rain Gutters/Flashing: Install rain gutters, flashing, and downspouts throughout project. It has been reported that the north side of the apartment building appears to have algae due to the rainwater runoff.	**$6,500**
3. Kitchen Cabinets/Countertops: Reface kitchen cabinets and replace countertops Sixteen Units (Formica, or approved equivalent) to match Phase II units.	**$22,000**
4. Bathroom Lighting: Provide new light fixtures in Phase I so that additional lighting is provided in the bathrooms, as lighting appears to be insufficient to adequately illuminate the bathrooms. (Sixteen Units)	**$2,700**
5. Linoleum flooring: Replace linoleum flooring in bathroom and kitchen. The "entry" area to all 26 units should be tile, not carpet. If the existing "entry" area is carpet, then the carpet is to be replaced with tile. (Sixteen Units)	**$9,600**
6. Fumigation, Phase I	**$12,500**
7. Interior Painting: Those units which have not been painted in the last 10 years should be entirely repainted. (Sixteen Units)	**$13,600**
TOTAL	**$78,900**

EXHIBIT "H"
LAS CASITAS II DDA
FINANCIAL ANALYSIS OF GUARANTEED RENT

[To Be Inserted]

NET OPERATING INCOME
LAS CASITAS SENIOR APARTMENTS
CITY OF IRWINDALE

	# of Units	Monthly Rent (1)	Total Annual
I. Gross Scheduled Income			
One Bedrooms @ 50% of AMI	25	$500	$150,000
Manager Unit	1	$0	$0
Total/Average	26	$481	$150,000
Add: Other Income		$0 /Unit/Month	$0
(Less) Vacancy @		0.0% of Income	$0
Effective Gross Income (EGI)			$150,000
II. Operating Expenses			
(Less) Operating Expenses (2)		$3,200 /Unit/Year	($83,000)
(Less) Property Taxes (3)		$346 /Unit/Year	($9,000)
(Less) Replacement Reserves		$350 /Unit/Year	($9,000)
Total Expenses		$3,885 /Unit/Year	($101,000)
		67.3% of EGI	
III. Net Operating Income			**$49,000**

(1) Reflects Guaranteed Rent.
(2) Includes Contracted Services, Utilities, Turn-Over/Redecorating, Maintenance, and Office (excluding property taxes).
(3) Estimated allowance; not verified by KMA.

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VALUE OF INCOME STREAM - PHASE I
LAS CASITAS SENIOR APARTMENTS
CITY OF IRWINDALE

Lease Year	Guaranteed Rent (1)	(Less) Expenses (2)	Net Operating Income Per Unit	Net Operating Income Annual
1	$500	($324)	$145	$27,846
2	$513	($333)	$147	$28,232
3	$525	($343)	$149	$28,617
4	$538	($354)	$151	$29,003
5	$552	($364)	$153	$29,388
6	$566	($375)	$155	$29,773
7	$580	($387)	$157	$30,157
8	$594	($398)	$159	$30,540
9	$609	($410)	$161	$30,922
10	$624	($422)	$163	$31,301
11	$640	($435)	$165	$31,678
12	$656	($448)	$167	$32,052
13	$672	($462)	$169	$32,423
14	$689	($475)	$171	$32,791
15	$706	($490)	$173	$33,154
16	$724	($504)	$175	$33,513
17	$742	($519)	$176	$33,867
18	$761	($535)	$178	$34,215
19	$780	($551)	$180	$34,557
20	$799	($568)	$182	$34,891
21	$819	($585)	$183	$35,219
22	$840	($602)	$185	$35,538
23	$861	($620)	$187	$35,848
24	$882	($639)	$188	$36,149
25	$904	($658)	$190	$36,439
26	$927	($678)	$191	$36,719
27	$950	($698)	$193	$36,986
28	$974	($719)	$194	$37,240
29	$998	($741)	$195	$37,481
30	$1,023	($763)	$196	$37,707
31	$1,049	($786)	$197	$37,917
32	$1,075	($809)	$198	$38,111
33	$1,102	($834)	$199	$38,287
34	$1,129	($859)	$200	$38,444
35	$1,158	($884)	$201	$38,581
36	$1,187	($911)	$202	$38,696
37	$1,216	($938)	$202	$38,789
38	$1,247	($966)	$202	$38,858
39	$1,278	($995)	$203	$38,902

Escalation Factors	
Income	2.5%
Expenses	3.0%

(1) Reflects Guaranteed Income for 15 units.

(2) Reflects total operating expenses of $3,885/unit/year for 16 units. See Table 6.

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VALUE OF INCOME STREAM - PHASE I
LAS CASITAS SENIOR APARTMENTS
CITY OF IRWINDALE

Lease Year	Guaranteed Rent (1)	(Less) Expenses (2)	Net Operating Income Per Unit	Net Operating Income Annual
40	$1,310	($1,025)	$203	$38,919
41	$1,343	($1,056)	$203	$38,908
42	$1,376	($1,088)	$202	$38,866
43	$1,410	($1,120)	$202	$38,794
44	$1,446	($1,154)	$202	$38,688
45	$1,482	($1,189)	$201	$38,548
46	$1,519	($1,224)	$200	$38,371
47	$1,557	($1,261)	$199	$38,155
48	$1,596	($1,299)	$197	$37,898
49	$1,636	($1,338)	$196	$37,599
50	$1,677	($1,378)	$194	$37,255
51	$1,719	($1,419)	$192	$36,863
52	$1,762	($1,462)	$190	$36,422
53	$1,806	($1,506)	$187	$35,930
54	$1,851	($1,551)	$184	$35,383
55	$1,897	($1,597)	$181	$34,778
Present Value in Calendar Year 0 @			8.0%	$364,000
Per Unit				$22,750

(2) Reflects total operating expenses of $3,885/unit/year for 16 units. See Table 6.

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VALUE OF INCOME STREAM - PHASE II
LAS CASITAS SENIOR APARTMENTS
CITY OF IRWINDALE

Year	Guaranteed Rent (1)	(Less) Expenses (2)	Net Operating Income Per Unit	Net Operating Income Annual
1	$500	($324)	$176	$21,154
2	$513	($333)	$179	$21,488
3	$525	($343)	$182	$21,826
4	$538	($354)	$185	$22,165
5	$552	($364)	$188	$22,507
6	$566	($375)	$190	$22,851
7	$580	($387)	$193	$23,197
8	$594	($398)	$196	$23,545
9	$609	($410)	$199	$23,895
10	$624	($422)	$202	$24,246
11	$640	($435)	$205	$24,599
12	$656	($448)	$208	$24,953
13	$672	($462)	$211	$25,308
14	$689	($475)	$214	$25,664
15	$706	($490)	$217	$26,020
16	$724	($504)	$220	$26,377
17	$742	($519)	$223	$26,734
18	$761	($535)	$226	$27,090
19	$780	($551)	$229	$27,447
20	$799	($568)	$232	$27,802
21	$819	($585)	$235	$28,157
22	$840	($602)	$238	$28,510
23	$861	($620)	$241	$28,861
24	$882	($639)	$243	$29,210
25	$904	($658)	$246	$29,557
26	$927	($678)	$249	$29,901
27	$950	($698)	$252	$30,242
28	$974	($719)	$255	$30,579
29	$998	($741)	$258	$30,913
30	$1,023	($763)	$260	$31,241
31	$1,049	($786)	$263	$31,564
32	$1,075	($809)	$266	$31,882
33	$1,102	($834)	$268	$32,193
34	$1,129	($859)	$271	$32,498
35	$1,158	($884)	$273	$32,795
36	$1,187	($911)	$276	$33,085
37	$1,216	($938)	$278	$33,365
38	$1,247	($966)	$280	$33,636
39	$1,278	($995)	$282	$33,897

Escalation Factors	
Income	2.5%
Expenses	3.0%

(1) Reflects Guaranteed Income for 10 units.
(2) Reflects total operating expenses of $3,885/unit/year for 10 units. See Table 6.

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VALUE OF INCOME STREAM - PHASE II
LAS CASITAS SENIOR APARTMENTS
CITY OF IRWINDALE

Year	Guaranteed Rent (1)	(Less) Expenses (2)	Net Operating Income Per Unit	Net Operating Income Annual
40	$1,310	($1,025)	$285	$34,148
41	$1,343	($1,056)	$287	$34,386
42	$1,376	($1,088)	$288	$34,612
43	$1,410	($1,120)	$290	$34,825
44	$1,446	($1,154)	$292	$35,023
45	$1,482	($1,189)	$293	$35,207
46	$1,519	($1,224)	$295	$35,374
47	$1,557	($1,261)	$296	$35,524
48	$1,596	($1,299)	$297	$35,655
49	$1,636	($1,338)	$298	$35,767
50	$1,677	($1,378)	$299	$35,859
51	$1,719	($1,419)	$299	$35,929
52	$1,762	($1,462)	$300	$35,975
53	$1,806	($1,506)	$300	$35,998
54	$1,851	($1,551)	$300	$35,994
55	$1,897	($1,597)	$300	$35,964
Present Value in Calendar Year 0 @			8.0%	$287,000
Per Unit				$28,700

(2) Reflects total operating expenses of $3,885/unit/year for 10 units. See Table 6.

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102

EXHIBIT "I"
LAS CASITAS II DDA
FUNDING SERVICES AGREEMENT

[To Be Inserted]

103

First American
Fund Control

First American Fund Control, Inc..
200 Commerce, Irvine CA. 92602
(866) 536-0178 FAX (866) 536-0177

ESCROW NO.:

FUND CONTROL AGREEMENT

THIS FUND CONTROL AGREEMENT (the "Agreement") is entered into and effective as of **March 17, 2011**, at Irvine, California by and between FIRST AMERICAN FUND CONTROL, INC., a California corporation ("FAFC"); (collectively, "Owner"); and ("Contractor"), on the basis of the following facts:

RECITALS

A. Owner and Contractor have entered into a contract for a construction Project (the "Project") on the real property commonly known as (the "Property"). FAFC is not a party to the construction contract and shall have no obligation or liability in connection therewith.

B. There shall be deposited, in a FAFC trust account, funds in the amount of $, all or a portion of which shall be provided by, ("Lender"). FAFC is not a party to any loan documents and shall have no obligation or liability in connection therewith.

C. Owner and Contractor wish to have FAFC make disbursements concerning the Project as provided in this Agreement.

AGREEMENT

IT IS HEREBY AGREED, on the basis of the foregoing facts and for valuable consideration as follows:

1. Escrow. FAFC shall establish a separate escrow account for the Project (the "Escrow"). All funds delivered to FAFC shall be deposited in FAFC's trust account and credited to the Escrow. All funds disbursed by FAFC shall be disbursed from a trust account and debited to the Escrow. FAFC shall maintain a record of deposits and disbursements regarding the Escrow. Escrow funds shall not bear interest.

2. Disbursement Procedures. FAFC is authorized and instructed, subject to available Escrow funds, to make disbursements in accordance with the provisions set forth below.

2.1 Project Cost Breakdown. Lender shall provide FAFC with a Project Cost Breakdown (the "Breakdown") setting forth the estimated costs for the Project by cost categories. The Breakdown may be revised only by notice to FAFC from the Lender. The Breakdown is solely for the purpose of assisting FAFC in maintaining its records. FAFC shall have no obligation in connection with the Breakdown.

2.2 Requests for Advances. From time to time (but not more than once per calendar week) Contractor shall provide FAFC with a Request for Advance which shall include (a) the amount of funds requested, (b) an allocation of the funds to the cost categories, (c) the name of each payee and (d) the amount to be disbursed to each payee. Contractor certifies to FAFC that all information included within a Request for Advance shall be true,accurate and not subject to qualification. FAFC is authorized to fully rely upon the foregoing certification; and FAFC shall not incur any liability resulting from such reliance.

2.3 FAFC Report. Following receipt of a Request for Advance, FAFC shall provide Lender with a computer-generated report (the "Report") summarizing (a) the Request for Advance and (b) past disbursements by cost category. If an Inspection Addendum is also executed for this Escrow and a job site inspection was performed for a Request for Advance, FAFC shall also provide an Inspection Report with the Report to the Lender. Lender has the final and sole authority to approve and instruct FAFC to disburse.

2.4 Transfer of Funds. Lender may choose to deposit all sums of funds at once or periodically ("Transferred Amount"). In a case where a Request for Advance Report is to be paid from previously received funds from Lender, FAFC must obtain a written approval from Lender before disbursing. Otherwise, upon Lender's approval of the Report, Lender shall transfer to FAFC's trust account all or a portion of the funds identified in the Report, the Transferred Amount. All funds received into FAFC's trust account shall be deposited in a trust interest-bearing account or certificate of deposit in any state or federal bank of FAFC's choosing. Escrow Holder, in its sole discretion, may at any time deposit the funds into its non-interest-bearing trust account, change the account or certificate of deposit, reinvest all or any portion of the funds, and change banks. All interest shall be paid to FAFC. In the event Lender imposes any conditions regarding the Transferred Amount, FAFC may withhold disbursement until the conditions are satisfied. Except as otherwise stated in writing by Lender to FAFC, the transfer of the Transferred Amount shall constitute Lender's approval of the Report and instructions and authorization to FAFC to disburse the Transferred Amount in accordance with this Agreement. Lender's approval shall also irrevocably and unconditionally constitute Owner's approval. In a case where a Request for Advance Report is paid from previously funded sums, Lender's written approval of the Report shall constitute Lender's instructions and authorizations to FAFC to disburse the Transferred Amount in accordance with this Agreement. Lender's approval shall also irrevocably and unconditionally constitute Owner's approval.

