

DISPOSITION AND DEVELOPMENT AGREEMENT
(Brunswick Commons)

This Disposition and Development Agreement (the "Agreement") is entered into as of September 1, 2020 (the "Effective Date"), by and between the County of Nevada (the "County"), and Grass Valley PSH Associates, a California Limited Partnership (the "Developer"), with reference to the following facts, understandings and intentions of the parties:

RECITALS

A. These Recitals refer to and utilize certain capitalized terms which are defined in Article 1 of this Agreement. The Parties intend to refer to those definitions in connection with the use of capitalized terms in these Recitals.

B. The County owns the Property, which is located in the County of Nevada, California, bearing APN 35-400-54-000, as more particularly described in the attached Exhibit A.

C. On June 25, 2019 the County, Regional Housing Authority ("RHA") and Pacific West Communities, Inc., an Idaho corporation authorized to do business in California, ("PWC") executed that certain Memorandum of Option to Ground Lease recorded on July 9, 2019 in the real property records of Nevada County as Document Number 20190012784 (the "Option") to lease the Property for the purpose of providing affordable housing to persons who are homeless as described in TCAC Regulations Section 10315 and persons living with developmental or mental health disabilities, specified in TCAC Regulations Section 10325(g)(3).

D. On June 27, 2019, RHA and PWC assigned the Option to the Developer. The Developer now desires to exercise the Option and lease the Property for the use described above. The County has therefore determined that the Property may be leased to the Developer. Developer intends that all of the units, excluding one manager's unit, shall be affordable to very low- and low-income households.

F. The County makes the following findings:

1. The Property can be used to provide affordable housing to persons who are homeless as described in TCAC Regulations Section 10315 and persons living with developmental or mental health disabilities, specified in TCAC Regulations Section 10325(g)(3), and this use of the Property is in the County's best interests.

2. 40 of the total units in the Development are proposed to be affordable to very low and low income households (the "Required Affordable Units").

3. The Required Affordable Units shall be restricted by this Agreement to remain continually affordable to very low- and low-income households for no less than fifty-five (55) years.

4. The County has therefore determined to lease the Property to the Developer under the terms and conditions that the County has deemed best suited to the provision of affordable units.

G. Under California Health & Safety Code Section 37001(a), the Development is exempt from Article XXXIV of the California Constitution as privately owned housing receiving no property tax exemption other than exemptions granted under Revenue and Taxation Code Sections 214(f) and (g), and no state public body requires more than 49 percent of the units in the Development to be occupied by low income households. Moreover, the Property shall not be exempt from taxes by virtue of public ownership of the fee interest in the Property after the date of execution of the Ground Lease and Developer shall be responsible for payment of any non-exempt taxes thereafter.

H. The County and the Developer have established the terms and conditions for the lease and development of the Property. The County has determined that the Developer has the necessary expertise, skill and ability to carry out the commitments set forth in this Agreement. Upon the Developer's satisfaction of the conditions set forth in this Agreement, the County agrees to convey the Property to the Developer, and the Developer agrees to lease the Property from the County.

I. The Developer intends to finance the costs of the Development with Tax Credit Funds and other public and private sources as more particularly set forth in Exhibit B attached to this Agreement, which provides the Developer's Financing Proposal as of the Effective Date, including an estimate of the sources and uses of funds for the construction of the Development.

THEREFORE, the Parties agree as follows:

AGREEMENT

The foregoing recitals are hereby incorporated by reference and made part of this Agreement.

ARTICLE 1. **DEFINITIONS AND EXHIBITS**

Section 1.1 Definitions.

(a) "Amended LPA" means the amended and restated agreement of limited partnership entered between the general partners of Developer and the Investor concurrently with admission of the Investor to Developer and any subsequent amendments thereto.

(b) "Approved Plans" means all designs for the Development approved by the County and/or City of Grass Valley in conjunction with the Land Use Approvals for the Development.

(c) "Building Permit" means the building permit and all other ministerial construction permits required from the County, City of Grass Valley, and other governmental agencies to construct the Development.

(d) "Close of Financing" means the date on which the Developer secures construction and permanent financing to develop and construct the Development.

(e) "Code" means the Internal Revenue Code of 1986, as amended.

(f) "Construction Plans" means the final construction plans for the construction of the Development submitted for a Building Permit.

(g) "Control" means (i) direct or indirect management or control of the managing member or members in the case of a limited liability company; (ii) direct or indirect management or control of the managing general partner or general partners in the case of a partnership and (iii) (a) boards of directors that overlap by fifty percent (50%) or more of their directors, or (b) direct or indirect control of a majority of the directors in the case of a corporation.

(h) "County" means the County of Nevada, a political subdivision of the State of California.

(i) "Default" has the meaning set forth in Section 7.3.

(j) "Developer" means Grass Valley PSH Associates, a California Limited Partnership, and its successors and assigns as permitted by this Agreement.

(k) "Developer Event of Default" has the meaning set forth in Section 7.3.

(l) "Development" means the 40-unit (with one unrestricted manager's unit) permanent supportive housing development and related appurtenant uses, to be developed on the Property by the Developer as affordable housing for persons who are homeless as described in TCAC Regulations Section 10315 and persons living with developmental or mental health disabilities, specified in TCAC Regulations Section 10325(g)(3). Twelve (12) units will be designated for persons living with serious mental illness who are chronically homeless, homeless, or at risk of being chronically homeless as described in NPLH Guidelines, Section 100.

(m) "Effective Date" means the date this Agreement is entered into by the Parties as first written above.

(n) "Financing Plan" means the Developer's plan for financing the acquisition of the Property and the construction of the Development, including a detailed development budget, construction and permanent financing commitment letters, and a commitment letter from the Investor, to be approved by the County pursuant to Section 3.4, and which may be revised from time to time with the approval of the County pursuant to Section 3.4.

(o) "Financing Proposal" means the Developer's initial financing proposal for financing the acquisition of the Property and the construction of the Development, in the form attached hereto as Exhibit B.

(p) "General Partner" means any general partner of the Partnership, including, but not limited to the Managing General Partner.

(q) "Ground Lease" means that certain Agreement by which County is ground leasing to Developer +/- 2.32 acres of that certain real property identified in the Attachment "A" to the Ground Lease located at 936 Old Tunnel Road, Grass Valley, California, 95945, commonly known as Assessor's Parcel Number: 35-400-54-000, pertaining to the Brunswick Commons Development.

(r) "Hazardous Materials" means: any "hazardous substance" as defined in Section 101(14) of CERCLA (42 U.S.C. Section 9601(14)) or Section 25281(d) or 25316 of the California Health and Safety Code as amended from time to time;

(1) any "hazardous waste," "infectious waste" or "hazardous material" as defined in Section 25117, 25117.5 or 25501(j) of the California Health and Safety Code as amended from time to time;

(2) any other waste, substance or material designated or regulated in any way as "toxic" or "hazardous" in the RCRA (42 U.S.C. Section 6901 et seq.), CERCLA (42 U.S.C. Section 9601 et seq.), Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), Safe Drinking Water Act (42 U.S.C. Section 300(f) et seq.), Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.), Clean Air Act (42 U.S.C. Section 7401 et seq.), California Health and Safety Code (Section 25100 et seq., Section 39000 et seq.), or California Water Code (Section 13000 et seq.) as amended from time to time; and

(3) any additional wastes, substances or materials which at such time are classified, considered or regulated as hazardous or toxic under any other present or future environmental or other similar laws relating to the Development.

The term "Hazardous Materials" shall not include: (i) construction materials, gardening materials, household products, office supply products or janitorial supply products customarily used in the construction, maintenance, construction, or management of residential apartments, or typically used in office or residential activities, or (ii) certain substances which may contain chemicals listed by the State of California pursuant to California Health and Safety Code Sections 25249.8 et seq., which substances are commonly used by a significant portion of the population living within the region of the Development, including, but not limited to, alcoholic beverages, aspirin, tobacco products, nutrasweet and saccharine, or (iii) materials or substances naturally occurring in the environment.

(s) "Hazardous Materials Laws" means all federal, state, and local laws, ordinances, regulations, orders and directives pertaining to Hazardous Materials in, on or under the Development or any portion thereof.

(t) "Investor" means a reputable equity investor, reasonably acceptable to the County, committed to purchasing a limited partnership interest in the Partnership.

(u) "Land Use Approvals" are the discretionary planning permits required for the Development from the County and/or City of Grass Valley, including a use permit, design review permit, and development permit, as approved by the County.

(v) "Managing General Partner" means the managing general partner of the Partnership, which shall be an entity that meets the requirements necessary for the Partnership to be eligible for a property tax exemption pursuant to California Revenue & Taxation Code 214(g).

(w) "Official Records" means the official land records of the County.

(x) "Parties" means, collectively, the County, and the Developer. "Party" shall refer to either of the Parties.

(y) "Partnership" means the Developer. The Partnership shall consist of: (i) TPC Holdings VII, LLC, an Idaho limited liability company authorized to do business in California, as a general partner of the Partnership, (ii) the Managing General Partner, and (iii) the Investor, or an entity under the Control of the Investor, as a limited partner.

(z) "Partnership Agreement" means the partnership agreement of the Partnership, as may be amended from time to time.

(aa) "Property" means the real property to be developed by the Developer pursuant to this Agreement, which real property is more particularly described in Exhibit A.

(bb) "Required Affordable Units" means the 40 dwelling units to be constructed as part of the Development and required by the County to be occupied by very low and low income households, as provided in Health & Safety Code Section 50105, and to be made affordable to such households in accordance with Health & Safety Code Section 50053.

(cc) "Security Financing Interest" means a mortgage, deed of trust, or other reasonable method of security encumbering the Property that secures any loan and/or refinancing approved by the County in connection with the approval of the Financing Plan.

(dd) "Supplemental Financing" means any financing received by the Developer for the Development, including the Tax Credit Funds.

(ee) "Tax Credit Funds" means all of the proceeds from the sale of limited partnership interests in the Partnership to the Investor in the anticipated amount set forth in the Financing Plan as adjusted pursuant to the terms of the Amended LPA, or such other amount as may be approved by the County in an amended Financing Plan.

(ff) "Tax Credit Reservation" means a preliminary reservation, or allocation (as applicable), of federal low-income housing tax credits from TCAC.

(gg) "TCAC" means the California Tax Credit Allocation Committee.

(hh) "Term" means the term of this Agreement, which shall consist of the period commencing as of the Effective Date and continuing for a period of fifty-five (55) years unless this date is extended pursuant to Section 8.2.

(ii) "Title Company" means First American Title Company, or such other title company as the Parties may mutually select.

(jj) "Title Report" means that certain title report # _____ dated _____, 2020, issued by the Title Company for the Property.

(kk) "County Documents" means, collectively, this Agreement and all other documents required by the County to be executed by the Developer in connection with the transaction contemplated by this Agreement. "County Document" means any of the County Documents.

(ll) "Transfer" has the meaning set forth in Section 6.1.

Section 1.2 Exhibits.

The following exhibits are attached to and incorporated in the Agreement:

Exhibit A: Legal Description of the Property
Exhibit B: Financing Proposal
Exhibit C: Form of Ground Lease

ARTICLE 2. **RENT**

The rent to be paid by the Developer pursuant to the terms of the Ground Lease between the Parties.

ARTICLE 3. **PREDISPOSITION REQUIREMENTS FOR CONVEYANCE OF THE PROPERTY**

Section 3.1 Conditions Precedent to Disposition of the Property.

The requirements set forth in this Article 3 are conditions precedent to the County's obligation to convey the leasehold interest to the Developer. The County shall have no obligation to convey the leasehold interest to the Developer unless the Developer has satisfied the conditions precedent set forth in this Article 3 in the manner set forth below and within the timeframe set forth in the Development Schedule.

Section 3.2 Financing Proposal and Financing Plan.

(a) **Financing Proposal; Applications for Supplemental Financing.** As of the Effective Date, the Developer has submitted the preliminary Financing Proposal attached to this Agreement as Exhibit B. The Developer shall diligently pursue commitments for all Supplemental Financing included in the Financing Proposal.

(b) **Application for 9% Low-Income Housing Tax Credits.** The Developer has submitted to the California Tax Credit Allocation Committee an application for 9% federal and California State low-income housing tax credits and received an allocation of California State and federal tax credits substantially in conformance with the Financing Proposal.

(c) **Execution of the Ground Lease.** The Developer will approve and execute all documents required to lease the Property, including without limitation any ground lease or any other agreement required, prior to, or simultaneously with, the conveyance of the Property.

Section 3.3 Submittal of Proposed Financing Plan.

At the execution of the Ground Lease, the Developer shall submit to the County for approval a proposed Financing Plan. The County shall reasonably approve or disapprove the proposed Financing Plan in writing within 15 calendar days of the County's receipt of all such documentation. The Developer shall not rely on the County's approval of the Financing Plan as a representation of any kind, including but not limited to the business advantage of the terms of any of the Supplemental Financing or any documentation thereof. The County's approval shall merely constitute satisfaction of the condition set forth in this Section. If the proposed Financing Plan is

disapproved by the County, County shall specify grounds for disapproval and terms and conditions under which same shall be approved and the Developer shall have 7 calendar days from the date of the Developer's receipt of the County's notice of disapproval to submit a revised Financing Plan. The provisions of this Section relating to time periods for approval, disapproval and resubmission of a new Financing Plan shall continue to apply until the revised Financing Plan has been approved by the County; provided, however, that if the County's approval of the revised Financing Plan has not been obtained within 90 days of the County's notice disapproval, the County may terminate this Agreement pursuant to Article 7.

Section 3.4 Close of Escrow of Supplemental Financing; Evidence of Availability of Funds.

All Supplemental Financing necessary to construct the Development, as approved by the County in the Financing Plan, shall be closed by the Developer prior to, or simultaneously with, the conveyance of the leasehold interest by the County to the Developer. The Developer shall also submit to the County evidence, reasonably satisfactory to the County, that any conditions to the release or expenditure of the Supplemental Financing described in the approved Financing Plan have been met, or will be met upon conveyance of the leasehold interest to the Developer, and that such funds will be available and, subject to the Developer's satisfaction of standard disbursement preconditions required to be satisfied on a periodic basis, for constructing the Development.

Section 3.5 Construction Plans and Building Permit.

(a) As part of the Developer's application for a Building Permit, the County shall have the right to review and approve the proposed Construction Plans for conformance with the Approved Plans, the Land Use Approvals, and any commitments made by the Developer to the County and City of Grass Valley. The County shall have no obligation to approve such proposed plans in the event that the Developer fails to incorporate the County's reasonably requested modifications to the proposed Construction Plans to conform to the Approved Plans. County's right to review and comment of the proposed Construction Plans, Land Use Approvals, and any other commitments, shall not relieve Developer of its obligation to obtain all required approvals, permits, and entitlements from the permitting entities having jurisdiction over the Development.

ARTICLE 4.
DISPOSITION OF THE PROPERTY

Section 4.1 Conditions to Conveyance. The County's obligation to convey the leasehold interest to the Developer shall be subject to satisfaction of the following pre-conditions:

(a) The conditions precedent set forth in Article 3 above shall have been satisfied.

(b) The representations, warranties, and covenants of the Developer set forth in Section 8.12 shall be true and correct, and fully observed, as of the Effective Date and as of the effective date of the Ground Lease.

(c) There exists no Developer Event of Default nor any act, failure, omission or condition that would constitute a Developer Event of Default under this Agreement.

(d) The Developer has delivered to the County a copy of the Developer's organizational documents and corporate resolution(s) authorizing the Developer's execution of this Agreement and the transactions contemplated by this Agreement.

Section 4.2 Condition of Title.

The County shall deliver title to the leasehold estate Property free and clear of all liens, encumbrances, clouds and conditions, rights of occupancy or possession, except those set forth in the Title Report. The Developer previously obtained a Title Report for the Property, and the Developer did not object to any exceptions appearing on the Title Report. The Developer may not terminate this Agreement as a result of any of exception appearing on the Title Report.

Section 4.3 Condition of the Property.

(a) In fulfillment of the purposes of Health and Safety Code Section 25359.7(a), to the County's Current Actual Knowledge, no release of Hazardous Materials has come to be located on or beneath the Property, except as previously disclosed by the County to the Developer (as applicable). The Developer has previously completed all due diligence activities, including but not limited to a physical adequacy determination of the Property, and may not terminate this Agreement as a result of the purported physical unsuitability of the Property. As used in this Agreement, the phrase "to the County's Current Actual Knowledge" and words of similar import shall mean the actual knowledge of County's Housing and Community Development Director (the "County Representative"), on behalf of the County, as of the Effective Date, without any duty of separate inquiry and investigation. The County represents and warrants that the County Representative is that person affiliated with the County most knowledgeable regarding the ownership and operation of the Property. Developer hereby agrees that the foregoing person shall not have or incur any personal liability for the breach of any representation or warranty in this Agreement, and that Developer's sole remedy for any such breach shall be against the County.

(b) "AS IS" CONVEYANCE. EXCEPT AS SET FORTH ABOVE, THE DEVELOPER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT THE COUNTY IS CONVEYING AND THE DEVELOPER IS ACCEPTING THE PROPERTY ON AN "AS IS WITH ALL FAULTS" BASIS AND THAT THE DEVELOPER IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS (EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT) OR IMPLIED, FROM THE COUNTY AS TO ANY MATTERS CONCERNING THE PROPERTY, INCLUDING WITHOUT LIMITATION: (A) THE QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, TOPOGRAPHY, CLIMATE, AIR, WATER RIGHTS, WATER, GAS, ELECTRICITY, UTILITY SERVICES, GRADING, DRAINAGE, SEWERS, ACCESS TO PUBLIC ROADS AND RELATED CONDITIONS); (B) THE QUALITY, NATURE, ADEQUACY, AND PHYSICAL CONDITION OF SOILS, GEOLOGY AND GROUNDWATER; (C) THE DEVELOPMENT POTENTIAL OF THE PROPERTY, AND THE PROPERTY'S USE, HABITABILITY, MERCHANTABILITY, OR FITNESS, SUITABILITY, VALUE OR ADEQUACY OF THE PROPERTY FOR ANY PARTICULAR PURPOSE; (D) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS ON, UNDER OR ABOUT THE ADJOINING OR NEIGHBORING PROPERTY; AND (E) THE CONDITION OF TITLE TO THE PROPERTY. THE DEVELOPER AFFIRMS THAT THE DEVELOPER HAS NOT RELIED ON THE SKILL OR JUDGMENT OF THE COUNTY OR ANY OF ITS RESPECTIVE AGENTS, EMPLOYEES OR CONTRACTORS TO SELECT OR FURNISH THE PROPERTY FOR ANY PARTICULAR PURPOSE, AND THAT THE COUNTY MAKES NO WARRANTY THAT THE PROPERTY IS FIT FOR ANY

PARTICULAR PURPOSE. THE DEVELOPER ACKNOWLEDGES THAT IT SHALL USE ITS INDEPENDENT JUDGMENT AND MAKE ITS OWN DETERMINATION AS TO THE SCOPE AND BREADTH OF ITS DUE DILIGENCE INVESTIGATION WHICH IT SHALL MAKE RELATIVE TO THE PROPERTY AND SHALL RELY UPON ITS OWN INVESTIGATION OF THE PHYSICAL, ENVIRONMENTAL, ECONOMIC AND LEGAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, WHETHER THE PROPERTY IS LOCATED IN ANY AREA WHICH IS DESIGNATED AS A SPECIAL FLOOD HAZARD AREA, DAM FAILURE INUNDATION AREA, EARTHQUAKE FAULT ZONE, SEISMIC HAZARD ZONE, HIGH FIRE SEVERITY AREA OR WILDLAND FIRE AREA, BY ANY FEDERAL, STATE OR LOCAL AGENCY). THE DEVELOPER UNDERTAKES AND ASSUMES ALL RISKS ASSOCIATED WITH ALL MATTERS PERTAINING TO THE PROPERTY'S LOCATION IN ANY AREA DESIGNATED AS A SPECIAL FLOOD HAZARD AREA, DAM FAILURE INUNDATION AREA, EARTHQUAKE FAULT ZONE, SEISMIC HAZARD ZONE, HIGH FIRE SEVERITY AREA OR WILDLAND FIRE AREA, BY ANY FEDERAL, STATE OR LOCAL AGENCY.

(c) Survival. The terms and conditions of this Section 4.3 shall expressly survive the termination of this Agreement and shall be deemed to be incorporated by reference into the Ground Lease. The County is not liable or bound in any manner by any oral or written statements, representations or information pertaining to the Property furnished by any contractor, agent, employee, servant or other person. The Developer acknowledges that the lease payments reflect the "as is" nature of this transaction and any faults, liabilities, defects or other adverse matters that may be associated with the Property. The Developer has fully reviewed the disclaimers and waivers set forth in this Agreement with the Developer's counsel and understand the significance and effect thereof.

(d) Acknowledgment. The Developer acknowledges and agrees that (i) to the extent required to be operative, the disclaimers of warranties contained in this Section 4.1 hereof are "conspicuous" disclaimers for purposes of all applicable laws and other legal requirements, and (ii) the disclaimers and other agreements set forth in such sections are an integral part of this Agreement and that the County would not have agreed to convey the Property to the Developer without the disclaimers and other agreements set forth in this Section.

(e) Developer's Release of the County. The Developer, on behalf of itself and anyone claiming by, through or under the Developer hereby waives its right to recover from and fully and irrevocably releases the County and its officers, officials, employees, and agents (the "Released Parties") from any and all claims, responsibility and/or liability that the Developer may have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to (i) the condition (including any construction defects, errors, omissions or other conditions, latent or otherwise), valuation, salability or utility of the Property, or its suitability for any purpose whatsoever, (ii) any presence of Hazardous Materials, and (iii) any information furnished by the Released Parties under or in connection with this Agreement.

(f) Scope of Release. The release set forth in Section 4.3(e) hereof includes claims of which the Developer is presently unaware or which the Developer does not presently suspect to exist which, if known by the Developer, would materially affect the Developer's release of the Released Parties. The Developer specifically waives the provision of any statute or principle of law that provides otherwise. In this connection and to the extent permitted by law, the Developer agrees, represents and warrants that the Developer realizes and acknowledges that factual matters now unknown to the Developer may have given or may hereafter give rise to causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which are

presently unknown, unanticipated and unsuspected, and the Developer further agrees, represents and warrants that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that the Developer nevertheless hereby intends to release, discharge and acquit the County from any such unknown causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses. Accordingly, the Developer, on behalf of itself and anyone claiming by, through or under the Developer, hereby assumes the above-mentioned risks and hereby expressly waives any right the Developer and anyone claiming by, through or under the Developer, may have under Section 1542 of the California Civil Code, which reads as follows:

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

Developer's Initials: _____

Notwithstanding the foregoing, this release shall not apply to, nor shall the County be released from, the County's actual fraud or willful misrepresentation.

ARTICLE 5. **DEVELOPMENT OF THE PROPERTY**

5.1 Scope of Development. Developer shall develop the Development in accordance with the terms and conditions of this Agreement and in compliance with the terms and conditions of all approvals, entitlements and permits that the County and/or City of Grass Valley or any other governmental body or entity with jurisdiction over the Development or the Property has granted or issued as of the date hereof or may hereafter grant or issue in connection with development of the Development, including without limitation, all requirements set forth in the TCAC and HCD Regulatory Agreements entered into by Developer in furtherance of this Development, all mitigation measures imposed in connection with environmental review of the Development and all conditions of approval imposed in connection with any entitlements, approvals or permits.

(a) The Development will consist of forty (40) units of affordable housing to persons who are homeless as described in TCAC Regulations Section 10315 and persons living with developmental or mental health disabilities, specified in TCAC Regulations Section 10325(g)(3). Twelve (12) units will be designated for persons living with serious mental illness who are chronically homeless, homeless, or at risk of being chronically homeless as described in NPLH Guidelines, Section 100.

(b) Cost of Construction. Except as expressly set forth herein, Developer shall be solely responsible for all direct and indirect costs and expenses incurred in connection with the design, development and construction of the Development and compliance with the Conditions of Approval, including without limitation the installation and construction of all off-site or on-site improvements required by County and/or City of Grass Valley in connection therewith.

(c) Notwithstanding anything to the contrary contained herein, the construction of the Development is expressly conditioned upon compliance with the California Environmental Quality Act, California Public Resources Code Section 21000 et seq., CEQA guidelines, and implementing regulations, all as amended from time to time ("CEQA") and/or the National

Environmental Protection Act of 1969, 42 U.S.C. Section 4321 et seq., NEPA guidelines, and implementing regulations, all as amended from time to time ("NEPA"), as the same may be applicable to the Development. Necessary CEQA and NEPA studies and reports have been completed, all necessary NEPA approvals have been obtained, necessary notices have been filed and statute of limitations have expired. No physical activity, not otherwise exempt from CEQA or NEPA, as applicable, shall commence on the Property without such compliance.

5.2 Affordable Housing. Developer covenants and agrees for itself, its successors and assigns that Developer's interest in the Property will be subjected to recorded covenants that will restrict use of the Property to development of an affordable rental housing project for persons who are homeless as described in TCAC Regulations Section 10315 and persons living with developmental or mental health disabilities, specified in TCAC Regulations Section 10325(g)(3), for a term of not less than fifty-five (55) years commencing from the date the Ground Lease is executed.

5.3 Annual Reporting. Developer shall submit an annual report to County in a form satisfactory to County, together with a certification that the Development is in compliance with the Ground Lease and this Disposition and Development Agreement, including tenant eligibility, income requirements, rents, maintenance and repairs, and tenancy rates and vacancy rates. Under the reasonable discretion of County, County may accept annual recertification reporting documents required by TCAC.

ARTICLE 6. **ASSIGNMENT AND TRANSFERS**

Section 6.1 Definitions.

As used in this Article 6, the term "Transfer" means:

(a) Any total or partial sale, assignment or conveyance, or any trust or power, or any transfer in any other mode or form, of or with respect to this Agreement or of the Development or any part thereof or any interest therein or any contract or agreement to do any of the same; or

(b) Any total or partial sale, assignment or conveyance, of any trust or power, or any transfer in any other mode or form, of or with respect to any ownership interest in Developer, including but not limited to the admission or withdrawal of any General Partner of the Partnership, or any contract or agreement to do any of the same;

(c) Any merger, consolidation, sale or lease of all or substantially all of the assets of Developer.

Section 6.2 Purpose of Restrictions on Transfer.