2.5 Vouchers. FAFC's form voucher ("Voucher") shall be used to request disbursements. The "Authorized Individuals" (identified at the end of the Agreement") are appointed and authorized by Owner and Contractor to sign and deliver Vouchers. Only the Authorized Individuals may sign Vouchers. The Authorized Individuals shall deliver signed Vouchers to FAFC with applicable (a) receipts, invoices or bills and (b) lien releases. FAFC is authorized to make disbursements pursuant to Vouchers. FAFC is authorized to conclusively presume that any voucher and/or accompanying documentation is given in full compliance with this Agreement and that all funds to be disbursed pursuant to the Voucher are for the purposes stated in the Voucher. FAFC shall incur no liability in making disbursements pursuant to the foregoing.

2.6 Disbursement by FAFC. Except as otherwise provided in this Agreement, upon FAFC's receipt of a signed Voucher, together with the documentation referred to in Section 2.5, FAFC shall disburse the amount set forth in the Voucher. Provided FAFC complies with this section, FAFC shall incur no liability to any person or entity for making or not making disbursements.

3. Limitation on Disbursements. FAFC shall not be obligated to make disbursements which exceed the balance of funds in the Escrow. The parties to this Agreement shall cooperate fully with FAFC, including delivery of such documents and information as FAFC may request. FAFC is authorized, but not obligated, to withhold any disbursement pending receipt of such documents and information.

4. FAFC Fees. FAFC shall receive, as compensation for its basic services under this Agreement, the sum of $, fully earned and payable in full upon (and at FAFC's election from) the deposit of the first Transferred Amount. FAFC is authorized and instructed to immediately disburse such compensation to itself.

4.1 Extraordinary Costs. In the event FAFC is required or requested to produce or duplicate documents; utilize messengers or delivery services other than first-class U.S. mail; provide testimony or take action in any court, arbitration or other proceeding, the parties to this Agreement shall, upon demand by FAFC, reimburse FAFC for all costs and expenses in connection therewith, including but not limited to, duplicating cost, mileage, messenger/delivery cost, and labor-personnel charges (at FAFC's then prevailing rate). If FAFC receives more than one Request for Advance during a calendar week (and FAFC elects to process the extra Requests), FAFC shall be entitled to $100 for each extra Request. Such amounts shall be in addition to the FAFC Fee and FAFC shall not be required to act until such reimbursement is made. FAFC is authorized to disburse such amounts to itself from funds in the Escrow.

5. Disputes. Should any controversy arise in connection with this Agreement, FAFC may withhold disbursements until the controversy is resolved by legal process or an agreement acceptable to FAFC. Prior to resolution of the controversy, FAFC may, but shall not be obligated to, (a) return the funds then held in the Escrow to the person who deposited the funds with FAFC, and/or (b) interplead the funds with the court. Upon either (a) or (b), FAFC shall be fully discharged and relieved from all liability in connection with such funds and shall be entitled to recover its costs and attorneys' fees in connection therewith.

6. FAFC's Obligations. The obligations of FAFC are limited solely to making disbursements pursuant to Section 2 of this Agreement. Without limiting the generality of the foregoing, FAFC shall not (a) be responsible for or guarantee that the Project shall be constructed in accordance with the Breakdown, any plans and specifications or any contract or agreement to which FAFC is not a party; (b) have any duty to inspect the Project or to verify the information and materials it receives; or (c) be responsible to determine that funds disbursed by FAFC are actually used as stated in the Requests for Advance or the Vouchers.

7. Lack of Activity. In the event there is no disbursement from the Escrow for a continuous period of ninety (90) days, FAFC may treat such inactivity as a controversy under Section 5 of this Agreement. In the event there is no disbursement from the Escrow for a continuous period of one year, FAFC may interplead any Escrow funds to the Court or escheat to the State of California under the laws of escheat, whichever is applicable.

8. Indemnity. The parties to this Agreement, jointly and severally, agree to hold FAFC harmless and to indemnify and defend FAFC from and against any and all claims, demands, liabilities and legal actions, including those of the undersigned, in connection with or allegedly in connection with this Agreement, the Escrow or the Project; and they further agree to pay FAFC's reasonable attorneys' fees and costs in connection therewith. FAFC is authorized to employ legal counsel of its choice.

9. Maintenance of Records. FAFC shall keep accurate records as to (a) amounts deposited in the Escrow; (b) amounts disbursed from the Escrow by cost categories; and (c) the undisbursed amount in each cost category (based upon the Breakdown). As required by California law, documents shall remain at FAFC's office and upon reasonable notice shall be available for inspection by Lender, Owner or Contractor. Upon not less than 48 hours notice to FAFC, Owner, Contractor or Lender may, through a bonded photocopying service, photocopy, at the requesting party's expense, documents which relate to this Agreement. In the event any photocopying is done by FAFC, the requesting party shall reimburse FAFC for the photocopying charges and labor charges relating thereto prior to delivery of the copies to the requesting party.

10. Amendments. This Agreement may only be amended, supplemented or modified by a written amendment executed by all parties hereto.

11. Attorneys' Fees. In any action between the parties regarding this Agreement, the Escrow or the Project, the prevailing party in that action shall be entitled to recover its reasonable costs and expenses, including reasonable attorneys' fees. All attorneys' fees incurred by FAFC in connection with this agreement, whether or not an action is filed, shall be immediately reimbursed from the funds in Escrow.

12. Interpretation. This Agreement shall be interpreted and construed in accordance with California law. Any action against FAFC involving this Agreement, shall be maintained in the appropriate court in Orange County, California.

13. No Third-Party Beneficiary. This Agreement is made and intended to be for the benefit of Owner, Contractor and FAFC only and is not intended to be for the benefit of anyone else, including Lender and those furnishing labor or materials.

14. Merger. This Agreement sets forth the full agreement between the parties regarding the Escrow and the obligations of FAFC. All prior agreements and understandings shall be deemed terminated and of no further force or effect.

15. Severability. In the event any provision of this Agreement should be determined by a court of competent jurisdiction as unenforceable or void under applicable law, that provision shall be deleted; but the remaining provisions of this Agreement shall remain in full force and effect.

16. Counterparts. This Agreement may be signed in multiple counterparts.

17. Captions. The Caption headings for the sections of this Agreement are for convenience only and shall not be considered to limit, expand or define the content of the sections.

18. Final Disbursement. FAFC may, but shall not be obligated to, disburse any final balance in the Escrow without following the provisions of Section 2. FAFC may condition the disbursement upon receipt of (a) an indemnity agreement in form and content approved by FAFC and signed by Lender, Owner and/or Contractor; and (b) FAFC's attorneys' fees incurred in connection therewith.

19. Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties to this Agreement and their respective successors and assigns.

105

20. Disclosure of Possible Benefits. As a result of FAFC maintaining its general escrow acco , special accounts and trust accounts with the depositories, FAFC may receive certain financial benefits such as an array of bank services, accommodations, interest income, loans or other business transactions from the depositories ("collateral benefits"). Except as may otherwise be designated in this Agreement, all collateral benefits shall accrue to the sole benefit of FAFC and FAFC shall have no obligation to account to any party to this Agreement for the value of any such collateral benefits.

IN WITNESS WHEREOF, the parties, individually or through their authorized representatives, have executed this Agreement as of the date of this Agreement. Each individual executing this Agreement warrants and represents that he or she has the power and authority to execute this Agreement on behalf of the party for whom the execution is made.

"Owner"

_____

_____

_____

_____

"FAFC"
FIRST AMERICAN FUND CONTROL, INC.
a California Corporation

By_____

"Contractor"

a_____

By_____
Its_____

This Escrow Company holds Department of Corporations Escrow License No. 963-0921

AUTHORIZED INDIVIDUALS

The "Authorized Individuals" are identified below. By signing this clause, the Authorized Individuals agree and represent and warrant to FAFC that they will sign Vouchers only for labor, materials, services, and expenses actually and properly incurred in the construction of the Project. The Authorized Individuals shall indemnify FAFC regarding any breach of the foregoing. Vouchers shall be signed as follows:

_____

_____

_____

_____

EXHIBIT "J"
LAS CASITAS II DDA
CERTIFICATE OF COMPLETION

[To Be Inserted]

108

FREE RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Irwindale Housing Authority
2175 Cherry Avenue
Irwindale, CA 90755
Attn: Executive Director

(Space Above This Line for Recorder's Office Use Only)

CERTIFICATE OF COMPLETION

WHEREAS, by an Disposition & Development Agreement ("Agreement") dated March 9, 2011, by and between the IRWINDALE HOUSING AUTHORITY ("Authority") and THE NORTHRIDGE GROUP INC., a California corporation ("Participant"), Participant has agreed to rehabilitate and expand a low-income senior apartment project commonly known as "Las Casitas" ("Project") on the Site (as such term is defined in the Agreement); and

WHEREAS, Authority has agreed to provide a certificate of completion upon completion of construction of the Project, which certificate shall be in such form as to permit it to be recorded in the Official Records of the County Clerk of the County of Los Angeles, California; and

WHEREAS, Participant has requested that Authority furnish Participant with the Certificate of Completion for the Site more particularly described on Exhibit "A" attached hereto and incorporated herein by reference; and

WHEREAS, such Certificate of Completion shall constitute a conclusive determination by Authority of the satisfactory completion by Participant of the construction required by the Agreement and of Participant's full compliance with the terms of the Agreement with respect to such construction; and

WHEREAS, Authority has conclusively determined that the construction on the Site required by the Agreement has been satisfactorily completed by Participant in full compliance with the terms of the Agreement.

NOW, THEREFORE,

1. The improvements required to be constructed have been satisfactorily completed in accordance with the provisions of said Agreement.

2. This certificate shall constitute a conclusive determination of satisfaction of the agreements and covenants contained in the Agreement solely with respect to the obligations of the Participant, and its successors and assigns, to construct the improvements and the dates for the beginning and completion thereof.

3. This Certificate shall not constitute evidence of Participant's compliance with the Lease/Regulatory Agreement (as such term is defined in the Agreement) or other provisions of the Agreement that do not relate to the construction requirements which shall continue to run with the land.

4. This Certificate is not a Notice of Completion as referred to in California Civil Code Section 3093.

5. Except as stated herein, nothing contained in this instrument shall modify in any way any provisions of the Agreement or any other provisions of the documents incorporated therein.

IN WITNESS WHEREOF, the Authority has executed this Certificate of Completion this _____ day of _____, _____.

IRWINDALE HOUSING AUTHORITY,
a public body corporate and politic

By _____
Executive Director

110

EXHIBIT "K"
LAS CASITAS II DDA
GUIDELINES

[To Be Inserted]

IRWINDALE HOUSING AUTHORITY

GUIDELINES, POLICIES AND PROCEDURES FOR SENIOR LOW/MODERATE INCOME HOUSING APARTMENT RENTAL PROGRAM

Adopted by the:

Irwindale Housing Authority

Approved:

GUIDELINES, POLICIES, AND PROCEDURES

SECTION 1. GENERAL

The Irwindale Housing Authority ("Authority") has a goal of providing a multi-family housing stock for Irwindale residents to replace existing substandard housing units and to create safe and sanitary rental opportunities for seniors.

SECTION 2. PROGRAM GUIDELINES, POLICIES AND PROCEDURES

A. Definitions

1. ***Applicant***

   A person/family submitting a formal application for consideration and determination of eligibility to rent an apartment hereunder.

2. ***Application Deadline***

   The Application Deadline shall be the date established by the Authority as the deadline for submitting Applications for each apartment unit that becomes available.

3. ***Conflict of Interest***

   Authority Board members and officers, or management level employees of the Authority are deemed to have a conflict of interest and may not participate in this program. Persons who exercise operational responsibilities relative to any financing pertaining to the apartment project are similarly deemed to have a conflict of interest.

4. ***Continuous Resident***

   A "Continuous Resident(s)" shall be placed in two (2) subcategories thereof: Those persons/families continuously residing in Irwindale since at least fifteen (15) year period immediately preceding the Application Deadline shall be identified as "Category A" Continuous Resident. Those persons/families continuously residing in Irwindale for at least thirty-six (36) months but establishing residence on or after fifteen (15) year period immediately preceding the Application Deadline shall be identified as "Category B" Continuous Resident.

5. ***Disabled Family***

   (a) Any person or his/her family member who has a disability or handicap recognized under the Americans with Disabilities Act of 1990, as amended, which includes:

   (i) a physical or mental impairment that substantially limits one or more of the major life activities of such individual;

   (ii) a record of such an impairment; or

(iii) being regarded as having such an impairment (42 U.S.C. §12102.)

(b) A handicap does not include current, illegal use of or addiction to a controlled substance. For purposes of this part, an individual shall not be considered to have a handicap solely because that individual is a transvestite. (24 C.F.R. § 100.201) As used in this definition:

(c) "Physical or mental impairment" includes:

(i) Any physiological disorder or condition, cosmetic disfigurement, or anatomical loss affecting one or more of the following body systems: Neurological; musculoskeletal; special sense organs; respiratory, including speech organs, cardiovascular; reproductive; digestive; genitourinary; hemic and lymphatic; skin; and endocrine; or

(ii) Any mental or psychological disorder, such as mental retardation, organic brain syndrome, emotional or mental illness, and specific learning disabilities. The term "physical or mental impairment" includes, but is not limited to, such diseases and conditions as orthopedic, visual, speech and hearing impairments, cerebral palsy, autism, epilepsy, muscular dystrophy, multiple sclerosis, cancer, heart disease, diabetes, Human Immunodeficiency Virus infection, mental retardation, emotional illness, drug addiction (other than addiction caused by current, illegal use of a controlled substance) and alcoholism.

(d) "Major life activities" means functions such as caring for one's self, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning and working.

(e) "Has a record of such an impairment" means has a history of, or has been misclassified as having, a mental or physical impairment that substantially limits one or more major life activities.

(f) "Is regarded as having an impairment" means:

(i) Has a physical or mental impairment that does not substantially limit one or more major life activities but that is treated by another person as constituting such a limitation;

(ii) Has a physical or mental impairment that substantially limits one or more major life activities only as a result of the attitudes of other toward such impairment; or

(iii) Has none of the impairments defined in paragraph (i) of this definition but is treated by another person as having such an impairment.

Medical certification of a disability or handicap is required from persons claiming disability who are not recipients of benefits under either 42 U.S.C. § 423 (Social Security Act) or § 102 (b) (5) of the Development Services and Facilities Construction Amendments of 1970. The laws and regulations cited in this Section may be amended from time to time by the appropriate governmental authority. Any such amendments that modify the definitions contained herein shall be automatically incorporated without formal action by the Authority.

6. ***Former Resident***

Persons who previously resided within Irwindale for at least thirty-six (36) consecutive months within the fifteen (15) year period immediately preceding the Application Deadline, but who do not currently reside in Irwindale, shall be considered to be Former Residents.

7. ***Handicapped Person***

A person having a disability or handicap, which (a) is expected to be of long continued and indefinite duration, (b) substantially impedes the person's ability to live independently, and (c) is of such a nature that such ability could not be improved by more suitable housing. Any member of a family who is handicapped qualifies that family as a Disabled Family. (See: ***"Disabled Family"***.)

8. ***Immediate Family Member***

Parents, grandparents, siblings, or children of Continuous Residents are considered to be Immediate Family Members.

9. ***Income Qualification Criteria***

Extremely low, very low, low and moderate income qualification criteria shall be as set forth in Exhibit "A" hereto, which may be amended from time to time without formal action by the Authority or CRA to be consistent with state laws and regulations (Subchapter 2 of Chapter 6.5 of Division 1 of Title 25, California Code of Regulations; see also: California Health and Safety Code §§ 50106, 50105, 50079.5 and 50093.)

10. ***Interrupted Resident***

Any person (or family) who resided in Irwindale for at least thirty-six (36) consecutive months within the fifteen (15) year period immediately preceding the Application Deadline, moved away for a period of time, but has reestablished a bona fide residence within the City limits of Irwindale for at least one year prior to the Application Deadline shall be considered to be an Interrupted Resident.

11. ***Non-resident***

Any person (or family) who is not now and has not been a resident of Irwindale for at least thirty-six (36) consecutive months within the

fifteen (15) year period immediately preceding the Application Deadline.

12. ***Renter***

An applicant successfully completing the application process and renting an apartment hereunder.

13. ***Senior***

A Senior is a person who is at least sixty-two (62) years of age or older.

14. ***Shared Renter***

Persons sharing rental accommodations with unrelated persons.

15. ***Veteran***

Any person who has been honorably discharged from one of the military services of the United States shall be considered a Veteran.

B. <u>Eligibility Criteria</u>

Since the Senior Apartment Rental Program is an apartment rental program, there are two (2) primary criteria which must be met to determine eligibility:

1. Income eligibility under § 2.A.9, above.
2. Be a Senior as specified in § 2.A.12, above.

C. <u>Priorities</u>

Eligible applications from persons/families meeting basic income (extremely low, very low, low or moderate income) criteria, shall be processed based upon the following priority schedule and the application procedures in Section 2.D:

1. **First Priority Criteria:**

   (a) Extremely low income persons/family – nine (9) apartment units **[subject to modification]**

   (b) Very low income persons/family – six (6) apartment units **[subject to modification]**

   (c) Low income persons/families – five (5) apartment units **[subject to modification]**

   (d) Moderate income persons/families – five (5) apartment units **[subject to modification]**

A primary goal of the Authority is to create, to the extent feasible, sufficient new rental units to meet the projected needs of Irwindale Seniors. Accordingly, and notwithstanding the initial allocations established in § 2.C.1, above, pertaining to the number of units allocated among the income categories, the Authority reserves the right to reallocate the final

number of units specified for each income category, if deemed necessary and appropriate, to meet the quantified needs of Irwindale Seniors.

2. **Second Priority Criteria:**

(a)	Disabled Family	Priority 1
(b)	Veteran	Priority 2
(c)	None of the above	Priority 3

3. **Third Priority Criteria**

(a) Shared Renter for longer than one (1) year prior to Application - Priority 1.

(b) Shared Renter for less than (1) year prior to Application – Priority 2.

(c) Persons residing in rental accommodations (single/married) for longer than one (1) year prior to Application – Priority 3.

(d) Persons residing in rental accommodations (single/married) for less than one (1) year prior to Application – Priority 4.

(e) Persons owning residence or other residential real property – Priority 5.

4. **Final Priority Criteria**

(a) Category A Continuous Irwindale Resident - Priority 1

(b) Category B Continuous Resident – Priority 2

(c) Interrupted Resident – Priority 3

(d) Former Resident – Priority 4

(e) Immediate Family Member – Priority 5

(f) None of the above – Priority 6

D. Application Procedure

1. **Applications**

(a) Upon commencement of the application process, interested persons will be required to complete and sign an Application. As a material part of the Application, interested persons will be required to execute an authorization and waiver form for release of information from persons, firms, public entities and others who may retain data necessary for a complete analysis of the Application. Data needed will include name, address, telephone number, family composition and ages, declaration of income and assets, declaration of outstanding financial obligations, veteran status, declaration of physical status (with appropriate medical confirmation), declaration of home ownership status. (See: § 2.D.1(i).).

Appropriate assistance in completing the Application will be provided to interested persons, if requested.

(b) Applications shall be submitted for review and screening.

(c) Applications will then be assigned to the appropriate First Priority classification under § 2.C.1.

(d) Within each primary eligibility classification (or priority), the Applications will be further prioritized according to the Second Priority Criteria set forth in § 2.C.2, above.

(e) Applications will be further prioritized with each category by the Third Priority Criteria set forth in § 2.C.3, above.

(f) Applications will be finally prioritized within each classification by the Final Eligibility Criteria set forth in § 2.C.4

(g) Within the numerical allotments provided by the First Eligibility Criteria (§ 2.C.1), the final order of priority will be established by adding the numerical priority rating assigned to each Application. The Applications will be ranked, in order of descending priority, with the smallest total number assigned being the highest priority. For example, an Applicant who is a Displaced Person (Priority 1), Shared Renter (Priority 1) and a Continuous Resident (Priority 1) will have a total Priority Rating of 3 and would be ranked higher than a person who is a "none of the above" (Priority 4), Property Owner (Priority 5) and an Immediate Family Member (Priority 5) with a total Priority Rating of 13.

(h) In the event a tie occurs between two (2) or more Applicants, the total Priority Rating rank order will be assigned by a random blind drawing conducted by the Executive Director.

(i) The Authority staff will verify the following data:

(i) name and address

(ii) residence requirement

(iii) employment

(iv) income

(v) existing equity/assets (if applicable)

(vi) credit history

(vii) property ownership

(i) Documentation necessary to verify income, age, handicap (disability), and residency requirements shall be submitted with application documents and may include, but is not limited to: birth certificates, current pay check stubs, income tax returns, employment/salary verification, bank statements for all checking

and/or savings accounts, telephone records and utility records, hospital admittance records, medical care records, and records of educational institutions and public agencies as the same are relevant to matters pertaining to verification of information submitted.

(j) All data submitted shall be verified as true and correct under penalty of perjury of the laws of the State of California. Failure to so verify shall result in application rejection.

(k) Ineligible Applicants shall be notified, in writing, with a statement indicating why the Applicant has been denied and advising the Applicant of his or her right to appeal the determination in writing within ten (10) days of the letter of denial. Appeals will be heard by the Authority Board and the Authority Board's determination shall be final.

(l) Eligible Applicants shall be mailed the necessary rental agreement documents to begin processing the rental application. The Authority will provide such assistance as may be necessary to ensure timely and complete submissions.

2. **Insufficient Eligible Applications**

(a) If there are insufficient eligible Applicants during the first thirty (30) days of the Application Deadline, the Board may authorize additional time for further applications which will be processed in accordance with the procedures set forth in § 2.D.1, above.

(b) Priority for Applicants shall be strictly maintained in accordance with the application period during which submittal occurred. Additional Applicants authorized by the Board after the first thirty (30) days shall not be included with the first group of Applicants.

(c) Once rental agreement documents have been approved, then a move-in date will be established.

AGREEMENT FOR PURCHASE AND SALE
OF REAL PROPERTY AND JOINT ESCROW INSTRUCTIONS

THIS AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY AND JOINT ESCROW INSTRUCTIONS ("**Agreement**") is made this ___ day of _____, 2024 ("**Agreement Date**") by and between THE NORTHRIDGE GROUP, INC., a California corporation ("**Seller**") and the IRWINDALE HOUSING AUTHORITY, a public entity ("**Buyer**"), with FIDELITY NATIONAL TITLE INSURANCE COMPANY as escrow holder and title company ("**Escrow Holder**" and "**Title Company**").

R E C I T A L S:

A. Seller owns a leasehold interest in that certain improved real property located in the City of Irwindale, County of Los Angeles, State of California (APN. 8417-029-929) a legally described in Exhibit A attached hereto which is improved with multiple apartment buildings containing twenty-six (26) units ("**Buildings**"), a clubhouse building and other improvements ("**Real Property**") and which is commonly known as Las Casitas Senior Housing Complex located at 5164 Ayon Avenue in the City of Irwindale. The Property also has certain fixtures and improvements as well as personal property used for its maintenance and operation.

B The leasehold interest in the Property was created in that certain "Regulatory Agreement and Declaration of Covenants and Restrictions" dated March 23, 2011 between Buyer as the fee owner and Seller as the lessee which was recorded on September 17, 2013 as Instrument No. 20131354607 in the Official Records of Los Angeles County ("**Official Records**"), as amended by that certain "First Amended Regulatory Agreement and Declaration of Covenants and Restrictions" dated July 10, 2013 and recorded as Instrument No. 20190534856 in the Official Records, and as amended by that certain "Second Amendment to Regulatory Agreement and Declaration of Covenants and Restrictions" dated October 18, 2018 and recorded as Instrument No. 201900554904 in the Official Records ("**Lease/Regulatory Agreement**"). Pursuant to the Lease/Regulatory Agreement, Seller currently operates the Housing Project. Seller's leasehold interest is sometimes hereinafter referred to as the "**Property**", **Leasehold Interest**" or the "**Housing Project.**"

C. Seller desires to sell the Leasehold Interest together with its ownership interest in the personal property to Buyer and Buyer desires to purchase same on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, the parties hereto agree as follows:

TERMS AND CONDITIONS:

1. **PURCHASE AND SALE OF LEASEHOLD INTEREST.**

1.1 ***Property***. Pursuant to the terms and conditions of this Agreement, Buyer hereby agrees to purchase from Seller and Seller agrees to sell to Buyer, the Leasehold Interest and Personal Property (as defined in Section 1.2).

1.2 ***Additional Property Included in Sale***. In addition to the Leasehold Interest,

Seller is also selling to Buyer all of Seller's interest in all furniture, personal property, machinery, apparatus and equipment owned by Seller and currently used in the operation, repair and maintenance of the Housing Project ("**Personal Property**"), including the following:

(a) Seller's interest in all signs, logos, advertising trade names or styles relating to the Housing Project, if any;

(b) Seller's interest in all rental agreements with tenants who occupy all or any portion of the Housing Project;

(c) Seller's interest in any and all transferable guaranties and warranties covering all or any part of the Housing Project or Personal Property, if any;

(d) Seller's interest in any and all contracts pertaining to the ownership, operation, management and/or maintenance of the Housing Project and/or Personal Property, if any; and

(e) Seller's interest in any other property, tangible or intangible, owned or held by Seller in connection with the Housing Project and/or Personal Property).

2. EFFECTIVE DATE; OPENING OF ESCROW.

2.1 ***Effective Date***. This Agreement shall be deemed effective upon execution of this Agreement by Buyer after its approval by the Authority Board ("**Effective Date**"). Prior to the Housing Authority Board meeting where approval of this Agreement is on the agenda, Seller shall deliver three (3) executed copies of this Agreement to Buyer.

2.2 ***Opening of Escrow***. Within seven (7) days of the Effective Date, the parties shall open an escrow by causing an executed copy of this Agreement to be deposited with Fidelity National Title Insurance Company (National Commercial Division) at 3237 E. Guasti Rd., Ste. 105, Ontario, CA 91761 marylou.adame@fnf.com (909) 978-3020 with Mary Lou Adame as escrow officer ("**Escrow Officer**") by causing an executed copy of this Agreement to be deposited with Escrow Holder together with the Deposit from Buyer as defined in Section 3.2 below ("**Opening of Escrow**").