This Agreement is entered into solely for the purpose of the development and operation of the Development and its subsequent use in accordance with the terms hereof and the terms of the County Documents. The Developer recognizes that the qualifications and identity of Developer are of particular concern to the County, in view of:

(a) The importance of the development of the Property and the Required Affordable Units to the general welfare of the community; and

(b) The land acquisition assistance and other public aids that have been made available by law and by the government for the purpose of making such development possible; and

(c) The reliance by the County upon the unique qualifications and ability of the Developer to serve as the catalyst for development of the Property and upon the continuing interest which the Developer will have in the Property to assure the quality of the use, operation and maintenance deemed critical by the County in the development of the Property; and

(d) The fact that the Property is not to be acquired or used for speculation, but only construction of the Development by the Developer in accordance with the Agreement; and

(e) The importance to the County and the community of the standards of use, operation and maintenance of the Property.

The Developer further recognizes that it is because of such qualifications and identity that the County is entering into this Agreement with the Developer and that Transfers are permitted only as provided in this Agreement. The Developer further acknowledges that the limitations on Transfers set forth herein do not constitute unreasonable restraints on alienation under California law.

Section 6.3 Prohibited Transfers.

(a) The limitations on Transfers set forth in this Article shall apply throughout the Term, and shall survive expiration of the Term or other termination of this Agreement, and shall remain in full force and effect until a final certificate of occupancy has been issued for the Development. Except as expressly permitted in this Agreement, the Developer represents and agrees that the Developer has not made or created, and will not make or create or suffer to be made or created, any Transfer, either voluntarily or by operation of law without the prior written approval of the County.

(b) Any Transfer made in contravention of this Section 6.3 shall be void and shall be deemed to be a Default under this Agreement whether or not the Developer knew of or participated in such Transfer.

Section 6.4 Transfers with County Consent.

The County may, in its sole discretion, approve in writing such Transfers as requested by the Developer. In connection with such request, the Developer shall submit to the County for review all instruments and other legal documents proposed to effect any such Transfer and all other documents as reasonably requested by the County to determine the qualifications and identity of the proposed transferee. If a requested Transfer is approved by the County such approval shall be indicated to the Developer in writing. Such approval shall be granted or denied by the County within thirty (30) days of receipt by the County of all materials required by this Section 6.4, provided that a failure to respond by the County shall be deemed a denial.

ARTICLE 7.
DEFAULT AND REMEDIES

Section 7.1 General Applicability.

The provisions of this Article 7 shall govern the Parties' remedies for breach or Default under this Agreement.

Section 7.2 No Fault of Parties.

The following events constitute a basis for a Party to terminate this Agreement without the fault of the others:

(a) The County, despite good faith and diligent efforts, is unable to convey the leasehold interest to the Developer and the Developer is otherwise entitled to such conveyance.

(b) The Developer, despite good faith and diligent efforts, is unable to satisfy one, or more, of the conditions precedent to the conveyance of the Property and the County is otherwise ready and able to convey the Property to the Developer.

Upon the happening of the above-described event and at the election of either Party, this Agreement may be terminated by written notice to the other Party. After such termination of this Agreement, no Party shall have any rights against or liability to the others under this Agreement, except that the indemnification provisions of this Agreement shall survive such termination and remain in full force and effect.

Section 7.3 Events of Default.

Except as to the events constituting a basis for termination under Section 7.2, a Party's violation of any material term of this Agreement or failure by any Party to perform any material obligation of this Agreement shall constitute a default ("Default").

The following shall additionally constitute a Developer Event of Default:

(a) The Developer constructs or attempts to construct the Development or anything else on the Property in violation of this Agreement, or otherwise fails to comply with any obligation or requirement set forth in this Agreement, or the Regulatory Agreements entered into by Developer with the California Tax Credit Allocation Committee (TCAC) and the California Department of Housing and Community Development in furtherance of the construction, uses, and operation of the Development; or

(b) A Transfer occurs, either voluntarily or involuntarily, in violation of Article 6;
or

(c) Any representation or warranty contained in this Agreement or in any application, financial statement, certificate or report submitted to the County in connection with this Agreement proves to have been incorrect in any material and adverse respect when made;
or

(d) A court having jurisdiction shall have made or entered any decree or order
(i) adjudging the Developer, or a General Partner, to be bankrupt or insolvent, (ii) approving as

properly filed a petition seeking reorganization of the Developer, or a General Partner, or seeking any arrangement for the Developer, or a General Partner, under the bankruptcy law or any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction, (iii) appointing a receiver, trustee, liquidator, or assignee of the Developer, or a General Partner, in bankruptcy or insolvency or for any of their properties, or (iv) directing the winding up or liquidation of the Developer, or a General Partner, if any such decree or order described in clauses (i) to (iv), inclusive, shall have continued unstayed or undischarged for a period of ninety (90) days unless a lesser time period is permitted for cure under any other mortgage on the Property, in which event such lesser time period will apply under this subsection as well; or the Developer, or a General Partner, shall have admitted in writing its inability to pay its debts as they fall due or shall have voluntarily submitted to or filed a petition seeking any decree or order of the nature described in clauses (i) to (iv), inclusive; or

(e) The Developer, or a General Partner, shall have assigned its assets for the benefit of its creditors or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon shall have been returned or released within ninety (90) days after such event or prior to sooner sale pursuant to such sequestration, attachment, or execution. In the event that the Developer is diligently working to obtain a return or release of the property and the County's interests under the County Documents are not immediately threatened, in the County's reasonable business judgment, the County may elect not to declare a Default under this subsection; or

(f) The Developer, or a General Partner, shall have voluntarily suspended its business or, the Developer shall have been dissolved or terminated; or

(g) There shall occur any default declared by the County under any other County Document.

Upon the happening of any of the above-described events, the non-defaulting Party shall first notify the other Party in writing of the purported breach, failure, or act above described, giving the non-defaulting Party sixty (60) days from receipt of such notice to cure or, if such cure cannot be accomplished within sixty (60) days, to commence to cure such breach, failure, or act. In the event the non-defaulting Party fails to cure within said sixty (60) days, or, if the breach or failure is of such a nature that it cannot be cured within sixty (60) days, the non-defaulting Party fails to commence to cure within such sixty (60) days and thereafter diligently complete such cure within a reasonable time thereafter, then the non-defaulting Party shall be afforded the remedies described in Section 7.4 below.

Notwithstanding the notice and cure periods set forth above, if a lesser cure period or notice requirement is allowed before a default occurs under any other County Document, such periods shall control in this Agreement as well.

Section 7.4 Remedies for Default.

County and Developer acknowledge that the purpose of this Agreement is to carry out the Parties' objectives as set forth in the recitals. County and Developer agree that to determine a sum of money which would adequately compensate either Party for choices they have made which would be foreclosed should the Property not be developed as contemplated by this Agreement is not possible and that damages would not be an adequate remedy. County and Developer further agree that, in the event of a Default or breach under this Agreement, following the expiration of the notice and cure periods described in Section 7.3, the only remedies available

to the non-breaching Party shall be those listed in the Ground Lease (Default and Remedies), and this Section 7.4, as follows:

(a) Action for Specific Performance. Upon a Default, the non-defaulting Party may prosecute an action for specific performance.

(b) Termination of this Agreement. Upon a Default, the non-defaulting Party may terminate this Agreement by written notice to the defaulting Party, provided, however, that the remedies pursuant to this Article 7 and the indemnification provisions of this Agreement shall survive such termination or an expiration of this Agreement.

Section 7.5 Waiver of Lis Pendens.

It is expressly understood and agreed by the Parties that no lis pendens shall be filed against any portion of the Property with respect to this Agreement or any dispute or act arising from it.

Section 7.6 Remedies Cumulative.

No right, power, or remedy given by the terms of this Agreement or the County Documents is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy shall be cumulative and in addition to every other right, power, or remedy given by the terms of any such instrument, or by any statute or otherwise. Neither the failure nor any delay to exercise any such rights and remedies shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise of such right or remedy, or any other right or remedy.

Section 7.7 Waiver of Terms and Conditions.

No waiver of any Default or breach by the Developer hereunder shall be implied from any omission by the County to take action on account of such Default if such Default persists or is repeated, and no express waiver shall affect any Default other than the Default specified in the waiver, and such waiver shall be operative only for the time and to the extent therein stated. Waivers of any covenant, term, or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term, or condition. The consent or approval by the County to, or of, any act by the Developer requiring further consent or approval shall not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar act. The exercise of any right, power, or remedy shall in no event constitute a cure or a waiver of any Default under this Agreement or the applicable County Documents, nor shall it invalidate any act done pursuant to notice of Default, or prejudice the County in the exercise of any right, power, or remedy hereunder or under the applicable County Documents, unless in the exercise of any such right, power, or remedy all obligations of the Developer to the County under the applicable County Documents are paid and discharged in full.

ARTICLE 8. **GENERAL PROVISIONS**

Section 8.1 Notices, Demands and Communications.

Formal notices, demands, and communications between the County and the Developer shall be sufficiently given if and shall not be deemed given unless dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered by facsimile with a copy delivered the following day by reputable overnight delivery service, or delivered personally, to the principal office of the Parties as follows:

County:	County of Nevada 950 Maidu Ave <u>Nevada City, CA 95959</u> Attention: <u>Director, Housing & Community Services</u>
With copy to:	The Office of the Nevada County Counsel 950 Maidu Ave, Suite 240 <u>Nevada City, CA 95959</u>
Developer:	Grass Valley PSH Associates, a California Limited Partnership 430 E. State Street, Suite 100 Eagle, ID 83616 Attention: Caleb Roope

Such written notices, demands and communications may be sent in the same manner to such other addresses as the affected party may from time to time designate by mail as provided in this Section 8.1. Telephone numbers are only provided for the Parties' convenience, and formal notices may not be transmitted by telephone.

Section 8.2 Forced Delay.

In addition to specific provisions of this Agreement, performance by either Party shall not be deemed to be in Default only if such delay or Default is due solely to: war; insurrection; riots; floods; pandemics, declarations of state or local emergencies, earthquakes; fires; casualties; acts of terrorism or the public enemy; or severe and unanticipated weather conditions. An extension of time for cause will be deemed granted if notice by the Party claiming such extension is sent to the other Party within ten (10) days from the date the Party seeking the extension first discovered the cause and such extension of time is not rejected in writing by the other Party within ten (10) days after receipt of the notice. In no event shall the cumulative delays exceed one hundred eighty (180) days, unless otherwise agreed to by the Parties in writing. Notwithstanding this Section, the Term may not be extended except by amendment approved by the County.

Section 8.3 General Indemnification.

To the full extent permitted by law, the Developer shall indemnify, defend at its own expense, and hold the County and its elected officials, officers, employees and agents in their official capacity (collectively "Indemnitees") harmless against any and all claims, suits, actions, losses and liability of every kind, nature and description made against it and expenses (including reasonable attorneys' fees) which arise out of or in connection with this Agreement, including but not limited to the acquisition of the leasehold, development, construction, marketing and operation of the Development, except to the extent such claim arises from the grossly negligent or willful misconduct of the County or Indemnitees. Each Party shall notify the other Party immediately in

writing of any claim or damage related to activities performed under this Agreement. The Parties shall cooperate with each other in the investigation and disposition of any claim arising out of the activities under this Agreement, providing that nothing shall require either party to disclose any documents, records or communications that are protected under the attorney-client privilege or attorney work product privilege. The provisions of this Section shall survive expiration of the Term or other termination of this Agreement, and shall remain in full force and effect.

Section 8.4 No Commissions.

The County shall not be liable for any real estate commissions or brokerage fees that may arise from this Agreement. The County represents that it has engaged no broker, agent or finder in connection with this transaction, and the Developer shall defend and hold the County harmless from any claims by any broker, agent or finder retained by the Developer. The provisions of this Section shall survive expiration of the Term or other termination of this Agreement, and shall remain in full force and effect.

Section 8.5 Binding Upon Successors.

(a) This Agreement shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest and assigns of each of the Parties hereto except that there shall be no Transfer of any interest by the Developer except pursuant to the terms of this Agreement. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any successor, heir, administrator, executor or assign of such Party who has acquired an interest in compliance with the terms of this Agreement, or under law.

(b) The covenants and restrictions set forth in this Agreement shall run with, and for the duration of, the leasehold interest, and shall bind all successors in interest to the leasehold interest. Each and every contract, deed, or other instrument hereafter executed covering or conveying any interest in the Property shall be held conclusively to have been executed, delivered, and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed, or other instrument, unless the County expressly releases the Property from the requirements of this Agreement.

Section 8.6 Relationship of Parties.

Nothing contained in this Agreement shall be interpreted or understood by any of the Parties, or by any third persons, as creating the relationship of employer and employee, principal and agent, limited or general partnership, or joint venture between the County and the Developer or its agents, employees or contractors, and the Developer shall at all times be deemed an independent contractor and shall be wholly responsible for the manner in which it or its agents, or both, perform the services required of it by the terms of this Agreement. The Developer has and retains the right to exercise full control of employment, direction, compensation, and discharge of all persons assisting in the performance of services under the Agreement. In regards to the acquisition, construction, and operation of the Development, the Developer shall be solely responsible for all matters relating to payment of its employees, including compliance with Social Security, withholding, and all other laws and regulations governing such matters, and shall include requirements in each contract that contractors shall be solely responsible for similar matters relating to their employees. The Developer shall be solely responsible for its own acts and those of its agents and employees.

Section 8.7 Parties Not Co-Venturers.

Nothing in this Agreement is intended to or does establish the Parties as partners, co-venturers, or principal and agent with one another.

Section 8.8 No Claims.

Nothing contained in this Agreement shall create or justify any claim against the County by any person that the Developer may have employed or with whom the Developer may have contracted relative to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the purchase of the Property, the construction or operation of the Development, and the Developer shall include similar requirements in any contracts entered into for the construction or operation of the Development.

8.9 Prevailing Wage Requirements. To the full extent required by all applicable State and Federal laws, rules and regulations, if any, Developer and its contractors and agents shall comply with California Labor Code Section 1720 *et seq.*, the Davis-Bacon Act, and the regulations adopted pursuant to each of them, as the same may be applicable to the Development ("Prevailing Wage Laws"), and shall be responsible for carrying out the requirements of such provisions. Upon request of County, Developer, at its own expense, shall prepare and obtain approval from the County of a plan for monitoring, enforcing and reporting on the payment of prevailing wages to the extent applicable.

8.10 Liens and Stop Notices. Until the expiration of the term of the Regulatory Agreements, if a claim of a lien or stop notice is given or recorded affecting the Development or the Property, Developer shall within thirty (30) days of such recording or service: (a) pay and discharge (or cause to be paid and discharged) the same; or (b) effect the release thereof by recording and delivering (or causing to be recorded and delivered) to the party entitled thereto a surety bond in sufficient form and amount; or (c) provide other assurance satisfactory to County that the claim of lien or stop notice will be paid or discharged. The provisions of this Section 8.10 shall apply from and after Developer's acquisition of a fee simple interest in the Property.

Section 8.11 Non-Liability of County Officials, Employees and Agents.

No member, official, employee or agent of the County shall be personally liable to the Developer, or any successor in interest, in the event of any Default or breach by the County or for any amount which may become due to the Developer or successor or on any obligation under the terms of this Agreement.

Section 8.12 No Third Party Beneficiaries.

This Agreement and the County Documents are made and entered into solely for the benefit of the County and the Developer and no other person shall have any right of action under or by reason of this Agreement or the County Documents.

Section 8.13 Conflict of Interest.

(a) Except for approved eligible administrative or personnel costs, no person described in subsection (b) below who exercises or has exercised any functions or responsibilities with respect to the activities funded pursuant to this Agreement or who is in a position to participate in a decision-making process or gain inside information with regard to such activities,

may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during, or at any time after, such person's tenure. The Developer shall exercise due diligence to ensure that the prohibition in this Section is followed.

(b) The conflict of interest provisions of subsection (a) above apply to any person who is an employee, agent, consultant, officer, or any immediate family member of such person, or any elected or appointed official of the County, or any person related within the third (3rd) degree of such person.

(c) In accordance with Government Code Section 1090 and the Political Reform Act, Government Code Section 87100 et seq., no person who is a director, officer, partner, trustee or employee or consultant of the Developer, or immediate family member of any of the preceding, shall make or participate in a decision, made by the County or a County board, commission or committee, if it is reasonably foreseeable that the decision will have a material effect on any source of income, investment or interest in real property of that person or the Developer. Interpretation of this Section shall be governed by the definitions and provisions used in the Political Reform Act, Government Code Section 87100 et seq., its implementing regulations, manual and codes, and Government Code Section 1090.

Section 8.9 Amendments.

No alteration or variation of the terms of this Agreement shall be valid unless agreed to in writing by the Parties. The County Manager is authorized to execute on behalf of the County amendments to the Loan Documents or amended and restated Loan Documents so long as the County first approves any material change in the amount or terms of this Agreement or in the amounts or terms of financing provided by other parties for the Development, requiring conforming amendments to the Loan Documents.

Section 8.10 Action by the County.

Except as may be otherwise specifically provided in this Agreement or another applicable County Document, whenever any approval, notice, direction, finding, consent, request, or other action by the County is required or permitted under this Agreement, including, but not limited to, any approval of a proposed Transfer pursuant to Article 6, such action may be given, made, or taken by the County Health and Human Services Director or his/her designee, without further approval by the County, unless the County Health and Human Services Director determines that approval or action by the Board of Supervisors is required. Any such action shall be in writing.

Section 8.11 Conflict among County Documents.

Unless otherwise provided in a particular County Document, in the event of a conflict between the terms of this Agreement and any other County Document, the requirements of this Agreement shall apply.

Section 8.12 Representation and Warranties of Developer.

The Developer hereby represents and warrants to the County as follows:

(a) Organization. The Developer is a duly organized, validly existing California limited partnership, and is in good standing under the laws of the State of California and has the power and authority to own its property and carry on its business as now being conducted.

(b) Authority of Developer. The Developer has full power and authority to execute and deliver this Agreement, or to be executed and delivered, pursuant to this Agreement, and to perform and observe the terms and provisions of all of the above.

(c) Authority of Persons Executing Documents. This Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement have been executed and delivered by persons who are duly authorized to execute and deliver the same for and on behalf of Developer, and all actions required under the Developer's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, have been duly taken.

(d) Valid Binding Agreements. This Agreement and all other documents or instruments which have been executed and delivered pursuant to or in connection with this Agreement constitute or, if not yet executed or delivered, will when so executed and delivered constitute, legal, valid and binding obligations of the Developer enforceable against it in accordance with their respective terms.

(e) No Breach of Law or Agreement. Neither the execution nor delivery of this Agreement or of any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to this Agreement, nor the performance of any provision, condition, covenant or other term hereof or thereof, will conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency whatsoever binding on the Developer, or any provision of the organizational documents of the Developer, or will conflict with or constitute a breach of or a default under any agreement to which the Developer is a party, or will result in the creation or imposition of any lien upon any assets or property of the Developer, other than liens established pursuant hereto.

(f) Compliance with Laws; Consents and Approvals. The construction of the Development will comply with all applicable laws, ordinances, rules and regulations of federal, state and local governments and agencies and with all applicable directions, rules and regulations of the fire marshal, health officer, building inspector and other officers of any such government or agency.

(g) Pending Proceedings. The Developer is not in default under any law or regulation or under any order of any court, board, commission or agency whatsoever, and there are no claims, actions, suits or proceedings pending or, to the knowledge of the Developer, threatened against or affecting the Developer, at law or in equity, before or by any court, board, commission or agency whatsoever which might, if determined adversely to the Developer, materially affect the Developer's ability to develop the Development.

(h) Title to Property. Upon the lease of the Property, the Developer will have good and marketable leasehold interest title to the Property and there will exist thereon or with respect thereto no mortgage, lien, pledge or other encumbrance of any character whatsoever other than those liens approved by the County, liens for current real property taxes and

assessments not yet due and payable, and liens in favor of the County or approved in writing by the County.

(i) Sufficient Funds. Upon the acquisition of the Property the Developer will hold sufficient funds or binding commitments for sufficient funds to obtain the Property, and complete the construction of the Development in accordance with this Agreement

Section 8.13 Entry by the County.

The Developer shall permit the County, through its officers, agents, or employees, at all reasonable times to enter into the Development (a) to inspect the work of construction to determine that the same is in conformity with the requirements of the Land Use Approvals and this Agreement (including the exhibits hereto), and (b) following completion of construction, to inspect the ongoing operation and management of the Development to determine that the same is in conformance with the requirements of this Agreement. The Developer acknowledges that the County is under no obligation to supervise, inspect, or inform the Developer of the progress of construction, or operations and the Developer shall not rely upon the County therefor. Any inspection by the County during the construction is entirely for its purposes in determining whether the Developer is in compliance with this Agreement and is not for the purpose of determining or informing the Developer of the quality or suitability of construction. The Developer shall rely entirely upon its own supervision and inspection in determining the quality and suitability of the materials and work, and the performance of architects, subcontractors, and material suppliers. The provisions of this Section shall survive expiration of the Term or other termination of this Agreement, and shall remain in full force and effect.

Section 8.14 Entire Understanding of the Parties.

This Agreement, in conjunction with the County Documents, constitutes the entire understanding and agreement of the Parties with respect to the conveyance of the leasehold interest, and the construction of the Development. The Parties further intend that this Agreement constitute the final and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial proceedings involving this Agreement. This Agreement shall not be construed as if it had been prepared by one of the Parties, but rather as if both Parties had prepared it. The Parties to this Agreement and their counsel have read and reviewed this Agreement and agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party (including but not limited to Civil Code Section 1654 as may be amended from time to time) shall not apply to the interpretation of this Agreement.

Section 8.15 Severability.

If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

Section 8.16 Legal Actions.

Any legal action commenced to interpret or to enforce the terms of this Agreement shall be filed in the Nevada County Superior Court.

Section 8.17 Applicable Law and Venue.

This Agreement shall be interpreted under and pursuant to the laws of the State of California without regard to choice of law principles. Venue for any action to interpret or enforce this Agreement shall be the Nevada County branch of the Nevada County Superior Court or the federal court for the Eastern District of California.

Section 8.18 Inspection of Books and Records.

Upon request, the Developer shall permit the County to inspect at reasonable times and on a confidential basis those books, records and all other documents of the Developer necessary to determine Developer's compliance with the terms of this Agreement.

Section 8.19 Title of Parts and Sections.

Any titles of the articles, sections or subsections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any part of its provision.

Section 8.20 Time of the Essence.

In all matters under this Agreement, the Parties agree that time is of the essence.

Section 8.21 Counterparts; Multiple Originals.

This Agreement may be executed in counterparts, each of which shall be deemed to be an original.

ARTICLE 9
REGULATORY AGREEMENT

Section 9.1 Regulatory Agreement.

The following terms and conditions shall constitute the Regulatory Agreement between the Parties.

(a) TCAC and NPLH Regulatory Agreements. It is expressly understood and agreed between the Parties that Developer is subject to the terms and conditions of Regulatory Agreements with the California Tax Credit Allocation Committee (TCAC) pertaining to TCAC tax credit allocations (hereafter, the TCAC Regulatory Agreement), and the California Department of Housing and Community Development (HCD) pertaining to No Place Like Home (NPLH) funding allocation (hereafter, the NPLH Regulatory Agreement). Both Regulatory Agreements secure the performance related to the TCAC and NPLH allocations, and govern the use, occupancy, operation management and ownership of the Development.

(b) Developer agrees to fully comply with the terms and conditions of the TCAC Regulatory Agreement and the NPLH Regulatory Agreement pertaining to this development. In furtherance of these obligations, Developer understands and agrees that County is a Third-Party Beneficiary, subject to the default rights and limitations set forth in section 6.13 of the Ground Lease, to both the TCAC and NPLH Regulatory Agreements, and that County may exercise all rights and remedies available to it in this Agreement and the Ground Lease in the event of Developer's breach of the terms and conditions of the of the TCAC and NPLH Regulatory Agreements.

(c) Use of Premises. During the lease term, Developer's use of the premises shall be as set forth in Article 3 ("Use of Premises) in the Ground Lease entered into by and between the parties, a copy of which is attached hereto and incorporated herein.

(d) Statutory and Regulatory Requirements. During the Ground Lease term, Developer and its successors and assigns will comply with all statutory and regulatory low-income/affordability and occupancy housing requirements applicable to this low-income housing project, including but not limited to occupancy requirements, income certification, allowable rents, nondiscriminatory tenant selection, and leasing provisions.

(e) Management and Operational Functions. During the Ground Lease term, Developer will operate the low-income housing project and perform all management and operational functions, including but not limited to verification of tenant eligibility, tenant selection, collection of rents and deposits, payment of taxes, maintenance, landscaping, routine and extraordinary repairs to facilities, buildings, grounds, including any appurtenances thereto, replacement of capital items, and providing adequately security in and around the facilities and property.

(f) Terms and Conditions of Ground Lease. During the Ground Lease term, all terms and conditions of the Ground Lease, as attached hereto and incorporated herein, shall apply in full force and effect to Developer and any successors in interest or assigns.