3. PURCHASE PRICE; DEPOSIT; PAYMENT OF PURCHASE PRICE.

3.1 ***Purchase Price***. The purchase price for the Housing Project is Nine Hundred Thousand Hundred Dollars ($900,000) ("**Purchase Price**").

3.2 ***Deposit***. Concurrently with Opening of Escrow, Buyer shall deposit with Escrow Holder the sum of Ten Thousand Dollars ($10,000) ("**Deposit**") to be held by Escrow Holder for the benefit of the parties and applied against the Purchase Price at Closing (as defined in Section 5.1) or refunded or forfeited in accordance with the terms of this Agreement.

3.3 ***Balance of Purchase Price.*** Buyer shall deposit the Purchase Price less the Deposit with Escrow Holder in Good Funds (as defined below) at least one (1) business day prior to the Closing Date.

3.4 ***Good Funds.*** All funds deposited in Escrow shall be in "**Good Funds**" which means a wire transfer of funds, cashier's or certified check drawn on or issued by the offices of a

financial institution located in the State of California.

4. CLOSING FUNDS AND DOCUMENTS REQUIRED FROM BUYER AND SELLER

4.1 ***Seller***. Seller agrees that on or before 12:00 noon on the day preceding the Closing Date, Seller will deposit or cause to be deposited with Escrow Holder such funds and other items and instruments (executed and acknowledged, if appropriate) as may be necessary in order for the Escrow Holder to comply with this Agreement, including without limitation:

(a) The Quitclaim Deed in the form of Exhibit B executed and acknowledged by Seller ("**Quitclaim Deed**") and such other documents as reasonably required by Title Company. (Note: If required by the Title Company for issuance of the Owner's Title Policy, Seller shall execute a grant deed in place of the Quitclaim Deed.)

(b) A Bill of Sale in the form of Exhibit C ("**Bill of Sale**") executed by Seller in favor of Buyer for the Personal Property (in accordance with Section 7.6) for the Property.

(c) Two (2) copies of the Assignments and Assumption of Rental Agreements in the form of Exhibit D ("**Rental Agreement Assignment**") executed by Seller for the Tenant Rental Agreements (defined in Section 7.4(a)(i)).

(d) Two (2) copies of the General Contract Assignment and Assumption Agreement in the form of Exhibit E ("**General Assignment**") for the Approved Contracts (as defined in Section 7.6) executed by Seller.

(e) A Non-Foreign Affidavit as required by federal law.

(f) Two (2) copies of such documents as required by the Title Company for the termination of the Lease/Regulatory Agreement and any related documents in the public record ("**Leasehold Termination Documents**").

(g) Such funds and other items and instruments as may be necessary in order for Escrow Holder to comply with this Agreement and the Title Company to issue the Owner's Title Policy.

4.2 ***Buyer***. Buyer agrees that on or before 12:00 noon on the date preceding the Closing Date, Buyer will deposit with Escrow Holder all additional funds and/or documents (executed and acknowledged, if appropriate) which are necessary to comply with the terms of this Agreement, including without limitation:

(a) A Preliminary Change of Ownership Statement completed in the manner required in Los Angeles County.

(b) The Certificate of Acceptance in the form attached to the Quitclaim Deed (which shall be attached to the Quitclaim Deed prior to recordation).

(c) Two (2) copies of the Rental Agreement Assignment for the Tenant Rental Agreements.

(d) Two (2) copies of the General Assignment for the Housing Project.

(e) Two (2) copies of the Leasehold Termination Documents.

Such funds and other items and instruments as may be necessary in order for Escrow Holder to comply with this Agreement.

4.3 ***Recordation, Completion and Distribution of Documents***. Escrow Holder shall confirm that any documents signed in counterpart are matching documents and shall combine the signature pages thereof so as to create fully executed documents. Escrow Holder will date all the documents (including, but not limited to, the Bill of Sale, Assignment of Rental Agreements, General Assignment and Leasehold Termination Documents) with the date of Close of Escrow. Escrow Holder will cause the Quitclaim Deed and Leasehold Termination Documents to be recorded when it can issue the Owner's Title Policy in accordance with Section 6, and holds for the account of Buyer and Seller, respectively, the funds and items described above to be delivered to Buyer and Seller, respectively, through Escrow, less costs, expenses and disbursements chargeable to Seller pursuant to the terms hereof. Promptly following Close of Escrow, Escrow Holder shall distribute Escrow Holder's closing statement and the documents deposited in Escrow as follows:

(a) ***To Buyer***:

(i) One (1) certified conformed copy of the Quitclaim Deed, the original to be mailed to Buyer following recordation thereof;

(ii) The Owner's Title Policy;

(iii) One (1) original each of the Bill of Sale, the Assignment of Rental Agreements and the General Assignment;

(iv) One (1) original of the Leasehold Termination Documents; and

(v) One (1) certified copy, conformed if recorded, of any other document delivered to Escrow Holder by Buyer or Seller pursuant to the terms hereof.

(b) ***To Seller***:

(i) One (1) certified conformed copy of the Quitclaim Deed;

(ii) One (1) original each of the Assignment of Rental Agreements, the General Assignment, and the Non-foreign Affidavit;

(iii) One (1) conformed copy of the Bill of Sale;

(iv) One (1) conformed original of the Lease Termination Documents; and

(v) One (1) certified copy, conformed if recorded, of any other document delivered to Escrow Holder by Buyer or Seller pursuant to the terms hereof.

5. CLOSING DATE; TIME IS OF ESSENCE.

5.1. ***Closing Date.*** Subject to Seller's right to extend in Section 5.2 below, Escrow shall close not later than fifteen (15) days after completion of the Required Repairs (as defined in Section 7.3) ("**Closing Date**"). The terms "**Close of Escrow**" and/or "**Closing**" are used herein to mean the time the Quitclaim Deed is filed for recording by the Escrow Holder in the Office of the County Recorder of Los Angeles County, California.

5.2. ***Seller Right to Extend.*** In the event that Seller is diligently making the Required Repairs pursuant to Section 7.3 but needs additional time in order to complete same, Seller shall have the right to extend the Closing Date for a period up to thirty (30) days upon written notice to Buyer with a copy to Escrow Holder.

5.3. ***Possession.*** Upon the Close of Escrow, Seller shall deliver exclusive possession of the Property to Buyer subject to the Rental Agreements.

5.4. ***Time is of Essence.*** Buyer and Seller specifically agree that time is of the essence under this Agreement. The parties agree that the specified dates under this Agreement are specifically enforceable and shall not be subject to substantial compliance arguments.

5.5. ***Executive Director Authority*****.** By its execution of this Agreement, Buyer authorizes the Executive Director or his/her designee (who has been designated by Executive Director's written notice delivered to Buyer and Escrow Holder) shall have the authority to execute documents on behalf of Buyer including, but not limited to, issuing approvals, disapprovals and extensions. Any such approval, disapproval or extension executed by the Executive Director or his/her designee shall be binding on Buyer.

6. TITLE POLICY; NHD REPORT.

6.1. Approval of Title.

(a) Promptly following execution of this Agreement but in no event later than five (5) days following Opening of Escrow, a preliminary title report shall be issued by Fidelity National Title Insurance Company ("**Title Company**"), describing the state of title of the Real Property, together with legible copies of all exceptions specified therein and a map plotting all easements specified therein ("**Preliminary Title Report**"). Within ten (10) business days after Buyer's receipt of the Preliminary Title Report, Buyer shall notify Seller in writing ("**Buyer's Title Notice**") of Buyer's disapproval of any matters contained in the Preliminary Title Report ("**Disapproved Exceptions**").

(b) In the event Buyer delivers Buyer's Title Notice within said period, Seller shall have a period of ten (10) days after receipt of Buyer's Title Notice in which to notify Buyer of Seller's election to either (i) agree to attempt to remove the Disapproved Exceptions prior to the Close of Escrow; or (ii) decline to remove any such Disapproved Exceptions ("**Seller's Notice**"). If Seller notifies Buyer of its election to decline to remove the Disapproved Exceptions, or if Seller is unable to remove the Disapproved Exceptions (other than any obligations of Buyer under Section 7.5), Buyer may elect either to terminate this Agreement and the Escrow or to accept title to the Property subject to the Disapproved Exception(s). Buyer shall exercise such election by delivery of written notice to Seller and Escrow Holder within five (5) business days following the earlier of (i) the date of written advice from Seller that such Disapproved Exception(s) cannot be removed; or (ii) the date Seller declines to remove such Disapproved

Exception(s).

(c) Upon the issuance of any amendment or supplement to the Preliminary Title Report which adds additional exceptions, the foregoing right of review and approval shall also apply to said amendment or supplement; provided, however, that Buyer's initial period of review and approval or disapproval of any such additional exceptions shall be limited to five (5) days following receipt of notice of such additional exceptions.

(d) Nothing to the contrary herein withstanding, Buyer shall be deemed to have automatically objected to all leases (other than Tenant Rental Agreements), deeds of trust, mortgages, judgment liens, federal and state income tax liens, delinquent general and special real property taxes and assessments and similar monetary encumbrances affecting the Property, and Seller shall discharge any such non-permitted title matter of record prior to or concurrently with the Close of Escrow except as otherwise specifically provided in this Agreement.

6.2. ***Owner's Title Policy***. At the Close of Escrow, Escrow Holder shall furnish Buyer with an ALTA non-extended owner's Policy of Title Insurance ("**Owner's Title Policy**") insuring fee title to the Real Property vested in Buyer, containing only (i) non delinquent real property taxes and assessments; (ii) exceptions approved by Buyer in accordance with Section 6.1; (iii) the Tenant Rental Agreements; and (iv) exceptions caused solely by the acts of Buyer. The amount of the insurance coverage shall be in the amount of the Purchase Price. The cost of the Owner's Title Policy to Buyer shall be paid by Seller to the extent of the cost equal to a CLTA owner's policy. If Buyer desires an ALTA extended owner's title policy, Buyer shall be responsible to secure a survey at its own cost and expense. The Owner's Title Policy shall include any available title insurance, extended coverage or endorsements that Buyer may reasonably request. Notwithstanding the foregoing, any survey to be obtained by Buyer, any such extended coverage and any such endorsements requested by Buyer shall under no circumstances be a condition precedent to Buyer's obligations hereunder.

6.3. ***NHD Report*****.** Within five (5) days of Opening of Escrow, Escrow shall order and deliver to Buyer and Seller a Premium Commercial NHD Report for the Real Property issued by Disclosure Source ("**NHD Report**"). The cost of the NHD Report shall be paid by Seller.

7. DUE DILIGENCE.

7.1. ***Due Diligence Period; Delivery of Due Diligence Items.*** The due diligence period shall commence with the Opening of Escrow and terminate ten (10) days after the parties mutually agree as to the Final Inspection Report (as defined in Section 7.2) ("**Due Diligence Period**"). Within ten (10) business days following Opening of Escrow, Seller shall promptly deliver all Due Diligence Items to Buyer. term **"Due Diligence Items"** shall mean the following documents relating to the Property to the extent such documents are in the possession or control of Seller:

(i) Complete copies of all tenant rental agreements ("**Tenant Rental Agreements**");

(ii) Rent roll for the Housing Project with reasonable detail which shall include all security deposits, and prepaid rent if any;

(iii) A list of all Personal Property generally described in Section 1.2 and used by Seller with respect to the maintenance and operation of the

Housing Project ("**Personal Property**");

(iv) Copies of all contracts and agreements and all amendments and modifications to any such contracts and agreements, if any ("**Contracts**");

(v) Detailed summary of the replacement reserve account ("**Replacement Reserves Account**");

(vi) Copies of all books and records related to the operation of the Housing Project for the previous three (3) years;

(vii) Real Property tax bills and property tax assessment notices for the previous three (3) years; and

(viii) Any applicable covenants, conditions and restrictions and parking agreements whether of record or not.

(b) ***Return of Documents***. If Buyer does not acquire the Property, all documents delivered by Seller or otherwise obtained by Buyer and relating to the Housing Project shall be returned or delivered to Seller within ten (10) days following termination of this Agreement.

7.2 ***Entry for Investigation***.

(a) ***Inspection Report***. Upon the Opening of Escrow, Buyer shall, at Buyer's sole cost and expense, promptly order an inspection report from a reputable third party residential inspection company (which inspection shall not be conducted by City employees) and shall be subject to all existing occupants rights under their respective rental agreements ("**Inspection Report**"). Upon receipt of the Inspection Report, a copy shall be promptly delivered to Seller for Seller's review. If Seller objects to any specific items raised in the Inspection Report, Seller shall promptly notify Buyer in writing as to the items ("**Disputed Items**"). Thereafter the parties shall promptly meet to resolve the Disputed Items and the form of the final inspection report ("**Final Inspection Report**"). If the parties cannot agree on the Final Inspection Report, Buyer shall have ten (10) days thereafter to elect to either (i) proceed with the transaction with Seller only making the repairs for the non-disputed items; or (ii) to issue a Buyer's Due Diligence Election Notice (pursuant to Section 7.3).