Remainder of Page Left Intentionally Blank

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

COUNTY OF NEVADA

By: _____
Heidi Hall, Chair
Nevada County Board of Supervisors

ATTEST:

By: _____
Julie Patterson-Hunter,
Clerk of the Board of Supervisors

APPROVED AS TO FORM

By: _____
County Counsel

DEVELOPER:

GRASS VALLEY PSH ASSOCIATES, a
California limited partnership

By: TPC HOLDINGS VII, LLC,
an Idaho limited liability company
Its: Administrative General Partner

By: Pacific West Communities,
Inc.,
an Idaho corporation
Its: Manager

By: _____
Name: Caleb Roope
Its: President and CEO

By: BUILDING BETTER
PARTNERSHIPS, INC.
a California Nonprofit Public Benefit
Corporation
Its: Managing General Partner

By: _____
Name: Gustavo Becerra
Its: President

EXHIBIT A
LEGAL DESCRIPTION

Order Number: **54075962188**
Page Number: 5

LEGAL DESCRIPTION

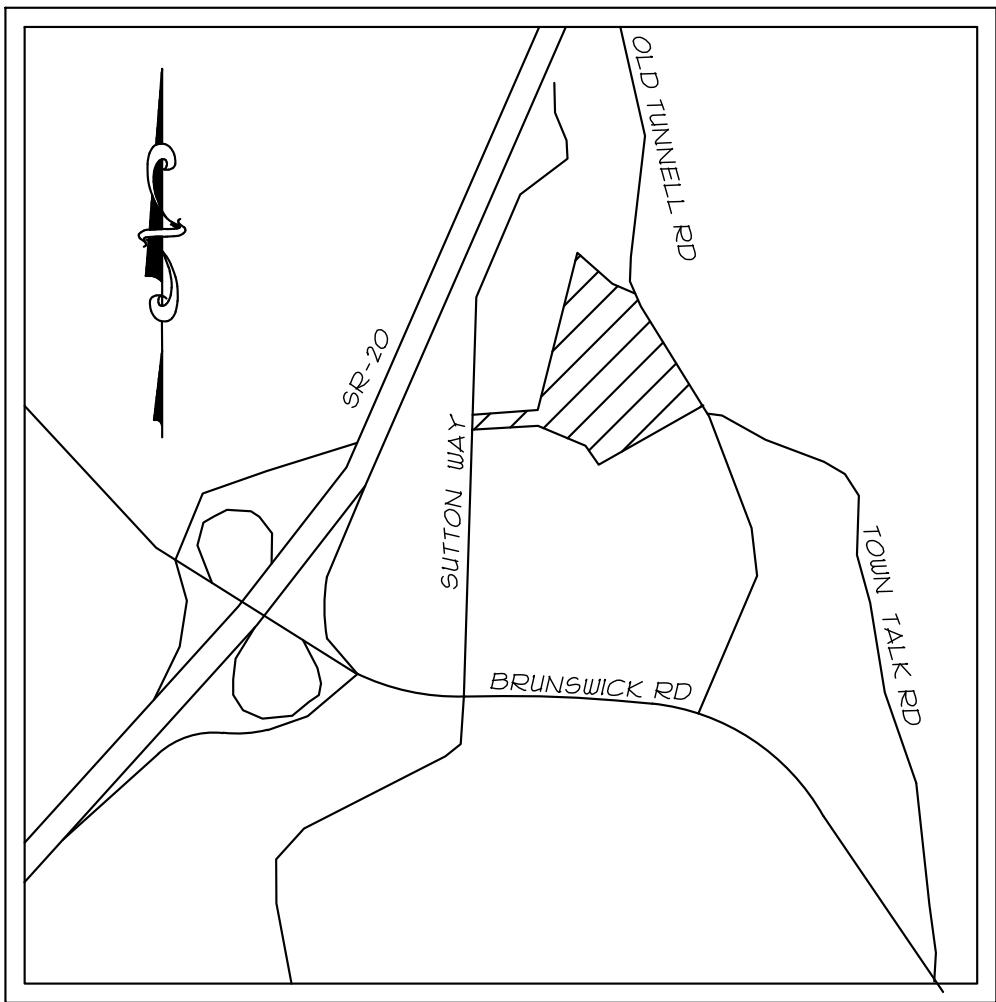
Real property in the City of Grass Valley, County of Nevada, State of California, described as follows:

PARCEL A, AS SHOWN ON PARCEL MAP NO. 78-154, FILED SEPTEMBER 16, 1981 IN BOOK 15, AT PAGE 113, NEVADA COUNTY RECORDS.

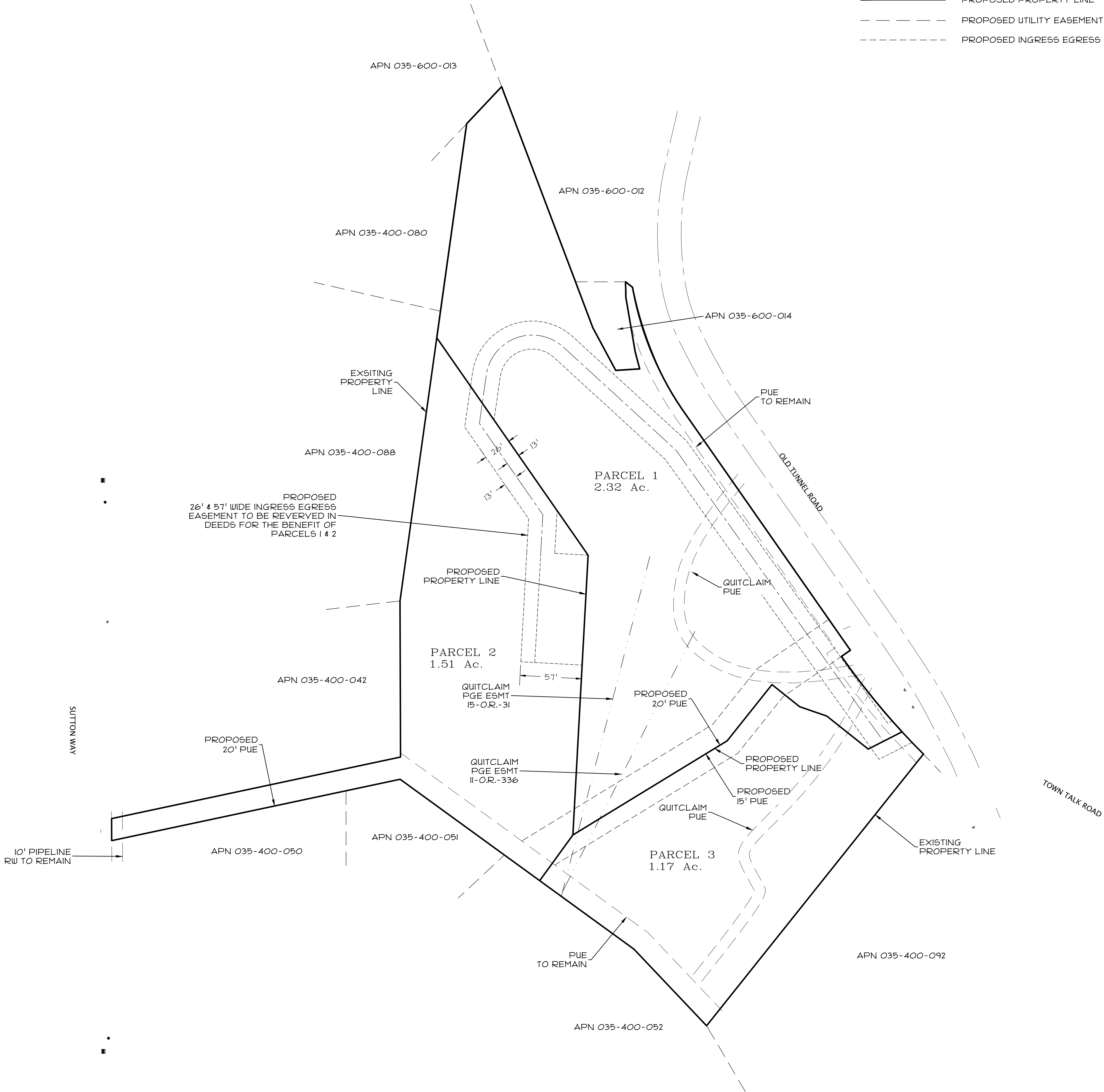
EXCEPTING THEREFROM ALL THAT PORTION THEREOF 100 FEET BELOW THE SURFACE, AS CONVEYED BY DEED, EXECUTED BY GEORGE A. LEGG, ET UX TO D.E. MCLAUGHLIN, RECORDED JANUARY 11, 1940, IN BOOK 60, AT PAGE 22, OFFICIAL RECORDS.

APN: 035-400-054-000

EXHIBIT A
LEGAL DESCRIPTION



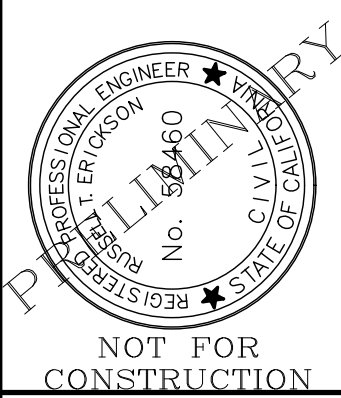
GRASS VALLEY, CA
VICINITY MAP
NTS



LEGEND:

- EXISTING PROPERTY LINE
- PROPOSED PROPERTY LINE
- PROPOSED UTILITY EASEMENT LINE
- PROPOSED INGRESS EGRESS EASEMENT LINE

Robertson Erickson
CIVIL ENGINEERS & SURVEYORS
888 Manzanita Court
Suite 101
Chico, California 95926
530-894-3500 Fax 530-894-8955
robertsonerickson.com



MAP EXHIBIT
BRUNSWICK COMMONS
OLD TUNNEL ROAD, GRASS VALLEY
AMG ASSOCIATES

BRUNSWICK COMMONS

DESCRIPTION OF FINANCING

Brunswick Commons will be financed utilizing 9% Low-Income Federal Housing Tax Credits awarded by the California Tax Credit Allocation Committee. A conventional construction loan and permanent loan will be supplemented by the following soft financing sources: 1) County of Nevada land contribution; 2) Regional Housing Authority ("RHA") No Place Like Home ("NPLH") loan; 3) RHA HEAP (Homeless Emergency Aid Program) loan; and 4) RHA Capital Funds loan.

Construction sources of financing include an interest only construction loan with a 24 month term from Boston Capital Finance in the amount of \$11,292,168. Other construction period sources of financing include a \$500,000 land contribution from the County of Nevada and a HEAP loan in the amount of \$500,000 from RHA. The tax credit investor will provide \$1,096,559 in tax credit equity during construction. Additionally, the developer will be deferring the entire developer fee of \$1,899,093 and the owners will defer \$474,848 during construction.

Upon lease-up of the entire project, the remainder of the low-income housing tax credit equity in the total amount of \$10,965,592 and a \$2,100,000 permanent loan (interest rate of 6.00% and term of 40 years) will be available to pay off the construction loan, the deferred developer fee, and the owner's deferred costs. RHA will fund the NPLH loan in the amount of \$1,547,076 upon stabilization of the project (interest rate of 3%, 55-year term, and payments based on residual receipts). The HEAP loan (\$500,000) from the Regional Housing Authority will have an interest rate of 3%, 55-year term, and payments based on residual receipts. RHA will also provide a capital funds loan in the amount of \$150,000 (interest rate of 3%, 55-year term, and payments based on residual receipts).

The construction loan will close around December 1, 2020 pending satisfaction of the closing conditions identified in the commitment letter from Boston Capital Finance. The tax credit equity provider will have standard closing conditions, as well as mandate specific guaranties related to tax credit delivery, adjustments and recapture. The HEAP loan from the Regional Housing Authority will close concurrently with the construction loan.

The project will benefit from 40 units (100% of low-income units) of committed Project-Based Section 8 Housing Choice Vouchers from the Regional Housing Authority. The maximum contract rents that will be charged for the project will be those required for project feasibility, but in all cases will not be greater than HUD's fair market rent level for Section 8 subsidized units. All of the contract rents for the Section 8 subsidized units are currently underwritten to 110% of the current Nevada County Fair Market Rents as the Payment Standard for the project.

Financing Plan for Brunswick Commons - Grass Valley, CA

Construction Financing

Construction financing will be provided by the following sources, organized by lien priority:

Source	Type	Amount	Interest Rate	Term (Months)	Payment Terms
Boston Capital Finance	Construction Loan	\$ 11,292,168	4.00%	24	Interest Only
County of Nevada	Land Contribution	\$ 500,000	N/A	N/A	N/A
Regional Housing Authority	HEAP Loan	\$ 500,000	0.00%	24	No Pmts.
Pacific West Communities, Inc.	Dev. Developer Fee	\$ 1,899,093	0.00%	24	No Pmts.
Grass Valley PSH Associates	Deferred Costs	\$ 474,848	N/A	N/A	N/A
Boston Capital	Tax Credit Equity	\$ 1,096,559	N/A	N/A	N/A
Total		\$ 15,762,668			

All of the funds identified above, with the exception of the tax credit equity, are committed at this time.

Permanent Financing

Permanent financing will be provided by the following sources, organized by lien priority:

Source	Type	Amount	Interest Rate	Am/Term (Years)	Payment Terms
Boston Capital Finance	Permanent Loan	\$ 2,100,000	6.00%	40/40	Conventional
County of Nevada	Land Contribution	\$ 500,000	N/A	N/A	N/A
Regional Housing Authority	NPLH Loan	\$ 1,547,076	3.00%	55/55	Res. Receipts
Regional Housing Authority	HEAP Loan	\$ 500,000	3.00%	55/55	Res. Receipts
Regional Housing Authority	Capital Funds Loan	\$ 150,000	3.00%	55/55	Res. Receipts
Boston Capital	Tax Credit Equity	\$ 10,965,592	N/A	N/A	N/A
Total		\$ 15,762,668			

All of the funds identified above, with the exception of the tax credit equity, are committed at this time.

Special or Unusual Financing Features

Brunswick Commons will benefit from forty (40) units (100% of low-income units) of committed Project-Based Section 8 Housing Choice Vouchers from the Regional Housing Authority.

GROUND LEASE

This Ground Lease (this “Lease”) is entered into on September 1, 2020 (the “Effective Date”) by and between the County of Nevada (“Landlord”) and Grass Valley PSH Associates, a California Limited Partnership (“Tenant”).

- A. Landlord is the owner of all certain real property comprised of 5.0+/- acres located at 936 Old Tunnel Road (APN# 035-400-054) in the City of Grass Valley (“City”), County of Nevada, State of California, described in the Legal Description in Exhibit “A” which is attached and made a part of this Lease (the “Premises”).
- B. Landlord desires to lease the 2.32+/- acres of Premises, as shown in the Parcel Map (“Parcel 1”) attached as Exhibit A, which is attached and made part of this Lease, to Tenant and Tenant desires to lease the 2.32+/- acre portion of the Premises (hereafter “2.32+/- acre Leasehold” or “Leasehold”) from Landlord on the terms and provisions of this Lease.
- C. Landlord’s mission is to provide decent and safe affordable housing to low- and moderate-income individuals and families, and Landlord has agreed to lease the 2.32+/- acre Leasehold to Tenant in furtherance of said mission.
- D. One of Landlord’s primary purposes is to foster the development of affordable housing who are homeless as described in TCAC (defined below) Regulations Section 10315 and persons living with developmental or mental health disabilities, specified in TCAC Regulations Section 10325(g)(3). As material consideration for Landlord entering into this Lease, Tenant has agreed to develop, construct, operate and lease 41 units of affordable multifamily housing located on the Leasehold (the “Apartment Complex”) and other related improvements (collectively, the “Improvements”) for the entire term of this Lease in accordance with the agreement of the parties as set forth in this Lease, including without limitation Section 3.02 of this Lease hereinbelow.
- E. The California Tax Credit Allocation Committee, a public agency of the State of California established under Section 50199.8 of the Health and Safety Code (“TCAC”) has authorized an allocation of federal low-income housing tax credits by a Reservation Letter dated June 17, 2020 (the “Allocation”) to Tenant to finance, in part, the Apartment Complex and the Improvements. In order to induce TCAC to make the Allocation, Landlord and Tenant agree to enter into and record a TCAC Lease Rider in substantially similar form and substance to Exhibit C for the benefit of TCAC.

ARTICLE 1. LEASE OF PREMISES AND TERM OF LEASE

Agreement to Lease

Section 1.01. For and in consideration of the rents to be paid and covenants to be performed by Tenant under this Lease, Landlord hereby agrees to lease the 2.32+/- acre Leasehold to Tenant, and Tenant agrees to lease the 2.32+/- acre Leasehold from Landlord, on the terms and conditions set forth in this Lease. Except as expressly otherwise provided in this Lease, the “2.32+/- acre Leasehold” includes the real property plus any appurtenances and easements

described in Exhibit “A” of this Lease, exclusive of any Improvements now or hereafter located on the Leasehold, notwithstanding that any such Improvements may or shall be construed as affixed to and constituting part of the described 2.32+/- acre Leasehold without regard to ownership of the Improvements.

Status of Title

Section 1.02. Title to the leasehold estate created by this Lease (the “Leasehold Estate”) is subject to all exceptions, easements, rights, rights-of-way, and other matters of record set forth on that certain Preliminary Title Report issued by First American Title Company dated February 23, 2020 and bearing Order Number 54075962188, a copy of which is attached hereto as Exhibit B, and all City of Grass Valley restrictions, limitations, rules and regulations relating to the zoning classification of the Premises and Leasehold. Notwithstanding the foregoing, it is the intent of the parties to eliminate or modify certain encumbrances to title and to affect certain modifications, exceptions or variances from applicable zoning restrictions as Tenant deems advantageous to the development and/or operation of the Apartment Complex, and as authorized under law or regulation.

Term of Lease

Section 1.03. The term of this Lease shall be for a period of 99 years commencing on the date of execution of this Lease and continuing 99 years thereafter (the “Term”), unless terminated earlier as provided in this Lease.

ARTICLE 2. RENT

Rent

Section 2.01. Commencing on April 1st of 2022 and continuing on April 1 of each and every calendar year thereafter for the remainder of the Term (each a “Payment Date”), Tenant agrees to pay Landlord annual rent in the amount of \$1.00. All such unpaid amounts of Annual Rent shall continue to accrue from year to year until paid and shall in all events be due and payable in full upon the termination of this Lease unless sooner paid each Payment Date.

Payments

Section 2.02. All payments to Landlord required under this Lease shall be paid to Landlord by wire transfer or by check at such place that Landlord may designate by written notice to Tenant.

ARTICLE 3. USE OF LEASEHOLD

Compliance With Laws

Section 3.01. Tenant shall, at Tenant’s own cost and expense, comply with all applicable statutes, ordinances, regulations, and requirements of all governmental entities, both federal and state and county or municipal, relating to any use and occupancy of the Leasehold (and specifically not limited to any particular use or occupancy by Tenant), whether those statutes, ordinances, regulations, and requirements are now in force or are subsequently enacted. If any license, permit, or other governmental authorization is required for the lawful use or occupancy of the Premises or Leasehold or any portion of the Premises or Leasehold, Tenant shall procure

and maintain such license, permit, or other governmental authorization as long as the same is required for the lawful use or occupancy of the Leasehold or any portion of the Leasehold.

Permitted Uses

Section 3.02. Tenant shall only use the Leasehold for the construction and operation of an affordable apartment complex for persons who are homeless as described in TCAC Regulations Section 10315 and persons living with developmental or mental health disabilities, specified in TCAC Regulations Section 10325(g)(3), in compliance with the terms of the Development Disposition and Regulatory Agreement between the Parties, and that certain TCAC Regulatory Agreement entered into by Tenant and TCAC governing the use, occupancy, operation, management and ownership of the Apartment Complex. Tenant shall not use or permit the Leasehold or any portion of the Leasehold to be improved, developed, used, or occupied in any manner or for any purpose that is in any way in violation of Section 42 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, or any valid law, ordinance, or regulation of any federal, state, county, or local governmental agency, body or entity. Furthermore, Tenant shall not maintain, commit or permit the maintenance or commission of any nuisance as now defined by any statutory or decisional law applicable to the Leasehold or any part of the Leasehold.

ARTICLE 4. TAXES AND UTILITIES

Tenant to Pay Taxes

Section 4.01. Tenant shall pay during the Term, without abatement, deduction, or offset, any and all real and personal property taxes, general and special assessments and other charges (including any increase caused by a change in the tax rate or by a change in assessed valuation) of any description levied or assessed during the Term by any governmental agency or entity on or against the Leasehold Estate and Premises, the Improvements located on the Leasehold, personal property located on or in the Leasehold or Improvements, and the Leasehold Estate. The parties acknowledge that Tenant intends to apply for real estate tax exemption for the Leasehold.

Proration of First and Last Year Taxes

Section 4.02. If the Term commences other than on January 1, or ends other than on December 31, Tenant's obligations to pay amounts towards taxes described in Section 4.01 for such first or final calendar years shall be prorated on a per diem basis to reflect the portion of such years included in the Term.

Separate Assessment of Leasehold

Section 4.03. Should the Leasehold be assessed and taxed with or as part of other property owned by Landlord prior to commencement of the Term, Landlord shall arrange with the taxing authorities to thereafter have the Leasehold taxed and assessed as a separate parcel or possessory interest based on the 2.32+/- acres of land subject to the Lease and distinct from any other real or personal property owned by Landlord.

Moreover, if the fee and Leasehold interests in the Premises are assessed and taxed separately (a "Split Assessment"), Tenants shall also be responsible to pay any taxes assessed against the fee.

In the event of a Split Assessment, Landlord and Tenant shall cooperate in seeking to have the assessment consolidated and Landlord agrees to cooperate in seeking separate property tax exemption for the fee interest. If the Premises cannot be assessed and taxed separately, then Tenant will pay the portion of the assessment and taxes attributable to the Leasehold.

Payment Before Delinquency

Section 4.04. Any and all taxes and assessments and installments of taxes and assessments required to be paid by Tenant under this Lease shall be paid by Tenant at least 10 days before each such tax, assessment, or installment of tax or assessment becomes delinquent. On the written request of Landlord, Tenant shall deliver to Landlord the official and original receipt evidencing the payment of any taxes, assessments, and other charges required under this Article.

Taxes Payable in Installments

Section 4.05. Should any special tax or assessment be levied on or assessed against the Leasehold that may be either paid in full prior to a delinquency date within the Term or paid in installments over a period either within or extending beyond this Lease, Tenant shall have the option of paying the special tax or assessment in installments. The fact that the exercise of the option to pay the tax or assessment in installments will cause the Leasehold to be encumbered with bonds or will cause interest to accrue on the tax or assessment is immaterial and shall not interfere with the free exercise of the option by Tenant. Should Tenant exercise the option to pay any such tax or assessment in installments, Tenant shall be liable to pay only those installments becoming due during the Term. Landlord shall cooperate with Tenant and on written request of Tenant execute or join with Tenant in executing any instruments required to permit any such special tax or assessment to be paid in installments.

Contest of Tax

Section 4.06. Tenant shall have the right, as may be authorized under law or regulation, to contest, oppose, or object to the amount or validity of any tax, assessment or other charge levied on or assessed against the Leasehold or any part of the Leasehold; provided, however, that the contest, opposition or objection must be filed before the tax, assessment or other charge at which it is directed becomes delinquent. Landlord shall consent to any contest, opposition or objection made by Tenant in the proper prosecution of proceedings. Tenant shall be responsible for and shall pay all costs and expenses in any contest or legal proceeding instituted by Tenant. In no event shall Landlord be subjected to any liability for costs or expenses connected to any contest by Tenant, and Tenant agrees to indemnify and hold Landlord harmless from any such costs and expenses. Furthermore, no such contest, opposition or objection shall be continued or maintained after the date the tax, assessment or other charge at which it is directed becomes delinquent unless Tenant has either:

- (a) Paid the tax, assessment or other charge under protest prior to its becoming delinquent;
- (b) Obtained and maintained a stay of all proceedings for enforcement and collection of the tax, assessment or other charge by posting a bond or other security required by law for such a stay; or

- (c) Delivered to Landlord a good and sufficient surety bond or other security reasonably acceptable to Landlord in an amount equal to 125% of the contested tax or assessment and, in the case of a surety bond, issued by a bonding corporation licensed to do business in California, conditioned on the payment by Tenant of the tax, assessment or charge together with any fines, interest, penalties, costs and expenses that may have accrued or been imposed thereon within 30 days after final determination of Tenant's contest, opposition or objection to the tax, assessment or other charge.

Tax Returns and Statements

Section 4.07. Tenant shall, as between Landlord and Tenant, have the duty of attending to, preparing, making and filing any statement, return, report or other instrument required or permitted by law in connection with the determination, equalization, reduction or payment of any taxes, assessments or other charges that are or may be levied on or assessed against the Leasehold, the Improvements located on the Leasehold, personal property located on or in the Leasehold or Improvements, and the Leasehold Estate.

Tax Hold Harmless Clause

Section 4.08. Tenant shall indemnify and hold Landlord and the property of Landlord, including the Leasehold and any Improvements now or hereafter located on the Leasehold, free and harmless from any liability, loss or damage resulting from any taxes, assessments or other charges required by this Article to be paid by Tenant and from all interest, penalties and other sums imposed thereon and from any sales or other proceedings to enforce collection of any such taxes, assessments or other charges.

Utilities

Section 4.09. Tenant shall pay or cause to be paid, and hold Landlord and the property of Landlord including the Leasehold free and harmless from, all charges for the furnishing of gas and/or propane, water, sewer, electricity, telephone service and other public utilities to the Leasehold Estate and Leasehold during the Term and for the removal of garbage and rubbish from the Leasehold during the Term.

Payment by Landlord

Section 4.10. Should Tenant fail to pay within the time specified in this Article any taxes, assessments or other charges required by this Article to be paid by Tenant, Landlord may, without notice to or demand on Tenant, pay, discharge or adjust that tax, assessment or other charge for the benefit of Tenant. In that event, Tenant shall promptly on written demand of Landlord reimburse Landlord for the full amount paid by Landlord in paying, discharging or adjusting that tax, assessment or other charge together with interest thereon at the then-maximum legal rate from the date of payment by Landlord until the date of repayment by Tenant. If this Article does not specify the time within which Tenant must pay any charge required by this Article, Tenant shall pay that charge before it becomes delinquent.

ARTICLE 5. CONSTRUCTION BY TENANT

Duty to Construct

Section 5.01. Tenant shall, upon receipt of financing sufficient to allow such development and construction, at Tenant's sole cost and expense, construct or cause to be constructed on the

Leasehold, the Apartment Complex. Failure of Tenant to commence construction in accordance with the timelines required by TCAC shall constitute a default of this Lease Agreement and shall entitle Landlord to all rights and remedies set forth in Article 11 (Default and Remedies).

Compliance With Law and Standards

Section 5.02. The Apartment Complex shall be constructed, all work on the Leasehold shall be performed, and all buildings or other improvements on the Leasehold shall be erected in accordance with all valid laws, ordinances, regulations, orders and entitlement approvals of all federal, state, county or local governmental agencies or entities having jurisdiction over the Premises and Leasehold (including without limitation all California Environmental Quality Act ("CEQA") review and approvals, entitlements and other approvals, and any conditions of approval required by the City of Grass Valley and/or Nevada County, and any plans, drawings and documents approved by City of Grass Valley and/or Nevada County, which such entitlements and approvals shall be obtained by Tenant at its own expense prior to commencement of construction); provided, however, that any structure or other improvement erected on the Leasehold, including the Apartment Complex, shall be deemed to have been constructed in full compliance with all such valid laws, ordinances, regulations, and orders when a valid final Certificate of Occupancy entitling Tenant and subtenants of Tenant to occupy and use the structure or other improvement has been duly issued by proper governmental agencies or entities. The Apartment Complex shall be constructed in a first-class, workmanlike manner by qualified, professional and licensed contractor. To the extent that prevailing wage statutes are applicable to the Apartment Complex, Tenant shall include in its general contractor agreement and subcontracts, a provision obligating the general contractor or others, as applicable, to require their respective contractors and subcontractors to comply with prevailing wage statutes, and to submit, upon request by the City of Grass Valley and/or Nevada County, certified copies of payroll records to the City, and to maintain and make such payroll records available to the City of Grass Valley and/or Nevada County, and its designees for inspection and copying during regular business hours at the Property.