In the event that both Parties approve the Inspection Report ("**Approved Inspection Report**"), then Seller shall, at its sole cost and expense, make the repairs as mutually agreed by Boyer and Seller so that matters specified in the Approved Inspection Report are resolved so that the Property will comply with all applicable law and ordinances ("**Required Repairs**"). The Required Repairs shall be completed not less than fifteen (15) days prior to the Close of Escrow and Buyer shall have the right to confirm same and Seller must indemnify the Title Company as to any mechanic liens in order for the issuance of the Owner's Title Policy.

In addition to the Inspection Report, Buyer shall have the right, in its discretion, to conduct such other inspections and investigations consisting of such engineering, feasibility studies, soils tests, ADA/Title 24 compliance review; inspections, environmental studies, surveys and any and all other investigations of any kind as Buyer may desire, in

its sole discretion and to conduct such other review and investigation which Buyer deems appropriate to satisfy itself to acquire the Housing Project. However, if Buyer disapproves any such investigations or inspections, Seller shall not be obligated to conduct any repairs or remediation and Buyer shall only have the right to terminate this Agreement during the Due Diligence Period. All costs and expenses for investigations and reports under this Section 7 shall be Buyer's sole responsibility.

(b) ***Conditions to Entry into Housing Project***. Prior to entering the Housing Project, Buyer (and its agents or contractors) shall (i) notify Seller prior to each entry of the date and purpose of intended entry and provide to Seller the names and affiliations of the persons entering the Housing Project; (ii) conduct all studies in a diligent, expeditious and safe manner and not allow any dangerous or hazardous conditions to occur on the Housing Project during or after such investigation; (iii) not violate the rights of all Tenants; (iv) comply with all applicable laws and governmental regulations; (v) keep the Housing Project free and clear of all materialmen's liens, lis pendens and other liens arising out of the entry and work performed under this paragraph; (vi) provide to Seller with reasonable evidence of public liability insurance of not less than Two Million Dollars ($2,000,000); and (vii) return the Housing Project to its original condition following Buyer's entry. Seller shall cooperate with Buyer by providing notice to tenants as necessary to get Buyer access to the respective residential units.

(c) ***Obligation to Discharge Liens***. Buyer shall promptly pay and discharge all demands for payment relating to Buyer's entry on and investigation of the Housing Project. In the event a claim or lien is recorded by reason of Buyer's entry on the Housing Project, Buyer, within twenty (20) days of such recordation, shall record or deliver a surety bond or provide other financial assurances reasonably acceptable to Seller and its title insurance company in a manner which will allow such title insurance company to issue an owner's and lender's policy of title insurance free of any mechanic's lien claim and which is sufficient to release such claim or lien in accordance with applicable laws. Seller may elect to record and post notices of non-responsibility from time to time on and about the Housing Project.

(d) ***Indemnity***. Buyer hereby agrees to indemnify, and hold Seller, its officers, agents and employees free and harmless from and against any and all losses, damages (whether general, punitive or otherwise), liabilities, claims, causes of action, judgments, court costs and legal or other expenses (including attorneys' fees) which Seller may suffer or incur as a direct consequence of Buyer's exercise of the license granted pursuant to this Section or any act or omission by Buyer, any contractor, subcontractor or material supplier, engineer, architect or other person or entity acting by or under Buyer (except Seller and its agents) with respect to the Housing Project, excepting to the extent such claims arise out of the negligence or misconduct of Seller.

7.3. ***Buyer's Due Diligence Election Notice***. Buyer shall notify Seller in writing ("**Buyer's Due Diligence Election Notice**") on or before the expiration of the Due Diligence Period of Buyer's approval or disapproval the Due Diligence Items. If Buyer's Due Diligence Election Notice which disapproves the Housing Project, Buyer shall have the right to terminate this Agreement and the Deposit shall be returned to Buyer.

8. CONDITIONS PRECEDENT TO CLOSE OF ESCROW.

8.1. ***Conditions to Buyer's Obligations***. The obligations of Buyer under this

Agreement are subject to the satisfaction or written waiver, in whole or in part, by Buyer of each of the following conditions precedent ("**Buyer's Conditions Precedent**"):

(a) Title Company will issue the Owner's Title Policy in accordance with Section 6.2.

(b) Buyer has issued Buyer's Due Diligence Notice approving all due diligence matters provided Section 7.

(c) Seller has executed and delivered to Escrow Holder the Bill of Sale (with the Personal Property listed on Exhibit 1), Assignment of Rental Agreements and General Assignment (with the Approved Contracts listed on Exhibit 1).

(d) All the Required Repairs have been completed to Buyer's satisfaction.

(e) All of the information provided by Seller including information provided in the representations and warranties or otherwise provided to Buyer as part of the Due Diligence is true and correct as of the Closing.

(f) Escrow Holder holds and will deliver to Buyer the instruments and funds, if any, accruing to Buyer pursuant to this Agreement.

(g) Seller is not in default of its obligations under this Agreement.

8.2 ***Conditions to Seller's Obligations***. The obligations of Seller under this Agreement are subject to the satisfaction or written waiver, in whole or in part, by Seller of the following conditions precedent:

(a) Buyer has executed Certificate of Acceptance to be attached to the Quitclaim Deed prior to recordation.

(b) Buyer has executed and delivered to Escrow Holder two (2) copies of the Assignment of Rental Agreements and General Assignment.

(c) Escrow Holder holds and will deliver to Seller the instruments and funds accruing to Seller pursuant to this Agreement.

(d) Buyer is not in default of its obligations under this Agreement.

9. REPRESENTATIONS AND WARRANTIES.

9.1. ***Representations and Warranties of Seller***. Seller hereby makes the following representations and warranties to Buyer, each of which is true in all respects as of the Opening of Escrow and shall be true in all respects on the date of Close of Escrow with respect to the Housing Project:

(a) To the best of Seller's knowledge, Seller does not have surveys; engineering reports, soils studies, soils compaction reports, grading plans, environmental information, inspections or reports regarding structural, seismic, roof, HVAC, soil, paving, environmental and ADA compliance; as-built plans; permits and inspection reports

regarding fire, building, health, zoning and use compliance.

(b) To the best of Seller's knowledge, there are no natural or environmental hazards located on the Housing Project that would limit its marketability, merchantability, or suitability for development or impede its use in any way.

(c) To the best of Seller's knowledge, the Housing Project is not in violation of any federal, state or local law, ordinance or regulation relating to industrial hygiene or to the environmental conditions on, under or about the Housing Project including, but not limited to, soil and ground water conditions. Seller has not received any written notice from any third parties, prior owners of the Housing Project, or any federal, state or local governmental agency indicating that any hazardous waste remedial or clean-up work will be required on the Housing Project. There are no environmental, health or safety hazards on, under or about the Housing Project, including but not limited to soil and groundwater conditions. To the best of Seller's knowledge, neither Seller, nor any third party (including but not limited to Seller's predecessors in title to the Housing Project), has used or installed any underground tank, or used, generated, manufactured, treated, stored, placed, deposited or disposed of on, under or about the Housing Project or transported to or from the Housing Project any flammable explosives, radioactive materials, hazardous wastes, toxic substances or related materials other than in accordance with applicable law and disclosed to Buyer ("**Hazardous Materials**"), which for the purpose of this Agreement shall include, but shall not be limited to, substances defined as "hazardous substances, hazardous materials or toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 USC Section 9601, et seq.; the Hazardous Materials Transportation Act, 49 USC Section 1801, et seq.; the Resource Conservation and Recovery Act, 42 USC Section 6901, et seq.; those substances defined as "hazardous wastes" in Section 25117 of the California Health & Safety Code or as "hazardous substances" in Section 25316 of the California Health & Safety Code; and those chemicals known to cause cancer or reproductive toxicity, as published pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, Section 25249.5, et seq., of the California Health & Safety Code; and in the regulations adopted and publications promulgated pursuant to each of the aforesaid laws; provided, however, the term "**Hazardous Materials**" shall not include materials reasonably and customarily used in the operation of the buildings.

(d) There are no contracts (other than Approved Contracts), leases (other than Tenant Rental Agreements), claims or rights affecting the Housing Project and there are no agreements entered into by or under Seller which shall survive the Close of Escrow that would adversely affect Buyer's rights with respect to the Housing Project except as set forth herein.

(e) Seller has received no written notice from any third parties, prior owners of the Housing Project, or any federal, state or local governmental agency, indicating that any hazardous waste remedial or clean-up work will be required on the Housing Project.

(f) Tenant Rental Agreements are in full force and effect and to the best of Seller's knowledge, none of the Tenants are not in default under their respective rental agreement and Seller is not in default under any of the Tenant Rental Agreements.

(g) Seller has no knowledge of and has not received any notice relating to:

(i) Any uncured violation of any pollution, health, safety, fire, environmental, sewerage, zoning, or other federal, state or local law, code, ordinance, regulation, rule, requirement, order or permit, of any covenants, conditions or restrictions, affecting or relating to the Housing Project, any portion thereof or the use, occupancy or operation thereof;

(ii) Any pending condemnation proceeding with regard to all or part of the Housing Project or a threatened notice of any such proceeding or widening of streets abutting the Housing Project;

(iii) The imposition of any special taxes or assessments, or payments in lieu thereof, against the Housing Project or any portion thereof;

(iv) The need or advisability of special flood insurance; or

(v) Any existing insurance carriers indicated that the insurance rates for the Housing Project or any portion thereof will be substantially increased or that alterations of the Housing Project or any portion thereof are required.

(h) To the best of Seller's knowledge, the Housing Project and the current uses are in compliance with all applicable contracts, covenants and agreements affecting the Housing Project.

(i) To the best of Seller's knowledge, all structures on the Housing Project are in good condition and repair except as otherwise disclosed in writing by Seller to Buyer during the Due Diligence Period.

(j) To the best of Seller's knowledge, there are no easements or encroachments onto the Housing Project by buildings or improvements on any adjoining Housing Project, nor do any buildings or improvements on the Housing Project encroach on other properties.

(k) Seller is not a foreign person as defined in Internal Revenue Code Section 1445(f)(3).

(l) To the best of Seller's knowledge, all utilities, including gas, electricity, water, sewage, and telephone, are available at the Housing Project, and all such items are in good working order.

(m) Seller has the unimpeded power to execute, deliver and perform Seller's obligations under this Agreement and the documents executed and delivered by Seller pursuant hereto.

(n) To the best of Seller's knowledge, there are no contingent liabilities arising out of the ownership or operation of, or affecting, the Housing Project or any part thereof which would be binding upon Buyer or to which the Housing Project would be subject after the Closing.

(o) To the best of Seller's knowledge, there are no pending actions, lawsuits, suits or claims against the Housing Project.

(p) All copies of documents delivered by Seller to Buyer are, to the best of Seller's knowledge, true, genuine, complete and correct copies of the original executed documents which they purport to be.

Until the Closing, if Seller learns of any fact or condition which would cause any of the warranties and representations in this Section not to be true as of the Closing, Seller shall immediately give written notice of such fact or condition to Buyer.

9.2 ***Buyer's Representations and Warranties***. Buyer represents and warrants to Seller that:

(a) Buyer is a public entity validly formed in the State of California. Upon execution of this Agreement by Buyer in accordance with CA law, Buyer has the full right and authority to enter into this Agreement, this Agreement shall be a binding obligation of Buyer and Buyer shall have authority to consummate the transaction contemplated hereby, including execution and delivery of all applicable documents.

(b) There is no agreement to which Buyer is a party or, to Buyer's knowledge, binding on Buyer which is in conflict with this Agreement. To Buyer's knowledge, as of the Effective Date there is no action or proceeding pending or threatened against Buyer which challenges or impairs Buyer's ability to execute or perform its obligations under this Agreement.

9.3 ***Survival of Representations and Warranties***. The representations and warranties set forth in this Section 9 shall not be deemed to be merged into or waived by the transaction documents but shall survive the Closing. Neither party shall have any liability after the Closing for the breach of a representation or warranty hereunder of which the other party hereto had knowledge as of the Closing. The provisions of this Section 9 shall survive the Closing as specified in this Section 9.3.

10. ESCROW PROVISIONS.

10.1. ***Escrow Instructions***. Sections 1 through 6, inclusive, 8, 10, 13 and 15 constitute the escrow instructions to Escrow Holder. If required by Escrow Holder, Buyer and Seller agree to execute Escrow Holder's standard escrow instructions, provided that the same are consistent with and do not conflict with the provisions of this Agreement. In the event of any such conflict, the provisions of this Agreement shall prevail. The terms and conditions in sections of this Agreement not specifically referenced above are additional matters for information of Escrow Holder, but about which Escrow Holder need not be concerned. Buyer and Seller will receive Escrow Holder's general provisions directly from Escrow Holder and will execute such provision upon Escrow Holder's request. To the extent that the general provisions are inconsistent or conflict with this Agreement, the general provisions will control as to the duties and obligations of Escrow Holder only. Buyer and Seller agree to execute additional instructions, documents and forms provide by Escrow Holder that are reasonably necessary to close Escrow.

10.2. ***General Escrow Provisions***. Escrow Holder shall deliver the Owner's Title Policy to Buyer and instruct the Los Angeles County Recorder to mail the Quitclaim Deed and the Leasehold Termination Documents to Buyer at the address set forth in Section 13 after recordation. All funds received in this Escrow shall be deposited in one or more general escrow accounts of the Escrow Holder with any bank doing business in Los Angeles County, California, and may be disbursed to any other general escrow account or accounts. All disbursements shall

be according to that party's instructions.

10.3. ***Prorations; Utilities; Security Deposits; Replacement Reserves Account***.

(a) ***Real Property Taxes*****.** All non-delinquent general and special real property taxes and assessments shall be prorated to the Close of Escrow on the basis of a thirty (30) day month and a three hundred sixty day (360) year. Any supplemental tax bills received after Close of Escrow shall be paid by Seller to the extent they relate to a period prior to Close of Escrow, and by Buyer, to the extent they relate to a period after Close of Escrow. If a supplemental tax bill (which may include possessory interest taxes) covers a period commencing before and continuing after Close of Escrow, the party named in the bill will pay the tax and the other party shall reimburse the first party its pro rata share within thirty (30) days after receipt of a copy of the tax bill and evidence of the second party's payment of same.

(b) ***Prorations*****.** Rents, utilities and other income or expenses (including under the Approved Contracts) which are payable by Seller for the operation and maintenance of the Housing Project shall be prorated to the Close of Escrow on the basis of a thirty (30) day month and a three hundred sixty (360) day year. In the event final amounts with respect to said prorations are not available as of Close of Escrow, the proration shall be done on an estimated basis and the parties shall prepare a final proration within thirty (30) days following Close of Escrow. Any party who is obligated to pay net amounts based on said final proration shall reimburse the other party said amount within thirty (30) days after completion of the final proration.

(c) ***Utilities*****.** Buyer and Seller shall cause all utilities which are in the name of Seller to be transferred to the name of Buyer as of the Close of Escrow or as soon thereafter as practicable. Upon Closing, Seller shall have the right to recover any refundable utility or governmental deposits made by Seller with respect to the Housing Project.

(d) ***Security Deposits and Repairs Replacement Reserve.*** The security deposits and the Repairs Replacement Account shall be transferred to Buyer as part of the Closing.

(e) ***Survival*****.** The provisions of this Section 10.3 shall survive Close of Escrow. If either party fails to pay its pro rata share of taxes or other expenses by the times herein provided, interest shall accrue on all unpaid amounts from when owing until paid at the rate of ten percent (10%) per annum but not in excess of the rate permitted by California law.

10.4. Payment of Costs; Settlement Statement.

(a) ***Allocation of Costs*****.** Seller shall pay the costs for the Owner's Title Policy to the extent of the cost of a CLTA owner's title policy, the NHD Report and one-half (1/2) of the escrow costs ("**Seller's Charges**"). Buyer shall pay one-half (1/2) of the escrow fees and any additional title charges pursuant to Section 6.2 ("**Buyer's Charges**"). All other costs of Escrow not otherwise specifically allocated by this Agreement shall be apportioned between the parties in a manner consistent with the custom and usage of Escrow Holder for major commercial real estate transactions in Southern California.

NOTE: Buyer is a public agency and is exempt from recording charges. No documentary transfers taxes are due pursuant to R&T Code Section 11922. No recording charges shall be payable for recordation of the Quitclaim Deed as Buyer is exempt from recording fees pursuant to Gov. Code §6103.

(b) ***Settlement Statement.*** At least three (3) business days prior to the Closing Date, Escrow Holder shall furnish Buyer and Seller with a preliminary escrow settlement statement which shall include each party's respective shares of costs. The preliminary settlement statement shall be approved in writing by the parties. As soon as reasonably possible following the Close of Escrow, Escrow Holder shall deliver a copy of the final Escrow closing statement to the parties.

10.5 ***Termination and Cancellation of Escrow***. If Escrow fails to close as provided above, either party may elect to cancel this Escrow upon written notice to the other party and Escrow Holder. Upon cancellation, Escrow Holder is instructed to return all funds and documents then in Escrow to the respective depositor of the same with Escrow Holder; provided Escrow Holder receives written instructions from both Buyer and Seller directing Escrow Holder to return such funds and documents. The parties shall promptly execute and deliver any documents reasonably required to effect the return of the funds and documents in accordance with this Agreement. Cancellation of Escrow, as provided herein, shall be without prejudice to whatever legal rights Buyer or Seller may have against each other arising from the Escrow or this Agreement.

10.6 ***Information Report***. Escrow Holder shall file and Buyer and Seller agree to cooperate with Escrow Holder and with each other in completing any report ("**Information Report**") and/or other information required to be delivered to the Internal Revenue Service pursuant to Internal Revenue Code Section 6045(e) regarding the real estate sales transaction contemplated by this Agreement, including without limitation, Internal Revenue Service Form 1099-B as such may be hereinafter modified or amended by the Internal Revenue Service, or as may be required pursuant to any regulation now or hereinafter promulgated by the Treasury Department with respect thereto. Buyer and Seller also agree that Buyer and Seller, their respective employees and attorneys, and escrow Holder and its employees, may disclose to the Internal Revenue Service, whether pursuant to such Information Report or otherwise, any information regarding this Agreement or the transactions contemplated herein as such party reasonably deems to be required to be disclosed to the Internal Revenue Service by such party pursuant to Internal Revenue Code Section 6045(e), and further agree that neither Buyer nor Seller shall seek to hold any such party liable for the disclosure to the Internal Revenue Service of any such information.

10.7 ***No Withholding as Foreign Seller***. Seller represents and warrants to Buyer that Seller is not, and as of the Close of Escrow will not be, a foreign person within the meaning of Internal Revenue Code Section 1445 or an out-of-state seller under California Revenue and Tax Code Section 18805 and that it will deliver to Buyer on or before the Close of Escrow a non-foreign affidavit on Escrow Holder's standard form pursuant to Internal Revenue Code Section 1445(b)(2) and the Regulations promulgated thereunder and a California Form 590-RE.

10.8 ***Commissions***. Buyer and Seller each represent and warrant to the other that it is not represented by a broker and that no third party is entitled to a broker's commission and/or finder's fee with respect to the transaction contemplated by this Agreement. Buyer and Seller each agree to indemnify and hold the other parties 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 a broker's commission and/or finder's fee. Seller advises Buyer that Mary Jo Jahn, a principal of Seller, is a licensed broker but is not acting in such capacity in this transaction and will not be paid a commission.

11. RISK OF PHYSICAL LOSS. Risk of physical loss to the Housing Project shall be borne by Seller prior to the Close of Escrow and by Buyer after Close of Escrow. In the event that the Housing Project shall be damaged by fire, flood, earthquake or other casualty Buyer shall have the option to terminate this Agreement (other than any obligation of Buyer under Section 7.5), provided notice of such termination is delivered to Seller within twenty (20) days following the date Buyer learns of the occurrence of such casualty. If Buyer fails to terminate this Agreement pursuant to the foregoing sentence within said twenty (20) day period, Buyer shall complete the acquisition of the Housing Project, in which case Seller shall assign to Buyer the interest of Seller in all insurance proceeds relating to such damage (subject to the rights of tenants under rental agreements of the Housing Project). In the event Buyer does not terminate this Agreement as provided above, Seller shall consult with Buyer regarding any proposed settlement with the insurer and Buyer shall have the reasonable right of approval thereof. Seller shall hold such proceeds until the Close of Escrow.

12. DEFAULT.

12.1. DEFAULT OF BUYER; LIQUIDATED DAMAGES. IF BUYER SHOULD DEFAULT UNDER THIS AGREEMENT, THEN BUYER AND SELLER AGREE THAT SELLER WILL INCUR DAMAGES BY REASON OF SUCH DEFAULT BY BUYER OR FAILURE OF ESCROW TO CLOSE ON OR BEFORE THE CLOSING DATE, WHICH DAMAGES SHALL BE IMPRACTICAL AND EXTREMELY DIFFICULT, IF NOT IMPOSSIBLE, TO ASCERTAIN. BUYER AND SELLER, IN A REASONABLE EFFORT TO ASCERTAIN WHAT SELLER'S DAMAGES WOULD BE IN THE EVENT OF SUCH DEFAULT BY BUYER HAVE AGREED BY PLACING THEIR INITIALS BELOW THAT THE DEPOSIT SHALL BE DEEMED TO CONSTITUTE A REASONABLE ESTIMATE OF SELLER'S DAMAGES UNDER THE PROVISIONS OF SECTION 1671 OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. IN THE EVENT OF AND FOR SUCH DEFAULT BY BUYER, THE DEPOSIT SHALL BE SELLER'S SOLE MONETARY REMEDY. NOTWITHSTANDING THE FOREGOING, THE FOREGOING LIMITATION OF DAMAGES SHALL NOT APPLY TO ANY DEFAULT OR OBLIGATION OF BUYER UNDER SECTION 7.5 AND SELLER SHALL HAVE ALL RIGHTS AND REMEDIES AT LAW OR IN EQUITY AGAINST BUYER FOR ANY DEFAULT OR FAILURE BY BUYER TO PERFORM ITS OBLIGATIONS UNDER SECTION 7.5.

_____ _____

Seller's Initials **Buyer's Initials**

12.2. ***Other Expenses***. If this Agreement is terminated due to the default of a party, then the defaulting party shall pay any fees due to Escrow Holder for holding the Deposit plus any escrow cancellation fees.

13. NOTICES. All notices required or permitted under this Agreement shall be in writing and shall be served on the parties at the addresses set forth below. Any such notices shall, unless otherwise provided herein, be given or served (i) by depositing the same in the United States mail, postage paid, certified and addressed to the party to be notified, with return receipt requested, (ii) by overnight delivery using a nationally recognized overnight courier, or (iii) by personal delivery. Notice deposited in the mail in the manner hereinabove described shall be effective upon receipt or rejection of such notice. Notice given in any other manner shall be

effective only if and when received (or rejected) by the party to be notified between the hours of 8:00 a.m. and 5:00 p.m. California time of any business day with delivery made after such hours to be deemed received the following business day. A party's address may be changed by written notice to the other party; however, no notice of a change of address shall be effective until actual receipt of such notice. Copies of notices are for informational purposes only, and a failure to give or receive copies of any notice shall not be deemed a failure to give notice. Notices given by counsel to Buyer shall be deemed given by Buyer and notices given by counsel to Seller shall be deemed given by Seller.

To Seller (if by US Mail):	The Northridge Group, Inc. P.O. Box 134401 Big Bear Lake, CA 92315 Attn: Mary Jo Jahn, CEO
To Seller (if by personal delivery):	The Northridge Group, Inc. 798 Pine Knot Avenue Big Bear Lake, CA 92315 Attn: Mary Jo Jahn, CEO
To Buyer:	Irwindale Housing Authority 5050 N Irwindale Avenue Irwindale, CA 91706 Attention: City Manager
With a copy to:	Aleshire & Wynder, LLP 18881 Von Karman Avenue Suite 1700 Irvine, CA 92612 Attention: Adrian Guerra, Esq
To Escrow Holder:	Fidelity National Title Insurance Company 3237 E. Guasti Rd, Suite 105 Ontario, CA 91761 Attention: Mary Lou Adame, Escrow Officer

14. ADDITIONAL BUSINESS TERMS.

14.1. ***Marketing of Housing Project.*** So long as this Agreement is in effect, Seller agrees not to market nor solicit "back up" offers only with respect to the Housing Project or any portion thereof. However, if unsolicited offers are received by Seller, Seller may enter into a backup offer.

14.2. ***Impairing of Title***. Until the Closing, Seller shall not do anything which would impair Seller's title to the Housing Project.

14.3. Post-Closing Obligations of Seller. For a period of not more than ninety (90) days after Closing, Seller shall provide oversite and training to Buyer's resident manager.

14.4. Tax Deferred Exchange. Buyer agrees to accommodate Seller in effecting a tax-deferred exchange. Seller will have the right, expressly reserved here, to elect such tax-deferred exchange at any time before the Closing Date. Seller and Buyer agree, however, that consummation of the purchase and sale of Property under this Agreement is not conditioned on

such exchange. If Seller elects to make a tax-deferred exchange, Buyer agrees to execute such additional escrow instructions, deeds, documents, agreements, or instruments to effect this exchange, provided that Buyer must incur no additional costs, expenses, or liabilities in the transaction as a result of or in connection with this exchange. Seller agrees to hold Buyer harmless of any liability, damages, or costs, including reasonable attorney fees, that may arise from Buyer's participation in such exchange**.**

15. GENERAL PROVISIONS.

15.1. ***Assignment*****.** Neither party shall have the right to assign this Agreement or any interest or right hereunder or under the Escrow without the prior written consent of the other party. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of Buyer and Seller and their respective heirs, personal representatives, successors and assigns.

15.2. ***Attorney's Fees***. In any action between the parties hereto, seeking enforcement of any of the terms and provisions of this Agreement or the Escrow, or in connection with the Housing Project, the prevailing party in such action shall be entitled, to have and to recover from the other party its reasonable attorneys' fees and other reasonable expenses in connection with such action or proceeding, in addition to its recoverable court costs.

15.3. ***Interpretation; Governing Law*****.** This Agreement shall be construed according to its fair meaning and as if prepared by both parties hereto. This Agreement shall be construed in accordance with the laws of the State of California in effect at the time of the execution of this Agreement. Titles and captions are for convenience only and shall not constitute a portion of this Agreement. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others wherever and whenever the context so dictates.

15.4. ***No Waiver*****.** No delay or omission by either party in exercising any right or power accruing upon the compliance or failure of performance by the other party under the provisions of this Agreement shall impair any such right or power or be construed to be a waiver thereof. A waiver by either party of a breach of any of the covenants, conditions or agreements hereof to be performed by the other party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions hereof.