Mechanics' Liens

Section 5.03. At all times during the Term, Tenant shall keep the Leasehold and all Improvements now or hereafter located on the Leasehold free and clear of all liens and claims of liens for labor, services, materials, supplies, or equipment performed on or furnished to the Leasehold. Notwithstanding the foregoing or anything to the contrary contained in this Lease, Tenant shall not be deemed to be in breach of this provision for failing to remove any such lien if the lien in question shall attach solely to the Leasehold Estate. Moreover, Tenant shall not be deemed to be in breach of this provision for failing to remove any such lien if the lien in question is contested by Tenant or Tenant's contractors or agents in good faith and, upon request of Landlord, has posted security reasonably acceptable to Landlord.

Zoning and Use Permits

Section 5.04. Should Tenant deem it necessary or appropriate to obtain any use permit, variance, or rezoning of the Premises and/or Leasehold in order to construct or operate the Apartment Complex, Landlord agrees to execute any documents, petitions, applications, and authorizations that may be necessary or appropriate for the operation of the Apartment Complex and hereby appoints Tenant as Landlord's attorney in fact to execute in the name and on behalf

of Landlord, subject to Landlord's review and approval, any such documents, petitions, applications or authorizations; provided, however, that any such permits, variances or rezoning shall be obtained at the sole cost and expense of Tenant and Tenant agrees to protect and save Landlord and the property of Landlord, including the Premises and Leasehold, free and harmless from any such cost and expense.

Ownership of Improvements

Section 5.05. Title to all Improvements, including, without limitation, the Apartment Complex, to be constructed on the Leasehold by Tenant shall be owned by Tenant until expiration of the Term or earlier termination of this Lease. Subject to Section 11.03 of this Lease, all Improvements, including the Apartment Complex, on the Leasehold at the expiration of the Term or earlier termination of this Lease shall, without compensation to Tenant, then automatically and without any act of Tenant or any third party become Landlord's property. Tenant shall surrender the Improvements to Landlord at the expiration of the Term or earlier termination of this Lease, free and clear of all liens and encumbrances, other than those, if any, permitted under this Lease or otherwise created or consented to by Landlord. Tenant agrees to execute, acknowledge, and deliver to Landlord any instrument requested by Landlord as necessary in Landlord's opinion to perfect Landlord's right, title and interest to the Improvements and the Leasehold. Notwithstanding anything to the contrary in this Lease, any and all depreciation, amortization and/or federal or state tax credits relating to the Improvements and all additions thereto shall be exclusively for the benefit of Tenant while the Lease is in effect.

ARTICLE 6. ENCUMBRANCE OF LEASEHOLD ESTATE

Tenant's Right to Encumber

Section 6.01. Tenant may, at any time and from time to time during the Term, encumber the Leasehold Estate with (a) a deed of trust or mortgage or other security instrument, all of Tenant's interest under this Lease and the Leasehold Estate hereby created in Tenant (each, a "Leasehold Encumbrance") to any Lender (as defined in Section 6.11), and (b) all licenses, access agreements, easements and restrictions, that, in Tenant's reasonable discretion, are desirable or necessary in connection with the development, construction, installation, maintenance, operation, repair, alteration or restoration of the Apartment Complex or any Improvements appurtenant thereto or any utility lines, pipes, ducts, conduits or other equipment or facilities servicing any of the same, without the consent of Landlord or any Fee Mortgagee. Landlord shall have no liability under any encumbrance of the Leasehold Estate by Tenant, and Tenant shall indemnify and hold harmless Landlord from any such claims.

Notice to and Service on Lenders and Limited Partners

Section 6.02. Landlord shall mail to any Lender who has given Landlord written notice of its name and address and to Tenant's limited partners pursuant to Section 12.04, a duplicate copy of any and all notices Landlord may from time to time give to or serve on Tenant pursuant to or relating to this Lease including, but not limited to, any notice of default, notice of termination or notice regarding any matter on which Landlord may predicate or claim a default. No notice of

default or termination delivered by Landlord to Tenant shall be effective unless and until a copy of such notice has been delivered to (a) each Lender who shall have given notice to Landlord of its name and address, and (b) Tenant's limited partners. Any notices or other communications permitted by this or any other section of this Lease or by law to be served on or given to a Lender or Landlord shall be deemed duly served on or given by Landlord when deposited in the United States mail, first-class postage prepaid, addressed to (i) such Lender at the last mailing address for such Lender furnished in writing to Landlord by such Lender, or (ii) such limited partners to Landlord at the last mailing addresses for such limited partners furnished in writing to Landlord by such limited partners.

No Modification Without Lender's and Limited Partners' Consent

Section 6.03. Tenant and Landlord hereby expressly stipulate and agree that they will not modify this Lease in any way nor cancel this Lease by mutual agreement without the written consent of any then-current Lender having a Leasehold Encumbrance and the written consent of any of Tenant's limited partners.

Right of Lender to Realize on Security

Section 6.04. A Lender with a Leasehold Encumbrance shall have the right at any time during the Term and the existence of such Leasehold Encumbrance to:

- (a) Do any act or thing required of Tenant under this Lease, and any such act or thing done and performed by Lender shall be as effective to prevent a forfeiture of Tenant's rights under this Lease as if done by Tenant;
- (b) Realize on the security afforded by the Leasehold Estate by foreclosure proceedings, accepting an assignment in lieu of foreclosure or other remedy afforded in law or in equity or by the security instrument evidencing the Leasehold Encumbrance (the "Security Instrument") and to:
 - 1. Transfer, convey or assign the title of Tenant to the Leasehold Estate created by this Lease to any purchaser at any foreclosure sale, whether the foreclosure sale is conducted pursuant to court order or pursuant to a power of sale contained in the Security Instrument, or to an assignee pursuant to an assignment in lieu of foreclosure; and
 - 2. Acquire and succeed to the interest of Tenant under this Lease by virtue of any foreclosure sale, whether the foreclosure sale is conducted pursuant to a court order or pursuant to a power of sale contained in the Security Instrument, or by virtue of an assignment in lieu of foreclosure.

A Lender or any person or entity acquiring the Leasehold Estate shall be liable to perform Tenant's obligations under this Lease which first accrue following the date such entity or person shall have taken ownership of the Leasehold Estate or possession of the Leasehold.

Right of Lender or Limited Partners to Cure Defaults

Section 6.05. With respect to any Lender, for as long as there is in effect any Leasehold Encumbrance held by that Lender and, with respect to Tenant's limited partners, at any time, before Landlord may terminate this Lease because of any default under or breach of this Lease by Tenant, Landlord must give written notice of the default or breach to Lender and Tenant's limited partners, which current limited partner contact information Tenant shall be responsible for keeping Landlord apprised pursuant to Section 12.05, and afford Lender and/or Tenant's limited partners the opportunity, after service of the notice, to:

- (a) Cure any breach or default which can be cured by the payment of money to Landlord or some other person by the later of (i) the thirtieth (30th) calendar day after expiration of the time period granted to the Tenant under this Lease for curing a default, or (ii) the thirtieth (30th) calendar day after Landlord gives notice of such breach or default to the Lender or limited partners, as the case may be; or
- (b) Cure any breach or default which cannot be cured by the payment of money but which can be cured without obtaining possession of the Leasehold by the later of (i) the thirtieth (30th) calendar day after expiration of the time period granted to the Tenant under this Lease for curing a default, or (ii) the ninetieth (90th) calendar day after Landlord gives notice of such breach or default to the Lender or limited partners, as the case may be; provided, however, if such default is not reasonably susceptible to cure within such ninety (90) calendar day period, such cure period shall be extended to the extent reasonably necessary to cure such default so long as the Lender or the limited partners, as the case may be, commences actions to effectuate such cure within such ninety (90) day period and thereafter proceeds with reasonable diligence to cure such default.

Nothing herein contained shall be construed or interpreted as requiring any Lender or limited partner receiving such notice to cure any default or omission of Tenant hereunder.

Foreclosure in Lieu of Curing Default

Section 6.06. Notwithstanding any other provision of this Lease, termination of this Lease by Landlord for a default under or breach of this Lease by Tenant shall be forestalled for so long as a Lender who holds a Leasehold Encumbrance commences and thereafter diligently pursues proceedings to foreclose the Leasehold Encumbrance, or is stayed from pursuit of such proceedings by a bankruptcy stay, injunction or otherwise. The proceedings so commenced may be for foreclosure of the Leasehold Encumbrance by order of court or for foreclosure of the Leasehold Encumbrance under a power of sale contained in the Security Instrument.

Assignment Without Consent on Foreclosure

Section 6.07. A transfer of the Leasehold Estate to any of the following shall not require the prior consent of Landlord:

- (a) A purchaser at a foreclosure sale of the Leasehold Encumbrance, whether the foreclosure sale is conducted pursuant to court order or pursuant to a power of sale in the instrument creating the encumbrance, provided the Lender under the Leasehold

Encumbrance gives Landlord written notice of the transfer, including the name and address of the purchaser and the effective date of the transfer;

- (b) An assignee of the Leasehold Estate of Tenant pursuant to an assignment in lieu of foreclosure, provided the Lender under the Leasehold Encumbrance gives Landlord written notice of the transfer, including the name and address of the assignee and the effective date of the assignment; or
- (c) A purchaser or assignee from the purchaser at a foreclosure sale of the Leasehold Encumbrance or of the assignee of the Leasehold Estate of Tenant acquired pursuant to an assignment in lieu of foreclosure, provided the purchaser or assignee delivers to Landlord its written agreement to be bound by all of the provisions of this Lease.

New Lease to Lender

Section 6.08. Notwithstanding any other provision of this Lease, should this Lease terminate because of any default under or breach of this Lease by Tenant, Landlord agrees to enter into a new lease (a “New Lease”) for the Leasehold with a Lender under a Leasehold Encumbrance or its wholly-owned subsidiary (the tenant named therein being hereinafter referred to as a “New Tenant”), as Tenant, provided:

- (a) A written request for the New Lease is served on Landlord by Lender within 30 days after service by Landlord to Lender of the notice described in Section 6.02 of this Lease notifying Lender that Landlord has elected to terminate the Lease as a result of Tenant’s default hereunder which shall not have been cured within the applicable cure period therefor;
- (b) The New Lease is for a term ending on the same date the Term would have ended had this Lease not been terminated, provides for the payment of rent at the same rate that would have been payable under this Lease during the remaining Term had this Lease not been terminated, and contains the same terms, covenants, conditions, and provisions as are contained in this Lease (except those that have already been fulfilled or are mutually agreed by the Parties to be no longer applicable);
- (c) Lender, on execution of the New Lease by Landlord, shall pay any and all sums that would at the time of the execution of the new lease be due under this Lease but for its termination and shall otherwise fully remedy, or agree in writing to remedy, any other defaults under or breaches of this Lease committed by Tenant that can be remedied;
- (d) Lender, on execution of the New Lease, shall pay all reasonable costs and expenses, including attorneys’ fees and court costs, incurred in terminating this Lease, recovering possession of the Leasehold from Tenant or the representative of Tenant, and preparing the new lease;
- (e) The New Lease shall be subject to all existing subleases between Tenant and subtenants, provided that for any sublease, the subtenant agrees in writing to attorn to Lender (or its assignee); and,

- (f) The New Lease shall be assignable by Lender but not by any assignee of Lender without the prior written consent of Landlord.

During the period between the date on which this Lease is terminated and the date on which Lender shall have waived its right to enter into a New Lease, Landlord shall not terminate any subleases (except if the Sublease expires by its terms), without Lender's prior written consent (which shall not be unreasonably withheld, conditioned or delayed), except that Landlord may terminate any such subleases on account of a default thereunder without Lender's prior written consent but upon notice thereof to such Lender.

No Merger of Leasehold and Fee Estates

Section 6.09. For as long as any Leasehold Encumbrance is in existence, there shall be no merger of the Leasehold Estate created by this Lease and the fee estate of Landlord in the Premises (the "Fee Estate") merely because both estates have been acquired or become vested in the same person or entity, unless the Lender otherwise consents in writing.

Lender as Assignee of Lease

Section 6.10. No Lender under any Leasehold Encumbrance shall be liable to Landlord as an assignee of this Lease unless and until such Lender acquires all rights of Tenant under this Lease through foreclosure, an assignment in lieu of foreclosure, or as a result of some other action or remedy provided by law or by the instrument creating the Leasehold Encumbrance.

Lender as Including Subsequent Security Holders

Section 6.11. Except for purposes of Section 6.08, the term "Lender" as used in this Lease shall mean not only the institutional lender that loaned money to Tenant and is named as beneficiary, mortgagee, secured party, or security holder in the Security Instrument creating any Leasehold Encumbrance, but also all subsequent purchasers or assignees of such Leasehold Encumbrance.

Two or More Lenders

Section 6.12. In the event two or more Lenders each exercise their rights under this Lease and there is a conflict that renders it impossible to comply with all requests of the Lenders, the Lender whose Leasehold Encumbrance would have senior priority in the event of a foreclosure shall prevail.