15.5. ***Modifications***. Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made by written instrument or endorsement thereon and in each such instance executed on behalf of each party hereto.

15.6. ***Severability***. If any term, provision, condition or covenant of this Agreement or the application thereof to any party or circumstances shall, to any extent, be held invalid or unenforceable, the remainder of this instrument, or the application of such term, provisions, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

15.7. ***Merger***. This Agreement and other documents incorporated herein by reference contain the entire understanding between the parties relating to the transaction contemplated hereby and all prior to contemporaneous agreements, understandings, representations and statements (including letters of intent), oral or written, are merged herein and shall be of no further force or effect.

15.8. ***Execution of Documents***. The parties agree to execute such instructions to Title Company and such other instruments and to do such further acts as may be reasonably necessary to carry out the provisions of this Agreement.

15.9. ***Inducement***. The making, execution and delivery of this Agreement by the parties hereto have been induced by no representations, statements, warranties or agreements other than those expressly set forth herein.

15.10. ***Relationship of Parties***. Notwithstanding anything to the contrary contained herein, this Agreement shall not be deemed or construed to make the parties hereto partners or joint venturers, or to render either party liable for any of the debts or obligations of the other, it being the intention of the parties to merely create the relationship of Seller and Buyer with respect to the Housing Project to be conveyed as contemplated hereby.

15.11. ***Representation by Counsel***. Each party hereto represents and agrees with each other that it has been represented by or had the opportunity to be represented by, independent counsel of its own choosing, and that it has had the full right and opportunity to consult with its respective attorney(s), that to the extent, if any, that it desired, it availed itself of this right and opportunity, that it or its authorized officers (as the case may be) have carefully read and fully understand this Agreement in its entirety and have had it fully explained to them by such party's respective counsel, that each is fully aware of the contents thereof and its meaning, intent and legal effect, and that it or its authorized officer (as the case may be) is competent to execute this Agreement and has executed this Agreement free from coercion, duress or undue influence. Each party shall be responsible to pay the attorney fees for its attorney for the drafting and closing of the transaction under this Agreement.

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

15.13. ***Authority.*** The person executing this Agreement on behalf of Seller has the authority to bind Seller and Seller is bound as set forth in Section 9.1(l).

15.14. ***Electronic Execution***. This Agreement may be executed by the parties in compliance with UETA and ESIGN using qualified legally compliant providers such as DocuSign or AdobeSign.

15.15. ***Exhibits***. The following exhibits attached hereto are incorporated herein by reference:

Exhibit A	Legal Description
Exhibit B	Quitclaim Deed
Exhibit C	Bill of Sale
Exhibit D	Rental Agreement Assignment
Exhibit E	General Assignment

IN WITNESS WHEREOF, the parties hereto have executed this Agreement for Purchase and Sale of Real Property and Joint Escrow Instructions as of the date set forth above.

Reminder: Section 12.1 needs to be separately initialed.

SELLER:

THE NORTHRIDGE GROUP, INC.,
a California corporation

By: _____
Mary Jo Jahn, CEO & Secretary

BUYER:

IRWINDALE HOUSING AUTHORITY, a public entity

By: _____
Albert F. Ambriz, Chair

ATTEST:

_____
Laura Nieto, Authority Secretary

APPROVED AS TO FORM

Aleshire & Wynder, LLP

By: _____
Adrian Guerra, Authority Counsel

READ AND ACCEPTED:

ESCROW HOLDER:

FIDELITY NATIONAL TITLE INSURANCE COMPANY

By: _____
Mary Lou Adame, Escrow Officer

EXHIBIT A

LEGAL DESCRIPTION OF THE REAL PROPERTY

THE REAL PROPERTY IS SITUATED THE CITY OF IRWINDALE, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

REAL PROPERTY IN THE CITY OF IRWINDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, BEING A PORTION OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 9, TOWNSHIP 1 SOUTH, RANGE 10 WEST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE APRIL 21, 1877. ALSO, MORE RECENTLY KNOWN AS LOTS 16, 17 AND 18 AS SHOWN ON THE RECORD OF SURVEY FILED IN BOOK 114, PAGES 4 TO 10 INCLUSIVE OF RECORD OF SURVEYS, RECORDS OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE CENTERLINE INTERSECTION OF ARROW HIGHWAY AND AYON AVENUE AS SHOWN ON SAID RECORD OF SURVEY; THENCE SOUTH 00° 15’ 30” WEST 263.31 FEET ALONG AYON AVENUE CENTERLINE; THENCE SOUTH 88° 37’ 44” EAST 25.01 FEET TO THE TRUE POINT OF BEGINNING, SAID TRUE POINT OF BEGINNING IS A POINT IN THE EASTERLY RIGHT-OF-WAY LINE OF AYON AVENUE, 50 FEET WIDE, PER SAID MAP; THENCE NORTH 00° 15’ 30” EAST 196.94 FEET ALONG SAID EASTERLY RIGHT-OF-WAY LINE; THENCE NORTH 45° 05’ 44” EAST 24.11 FEET TO A POINT IN THE SOUTHERLY RIGHT-OF-WAY LINE OF ARROW HIGHWAY, 100 FEET WIDE, PER SAID MAP; THENCE NORTH 89° 55’ 58” EAST 137.24 FEET ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE; THENCE SOUTH 01° 17’ 27” WEST 145.29 FEET ALONG THE EASTERLY LINE OF LOT 17 PER SAID MAP; THENCE SOUTH 00° 29’ 30” WEST 72.49 FEET ALONG THE EASTERLY LINE OF LOT 18 PER SAID MAP; THENCE NORTH 88° 37’ 44” WEST 151.35 FEET ALONG THE SOUTHERLY LINE OF LOT 18 PER SAID MAP TO THE TRUE POINT OF BEGINNING.

APN 8417-029-929

EXHIBIT B

QUITCLAIM DEED

FREE RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Irwindale
5050 N Irwindale Avenue
Irwindale, CA 91706
Attention: City Clerk

APNs. 8417-029-929
THE UNDERSIGNED GRANTOR DECLARES that the documentary transfer tax is exempt pursuant to R&T Code Section 11922

(Space Above This Line for Recorder's Office Use Only)
(Exempt from Recording Fee per Gov. Code §6103)

QUITCLAIM DEED

FOR A VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, THE NORTHRIDGE GROUP, INC., a California corporation ("**Grantor**"), hereby quitclaims all right, title and interest to the IRWINDALE HOUSING AUTHORITY, a public entity ("**Grantee**"), that certain real property in the City of Irwindale, County of Los Angeles, State of California, commonly described as 5164 Ayon Avenue, City of Irwindale, California and legally described as set forth on Exhibit A attached hereto and incorporated herein by reference ("**Real Property**").

IN WITNESS WHEREOF, Grantor has caused this instrument to be executed on its behalf by its respective officers or agents hereunto as of the date first above written.

"GRANTOR"

THE NORTHRIDGE GROUP, INC.,
a California corporation

NOT TO BE EXECUTED
UNTIL CLOSING

Date: _____, 2023

By: _____
Mary Jo Jahn, CEO & Secretary

EXHIBIT "A" TO GRANT DEED
LEGAL DESCRIPTION OF THE REAL PROPERTY

THE PROPERTY IS SITUATED IN THE CITY OF IRWINDALE, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

REAL PROPERTY IN THE CITY OF IRWINDALE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, BEING A PORTION OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 9, TOWNSHIP 1 SOUTH, RANGE 10 WEST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE APRIL 21, 1877. ALSO, MORE RECENTLY KNOWN AS LOTS 16, 17 AND 18 AS SHOWN ON THE RECORD OF SURVEY FILED IN BOOK 114, PAGES 4 TO 10 INCLUSIVE OF RECORD OF SURVEYS, RECORDS OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE CENTERLINE INTERSECTION OF ARROW HIGHWAY AND AYON AVENUE AS SHOWN ON SAID RECORD OF SURVEY; THENCE SOUTH 00° 15' 30" WEST 263.31 FEET ALONG AYON AVENUE CENTERLINE; THENCE SOUTH 88° 37' 44" EAST 25.01 FEET TO THE TRUE POINT OF BEGINNING, SAID TRUE POINT OF BEGINNING IS A POINT IN THE EASTERLY RIGHT-OF-WAY LINE OF AYON AVENUE, 50 FEET WIDE, PER SAID MAP; THENCE NORTH 00° 15' 30" EAST 196.94 FEET ALONG SAID EASTERLY RIGHT-OF-WAY LINE; THENCE NORTH 45° 05' 44" EAST 24.11 FEET TO A POINT IN THE SOUTHERLY RIGHT-OF-WAY LINE OF ARROW HIGHWAY, 100 FEET WIDE, PER SAID MAP; THENCE NORTH 89° 55' 58" EAST 137.24 FEET ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE; THENCE SOUTH 01° 17' 27" WEST 145.29 FEET ALONG THE EASTERLY LINE OF LOT 17 PER SAID MAP; THENCE SOUTH 00° 29' 30" WEST 72.49 FEET ALONG THE EASTERLY LINE OF LOT 18 PER SAID MAP; THENCE NORTH 88° 37' 44" WEST 151.35 FEET ALONG THE SOUTHERLY LINE OF LOT 18 PER SAID MAP TO THE TRUE POINT OF BEGINNING.

APN 8417-029-929

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by THE NORTHRIDGE GROUP, INC. ("**Grantor**"), by that certain Quitclaim Deed dated _____, 2023 ("**Grant Deed**") to the IRWINDALE HOUSING AUTHORITY ("**Grantee**"), is hereby accepted by the undersigned officer and agent of the IRWINDALE HOUSING AUTHORITY which consents to the recording of the Quitclaim Deed.

Signed and dated at Irwindale, California on _____, 2023.

GRANTEE:

IRWINDALE HOUSING AUTHORITY
a public entity

NOT TO BE EXECUTED
UNTIL CLOSING

By: _____
Julian Miranda,
Executive Director

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 _____)

On _____, 2024, before me, _____, a 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.

_____
Notary in and for the State of California

[SEAL]

EXHIBIT C

BILL OF SALE

This Bill of Sale is provided by THE NORTHRIDGE GROUP, INC., a California corporation ("**Seller**") in favor of the IRWINDALE HOUSING AUTHORITY, a public entity ("**Buyer**"), with respect to the sale and transfer of all right, title and interest in and to the Personal Property as defined in that certain Purchase and Sale Agreement For Real Property and Joint Escrow Instructions dated _____, 2024 ("**PSA**"), between Seller and Buyer all of which are set forth on Exhibit 1 attached hereto (collectively, the "**Assets")**.

NOW, THEREFORE, this Bill of Sale is issued by Seller in favor of Buyer in accordance with the following:

1. Seller represents, warrants and covenants to Buyer that it is the lawful owner of the Assets and that it has the right to sell, transfer, and convey the same to Buyer.

2. Seller hereby sells, assigns, transfers and conveys to Buyer all of Seller's right, title and interest in and to the Assets as part of the consideration under that certain PSA related to that certain real property located at 5164 Ayon Avenue (APN # 8417-029-929) in the City of Irwindale, CA ("**Property**").

3. The Assets are located at the Property.

4. The provisions of this Bill of Sale shall bind and benefit the legal representatives, successors and assigns of Buyer and Seller.

5. This Bill of Sale shall be governed by and construed in accordance with the laws of the State of California. This Bill of Sale may be executed in counterparts, each of which, when taken together, shall constitute fully executed originals.

IN WITNESS WHEREOF, Seller has executed this Bill of Sale as of _____, 2023.

SELLER:

THE NORTHRIDGE GROUP, INC.,
a California corporation

NOT TO BE EXECUTED
By: UNTIL CLOSING
Mary Jo Jahn, CEO & Secretary

EXHIBIT 1

PERSONAL PROPERTY

TO BE COMPLETED PRIOR TO EXECUTION

EXHIBIT D

RENTAL AGREEMENT ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS RENTAL AGREEMENT ASSIGNMENT AND ASSUMPTION AGREEMENT ("**Assignment Agreement**") is dated as of _____, 2024 ("**Assignment Date**"), by and between THE NORTHRIDGE GROUP, INC., a California corporation ("**Assignor**"), and the IRWINDALE HOUSING AUTHORITY, a public entity("**Assignee**").

RECITALS

A. Assignor is the owner of that certain real property located in the City of Irwindale, County of Los Angeles, State of California, located at 5164 Ayon Avenue (APNs #8417-029-929) in the City of Irwindale, California together with all improvements thereon which is commonly known as Las Casitas Senior Housing Complex (collectively, "**Housing Project**").

B. On _____, 202_, Assignor and Assignee entered into an Agreement for Purchase and Sale of Real Property and Joint Escrow Instructions pursuant to which Assignee agreed to purchase the Property from Assignor ("**Purchase Agreement**").

C. The Property is subject to that rental agreements identified on Exhibit 1 attached hereto and incorporated herein by reference ("**Rental Agreement**").

D. Assignee wishes to acquire, and Assignor is willing to transfer, Assignor's interest in the Rental Agreements concurrent with the Assignee's acquisition of the Property from Assignor. Accordingly, this Assignment Agreement shall only be effective upon the close of escrow conveying the Property from Assignor to Assignee pursuant to the Purchase Agreement which date is set forth above as the Assignment Date.

NOW, THEREFORE, in consideration of the mutual promises of the parties, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. ***Recitals*****.** All of the foregoing recitals are true and correct and are incorporated herein by reference.

2. ***Assignment*****.** Assignor hereby assigns, sells, conveys, and otherwise transfers to Assignee all of Assignor's interests, rights, and obligations under the Rental Agreements. This assignment shall be effective as of the Assignment Date. Assignee's execution hereof confirms that Assignor shall no longer be liable for the performance of any obligations, terms, covenants, or conditions under the Rental Agreements arising after the Assignment Date and that Assignee hereby agrees to forever release Assignor from the performance of any such obligations, terms, covenants, and conditions under the Rental Agreements.

3. ***Assumption of Obligations and Rights*****.** Assignee hereby accepts all of Assignor's interests, rights, and obligations under the Rental Agreements arising after the Assignment Date and assumes and agrees to perform all of Assignor's corresponding obligations, terms, covenants, and conditions under the Rental Agreements accruing from, and after the Closing Date.

4. ***Representations, Warranties and Covenants.*** All Assignor's and Assignee's representations, warranties and covenants set forth in the Purchase Agreement shall survive the Closing and are incorporated into this Assignment Agreement.

5. ***Due Execution*****.** The person(s) executing this Assignment Agreement on behalf of the parties hereto warrant that: (i) such party is duly organized and existing; (ii) they are duly authorized to execute and deliver this Assignment Agreement on behalf of said party; (iii) by so executing this Assignment Agreement, such party is formally bound to the provisions of this Assignment Agreement; and (iv) the entering into of this Assignment Agreement does not violate any provision of any other agreement to which said party is bound.

6. ***Effect on Assigned Rental Agreements*****.** Except for the assignment of Assignor's interests to Assignee in accordance with the provisions of this Assignment Agreement, the parties further agree that nothing in this Assignment Agreement shall be deemed as modifying or otherwise affecting any of the provisions of the Rental Agreements.

7. ***Indemnification*****.** Assignor agrees to indemnify, defend, and hold harmless Assignee and all persons and entities affiliated with Assignee including their respective officers, agents and employees from and against any and all claims, liabilities, and losses (collectively, "**Claims**") arising out of the Rental Agreements arising before the Assignment Date, including any Claims arising as a result of any inaccuracies in Assignor's representations and warranties set forth in the Purchase Agreement and in this Assignment Agreement. Assignee shall indemnify, defend, and hold harmless Assignor and all persons and entities affiliated with Assignor including their respective officers, agents and employees from and against any and all Claims arising out of the Rental Agreements arising after the Assignment Date, including any Claims arising as a result of any inaccuracies in Assignee's representations and warranties set forth in the Purchase Agreement and in this Assignment Agreement.

IN WITNESS WHEREOF, the parties have executed this Assignment Agreement as of the Assignment Date.

ASSIGNOR:

THE NORTHRIDGE GROUP, INC.,
a California corporation

NOT TO BE EXECUTED UNTIL CLOSING

By: _____
Mary Jo Jahn, CEO & Secretary

ASSIGNEE:

IRWINDALE HOUSING AUTHORITY, a public entity

NOT TO BE EXECUTED UNTIL CLOSING

By: _____
Albert F. Ambriz, Chair

ATTEST:

_____
Laura Nieto, Authority Secretary

APPROVED AS TO FORM

Aleshire & Wynder, LLP

By: _____
Adrian Guerra, Authority Counsel

EXHIBIT 1

SUMMARY OF TENANT RENTAL AGREEMENTS

TO BE COMPLETED PRIOR TO EXECUTION

EXHIBIT E

GENERAL CONTRACT ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS GENERAL CONTRACT ASSIGNMENT AND ASSUMPTION AGREEMENT ("**Assignment Agreement**") is dated as of _____, 2024 ("**Assignment Date**"), by and between THE NORTHRIDGE GROUP, INC., a California corporation ("**Assignor**"), and the IRWINDALE HOUSING AUTHORITY, a public entity ("**Assignee**").

RECITALS

A. Assignor is the owner of that certain real property located in the City of Irwindale, County of Los Angeles, State of California, located at 5164 Ayon Avenue (APNs # 8417-029-929) in the City of Irwindale, California together with all improvements thereon (collectively, "**Housing Project**").

B. On _____, 202_, Assignor and Assignee entered into an Agreement for Purchase and Sale of Real Property and Joint Escrow Instructions pursuant to which Assignee agreed to purchase the Property from Assignor ("**Purchase Agreement**").

C. The Property is subject to certain service, maintenance and other contracts identified on Exhibit 1 attached hereto and incorporated herein by reference ("**Contracts**").

D. Assignee wishes to acquire, and Assignor is willing to transfer, Assignor's interest in the Contracts concurrent with the Assignee's acquisition of the Property from Assignor. Accordingly, this Assignment Agreement shall only be effective upon the close of escrow conveying the Property from Assignor to Assignee pursuant to the Purchase Agreement which date is set forth above as the Assignment Date.

NOW, THEREFORE, in consideration of the mutual promises of the parties, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. ***Recitals.*** All of the foregoing recitals are true and correct and are incorporated herein by reference.

2. ***Assignment.*** Assignor hereby assigns, sells, conveys, and otherwise transfers to Assignee all of Assignor's interests, rights, and obligations under the Contracts. This assignment shall be effective as of the Assignment Date. Assignee's execution hereof confirms that Assignor shall no longer remain liable for the performance of any obligations, terms, covenants, or conditions under the Contracts arising after the Assignment Date and that Assignee hereby agrees to forever release Assignor from the performance of any such obligations, terms, covenants, and conditions under the Contracts.

3. ***Assumption of Obligations and Rights.*** Assignee hereby accepts all of Assignor's interests, rights, and obligations under the Contracts arising after the Assignment Date and assumes and agrees to perform all of Assignor's corresponding obligations, terms, covenants, and conditions under the Contracts accruing from, and after the Closing Date.

4. ***Representations, Warranties and Covenants.*** All Assignor's and Assignee's representations, warranties and covenants set forth in the Purchase Agreement shall survive the Closing and are incorporated into this Assignment Agreement.

5. ***Due Execution.*** The person(s) executing this Assignment Agreement on behalf

of the parties hereto warrant that: (i) such party is duly organized and existing; (ii) they are duly authorized to execute and deliver this Assignment Agreement on behalf of said party; (iii) by so executing this Assignment Agreement, such party is formally bound to the provisions of this Assignment Agreement; and (iv) the entering into of this Assignment Agreement does not violate any provision of any other agreement to which said party is bound.

6. ***Effect on Assigned Contract***. Except for the assignment of Assignor's interests to Assignee in accordance with the provisions of this Assignment Agreement, the parties further agree that nothing in this Assignment Agreement shall be deemed as modifying or otherwise affecting any of the provisions of the Contracts.

7. ***Indemnification*****.** Assignor agrees to indemnify, defend, and hold harmless Assignee and all persons and entities affiliated with Assignee including their respective officers, agents and employees from and against any and all claims, liabilities, and losses (collectively, "**Claims**") arising out of the Contracts arising before the Assignment Date, including any Claims arising as a result of any inaccuracies in Assignor's representations and warranties set forth in the Purchase Agreement and in this Assignment Agreement. Assignee shall indemnify, defend, and hold harmless Assignor and all persons and entities affiliated with Assignor including their respective officers, agents and employees from and against any and all Claims arising out of the Contracts arising after the Assignment Date, including any Claims arising as a result of any inaccuracies in Assignee's representations and warranties set forth in the Purchase Agreement and in this Assignment Agreement.

IN WITNESS WHEREOF, the parties have executed this Assignment Agreement as of the Assignment Date.

ASSIGNOR:

THE NORTHRIDGE GROUP, INC.,
a California corporation

NOT TO BE EXECUTED
UNTIL CLOSING

By: _____
Mary Jo Jahn, CEO & Secretary

ASSIGNEE:

IRWINDALE HOUSING AUTHORITY, a public entity

NOT TO BE EXECUTED
UNTIL CLOSING

By: _____
Albert F. Ambriz, Chair

ATTEST:

_____
Laura Nieto, Authority Secretary

APPROVED AS TO FORM

Aleshire & Wynder, LLP

By: _____
Adrian Guerra, Authority Counsel

EXHIBIT 1

IDENTIFICATION OF CONTRACTS

TO BE COMPLETED PRIOR TO EXECUTION

RESOLUTION NO. HA 2024-03-141

A RESOLUTION OF THE IRWINDALE HOUSING AUTHORITY APPROVING THE ACQUISITION OF THE LEASEHOLD INTEREST OF LAS CASITAS SENIOR APARTMENTS LOCATED AT 5164 AYON AVENUE AND AUTHORIZING THE TERMINATION OF THE ATTENDANT DISPOSITION AND DEVELOPMENT AGREEMENT AND REGULATORY AGREEMENT AND DECLARATION OF COVENANTS AND RESTRICTIONS WITH THE NORTHRIDGE GROUP, INC., AND FINDING THE ACTIONS EXEMPT FROM CEQA

WHEREAS, the Irwindale Housing Authority ("Authority") is established to provide suitable, safe and sanitary housing opportunities for Irwindale residents; and

WHEREAS, in May 1995 the Authority, Irwindale Community Redevelopment Agency, and Northridge Group, Inc. ("Northridge") entered into a Disposition and Development Agreement ("DDA") for the property located at 5164 Ayon Avenue ("Property"). Pursuant to the DDA, Northridge developed the Las Casitas Senior Apartments on the Property. The project was developed in two phases – Phase 1 completed in 1996 consisting of 16 units (including the manager's unit) and Phase 2 completed in 2012 consisting of 10 units; and

WHEREAS, the Property consists of 26 residential units that, with the exception of 1 unrestricted manager's unit, have restricted rents affordable to extremely low, very low, low and moderate income senior households. The 32,760 square foot Property features landscaping, one elevator, a club house including a TV room, dining table, kitchen, internet, cable, laundry room and an outdoor covered patio area with a barbecue; and

WHEREAS, Northridge owns a leasehold interest in the Property, and currently serves as the Property manager; and

WHEREAS, on March 23, 2011, the Authority and Northridge entered into a Regulatory Agreement and Declaration of Covenants and Restrictions ("Regulatory Agreement") which created the leasehold interest and Property management obligations, and it was subsequently amended by the parties on July 10, 2013, and October 18, 2018; and

WHEREAS, Northridge desires to sell its leasehold interest together with its ownership interest in all of the personal property on the Property to the Authority; and

WHEREAS, the Authority desires to acquire the leasehold interest on the Property and any attendant personal property from Northridge for an agreed upon amount of $900,000.00, and terminate the DDA and Regulatory Agreement; and

WHEREAS, the Authority has sufficient funds to acquire the Property, including escrow fees and authorizes Finance Director to transfer $910,000 from Authority's funds in

Local Agency Investment Fund (LAIF) account to Low Mod Housing Asset Fund No. 12 to open escrow.

NOW, THEREFORE, **THE BOARD OF THE IRWINDALE HOUSING AUTHORITY DOES HEREBY RESOLVE, DETERMINE, AND ORDER AS FOLLOWS:**

SECTION 1. The Agreement for Purchase and Sale of Real Property and Joint Escrow Instructions, attached hereto as Exhibit "**A**" is hereby approved and the Executive Director is authorized and directed to execute all documents pertinent and necessary to acquire the leasehold interest subject to approval as to form by the Authority Counsel.

SECTION 2. The Board hereby approves the termination of the DDA and Regulatory Agreement and the Executive Director is authorized and directed to take all steps and execute all documents pertinent and necessary to the termination.

SECTION 3. The Executive Director is authorized and directed to record a new Affordable Housing Covenant against the Property in the form substantially similar to the affordable housing regulations set out in the Regulatory Agreement, and subject to approval as to form by the Authority Counsel.

SECTION 4. The Finance Director is authorized transfer $910,000 ($900,000 + $10,000 escrow fees) from IHA's Local Agency Investment Fund (LAIF) account to Low/Mod Housing Asset Fund No. 12, and 2) release this amount to Escrow for the acquisition only.

SECTION 5. The Executive Director is authorized and directed to negotiate a Professional Services Agreement with the Northridge Group for Property Management Services and maintenance of the Property, for future Authority Board approval.

` **SECTION 6.** The actions taken herein are exempt from the California Environmental Quality Act ("CEQA") and do not constitute a "Project" as that term is defined in CEQA Guidelines Section 15378.

SECTION 7. The Authority Assistant Secretary shall certify to the passage and adoption of this Resolution, and the same shall thereupon take effect and be in force.

PASSED, APPROVED, AND ADOPTED this 24th day of April 2024.

_____
Albert F. Ambriz, Chair

ATTEST:

_____
Laura M. Nieto, MMC
Authority Assistant Secretary

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.
CITY OF IRWINDALE)

I, Laura M. Nieto, Assistant Secretary of the Irwindale Housing Authority, do hereby certify that the foregoing Resolution No. HA 2024-03-141 was adopted at a regular meeting of the Housing Authority held on April 24, 2024, by the following vote:

AYES: Authority Members:

NOES: Authority Members:

ABSENT: Authority Members:

ABSTAIN: Authority Members:

_____
Laura M. Nieto, MMC
Authority Assistant Secretary