Standstill

Section 6.13. Notwithstanding anything to the contrary in this Lease, in no event may Landlord declare any defaults under this Lease prior to the end of the compliance period for the low-income housing tax credits under Section 42(i) of the Internal Revenue Code of 1986, as amended, which shall be the period of fifteen (15) taxable years beginning with the 1st taxable year of the credit period with respect to the Brunswick Commons apartment complex.

ARTICLE 7. REPAIRS AND RESTORATION

Maintenance by Tenant

Section 7.01. At all times during the Term Tenant shall, at Tenant's own cost and expense, keep and maintain the Leasehold, all Improvements and all appurtenances (including parking and

landscaped areas) now or hereafter on the Leasehold in a condition which complies with applicable laws and all Leasehold Encumbrances.

Requirements of Governmental Agencies

Section 7.02. At all times during the Term, Tenant, at Tenant's own cost and expense, shall:

- (a) Make all alterations, additions or repairs to the Leasehold or the Improvements on the Leasehold required by any valid law, ordinance, statute, order or regulation now or hereafter made or issued by any federal, state, county, local or other governmental agency or entity;
- (b) Observe and comply with all valid laws, ordinances, statutes, orders and regulations now or hereafter made or issued respecting the Leasehold or the Improvements on the Leasehold by any federal, state, county, local or other governmental agency or entity;
- (c) Contest if Tenant, in Tenant's sole discretion, desires by appropriate legal proceedings brought in good faith and diligently prosecuted in the name of Tenant, or in the names of Tenant and Landlord when appropriate or required, the validity or applicability to the Leasehold of any law, ordinance, statute, order or regulation now or hereafter made or issued by any federal, state, county, local or other governmental agency or entity; provided, however, that any such contest or proceeding, though maintained in the names of Tenant and Landlord, shall be without cost to Landlord, and Tenant shall protect the Leasehold and Landlord from Tenant's failure to observe or comply during the contest with the contested law, ordinance, statute, order or regulation;
- (d) Indemnify and hold Landlord and the property of Landlord, including the Leasehold, free and harmless from any and all liability, loss, damages, fines, penalties, claims and actions resulting from Tenant's failure to comply with and perform the requirements of this Section.

Tenant's Duty to Restore Leasehold

Section 7.03. If at any time during the Term, the Apartment Complex or Improvements shall be partially or totally damaged or destroyed by fire or other casualty, with reasonable dispatch after the damage or destruction and the collection of the insurance proceeds (if any) attributable to such damage (and, if applicable, Landlord's remittance of the applicable insurance proceeds to Tenant), Tenant shall repair the damage to and restore and rebuild the damaged portion of the Leasehold and any item installed therein by Tenant and any of Tenant's fixtures, furniture, furnishings and equipment. Any work of repair and restoration shall be done in accordance with the requirements for original construction work on the Leasehold set forth in Article 5 of this Lease. No total or partial damage to or destruction of any or all of the Apartment Complex or any Improvements shall entitle Tenant to surrender or terminate this Lease, or shall relieve Tenant from its liability hereunder to pay in full the Annual Rent and all other sums and charges which are otherwise payable by Tenant hereunder, or from any of its other obligations hereunder, and Tenant hereby waives any right now or hereafter conferred upon it by statute or otherwise, on account of any such damage or destruction, to surrender this Lease, to quit or surrender any or all of the Leasehold, or to have any suspension, diminution, abatement or reduction of the

Annual Rent or other sum payable by Tenant hereunder (except that, if and to the extent that Landlord has, on account of any such Annual Rent or other sum, received for its own account the proceeds of any rent insurance pursuant to the provisions of this Lease, Tenant shall be entitled to a credit therefor against its obligations hereunder to pay such Annual Rent and other sums, by applying such credit toward the unpaid installments of Annual Rent in the order in which they fall due hereunder).

Notwithstanding the foregoing, if following the partial or total damage of the Apartment Complex or Improvements or any portion thereof, Tenant makes the determination that the continued use and occupancy of the remainder of the Leasehold and/or the Improvements by Tenant is not or cannot reasonably be made to be economically viable, structurally sound, and otherwise feasible, then, subject to the consent of Lenders as provided in Section 6.03, this Lease may be terminated by the Tenant and the proceeds of any insurance shall be paid to Tenant after paying outstanding amounts owed to Lenders and all accrued but unpaid Annual Rent due to Landlord.

Insurance Proceeds

Section 7.04. Landlord acknowledges that Tenant is responsible for maintaining insurance for the Improvements at Tenant's sole cost and expense and Landlord waives any right or entitlement Landlord may have to any fire or other insurance proceeds for any Improvements that become payable at any time during the Term because of damage to or destruction of any Improvements. Notwithstanding the foregoing, Landlord may be entitled to share in the proceeds of business interruption insurance coverage to the extent Tenant reasonably determines that such proceeds should be accounted for as income of Tenant.

ARTICLE 8. INDEMNITY AND INSURANCE

Indemnity Agreement

Section 8.01. Tenant shall indemnify and hold Landlord, its officers, directors, agents, managers, employees, mortgages and any other parties designated by Landlord as additional insureds (collectively, "Landlord's Additional Insureds") and the property of Landlord that constitutes the Leasehold free and harmless from any and all liability, claims made by parties other than Landlord, Landlord Additional Insureds or their respective Affiliates ("Third Party Claims"), loss, damages or expenses actually incurred by Landlord and resulting from Tenant's occupation and use of the Leasehold and any Improvements thereon, specifically including, without limitation, any liability, Third Party Claim, loss, damage or expense arising by reason of:

- (a) The death or injury of any person, including Tenant or any person who is an employee or agent of Tenant, or by reason of the damage to or destruction of any property, including property owned by Tenant or by any person who is an employee or agent of Tenant, from any cause whatever while that person or property is in or on the Leasehold or in any way connected with the Leasehold or with any of the Improvements or personal property on the Leasehold;
- (b) The death or injury of any person, including Tenant or any person who is an employee or agent of Tenant, or by reason of the damage to or destruction of any property, including property owned by Tenant or any person who is an employee or

agent of Tenant, caused or allegedly caused by either (1) the condition of the Leasehold or some building or improvement on the Leasehold, or (2) some act or omission on the Leasehold of Tenant or any person in, on, or about the Leasehold with the permission and consent of Tenant;

- (c) Any work performed on the Leasehold or materials furnished to the Leasehold at the instance or request of Tenant or any person or entity acting for or on behalf of Tenant; or
- (d) Tenant's failure to perform any provision of this Lease or to comply with any requirement of law or any requirement imposed on Tenant or the Leasehold by any duly authorized governmental agency or political subdivision;

other than, in each of instances described in the foregoing clauses (a) through (d), as a result of the negligence or willful misconduct of Landlord or any Landlord Additional Insureds.

Insurance Section 8.02.

During the Term of the Ground Lease, Tenant shall, at its sole expense, maintain the following insurance policies and coverages:

a. Construction Liability: Tenant will secure a course of construction Liability and Builder's Risk Insurance acceptable to Landlord.

b. Commercial General Liability Insurance: Broad form coverage for liability for death or bodily injury to a person or persons, and for property damage, combined single limit coverage, in the minimum amount of two million dollars (\$2,000,000.00), which shall be increased over the lease term in accordance with industry standards for such operations. Landlord shall be named as an additional insured under said policy, with respect to claims or suits arising or created under this Option relationships.

The policy shall contain a provision that said insurance shall be primary and non-contributory, that other insurance maintained by the County of Nevada shall be excess only and that neither the insured nor the insurer shall seek contribution from any other insurance or self-insurance available to County. The Policy shall also contain a provision that said insurance shall provide for thirty (30) days written notice to Landlord of any termination or change in coverage protection, or reduction in coverage limits (except ten (10) days notice for non-payment of premium).

c. Automobile Insurance: Automobile Liability insurance policy for non-owned and hired automobiles. Tenant shall promptly provide proof of such insurance evidenced by a certificate of insurance with properly executed endorsements attached, which insurance shall include the following provisions:

- (B) Liability protection for death or bodily injury to a person or persons, property damage, and uninsured and underinsured coverage, combined single limit coverage, in the minimum amount of one million dollars (\$1,000,000.00), which shall be

increased over the lease term in accordance with industry standards for such operations.

(C) Said insurance shall be primary and non-contributory, that other insurance maintained by Landlord shall be excess only and that neither the insured nor the insurer shall seek contribution from any other insurance or self-insurance available to County.

(D) Said insurance shall provide for thirty (30) days written notice to County of any termination or change in coverage protection, or reduction in coverage limits (except ten (10) days notice for non-payment of premium).

d. Workers' Compensation: Tenant shall maintain said policy as required by law, and shall promptly provide proof of such insurance evidenced by a certificate of insurance, or other documentation acceptable to Landlord. The Workers' Compensation insurer shall agree to waive all rights of subrogation against Landlord, its agents, officers, employees, and volunteers for losses arising from work and services performed by Tenant pursuant to this Option.

Before commencing to utilize employees in providing Services under this Option, Tenant warrants that it will comply with the provisions of the California Labor Code, requiring Tenant to be insured for workers' compensation liability or to undertake a program of self-insurance therefor.

e. Miscellaneous: Tenant and any Contractors shall file with Landlord a Certificate of Insurance with companies maintaining a Best's Rating of B+ or higher (B+, B++, A-, A, A+, or A++), or a Bests Financial Performance Rating of (FPR) of 6 or higher (6, 7, 8 or 9) according to the current Best's Key Rating Guide, or shall be approved by the Risk Manager for the County of Nevada. The insurance policies and limits on coverage required herein shall apply with respect to all claims or suits arising or created under the Ground Lease.

ARTICLE 9. CONDEMNATION

Total Condemnation

Section 9.01. If, during the Term, the Fee Estate or to all of the Improvements, or the entire Leasehold Estate of the Tenant is taken under the power of eminent domain by any public or quasi-public agency or entity (a "Total Taking"), this Lease shall terminate as of 12:01 A.M. (provided that all Lenders who hold Leasehold Encumbrances consent to such termination, if such consent is not precluded or superseded by applicable law) on whichever of the following first occurs: (1) the date legal title becomes vested in the agency or entity exercising the power of eminent domain, or (2) the date actual physical possession is taken by the agency or entity exercising the power of eminent domain (the "Condemnation Effective Date"). Thereafter, both Landlord and Tenant shall be released from all obligations under this Lease, except as otherwise provided in this Lease.

Partial Taking--Improvements

Section 9.02. If at any time during the Term a taking occurs that is less than a Total Taking and affects the rentable portion of the Improvements on the Leasehold, all compensation and damages payable for that taking shall be paid to the Lender whose Leasehold Encumbrance is highest in priority, for application in accordance with such Leasehold Encumbrance or, if there is

no such Leasehold Encumbrance, shall be made available to and used, to the extent reasonably needed, by Tenant to repair any portion of the remaining rentable portion of the Improvements damaged by the taking and to replace the rentable portion of the Improvements taken with other new rentable space on the portion of the Leasehold not taken, provided that replacement is then permitted by existing law.

Condemnation Award Section 9.03.

(a) If a Total Taking occurs, Landlord shall not settle or compromise any Condemnation Award without both Tenant's and Lender's prior written consent. Tenant may at its option control such proceedings (to the exclusion of Landlord, if Tenant so elects) and claim such share of the Condemnation Award as Tenant is entitled to receive under this Lease. Any Lender shall also (to the exclusion of both Landlord and Tenant, to the extent Lender so elects subject to such Lender's loan documents) be entitled to appear and participate in any condemnation proceeding. Landlord (subject to the rights of Fee Mortgagee(s)) and Tenant (subject to the rights of any Lender) shall allocate the Condemnation Award as follows and in the following order of priority, without duplication, until exhausted:

1. To any then-current Lender, to the extent that both (i) because of such condemnation, any Lender imposes any fee or charge that such Lender could not have collected but for the condemnation and the related prepayment of such Lender's loan; and (ii) the Condemnation Award was directly or indirectly increased by such fee or charge.

2. To reimburse Tenant (subject to the rights of Lenders) for Tenant's actual costs and expenses, including legal fees, incurred in the condemnation proceeding and determining and collecting the Condemnation Award.

3. To Tenant, subject to the rights of Lenders, in an amount equal the greater of (i) all sums secured by all Leasehold Encumbrances; or (ii) the fair market value of the Leasehold Estate as of the Condemnation Effective Date.

4. To Landlord, subject to the rights of Fee Mortgagees, in an amount equal to equal the fair market value of the Fee Estate as of the Condemnation Effective Date.

5. To Tenant, subject to the rights of any Lenders, in an amount equal to the entire remaining Condemnation Award, if any.

(b) If a condemnation which is not a Total Taking occurs, any Condemnation Award awarded or payable because of such condemnation shall be allocated between Landlord and Tenant as follows:

1. All compensation or damages awarded or payable for the taking by eminent domain of any land that is part of the Leasehold shall be paid to and be the

sole property of Landlord, free and clear of any claim of Tenant or any person claiming rights to the Leasehold through or under Tenant;

2. All compensation or damages awarded or payable because of the Apartment Complex or any Improvements constructed or located on the portion of the Leasehold taken by eminent domain when only a portion of the Leasehold is taken by eminent domain and Tenant is not entitled to or does not terminate this Lease shall be applied in the manner specified in Section 9.02 toward the replacement of the Apartment Complex or those Improvements with equivalent new Improvements on the remaining portions of the Leasehold;

3. All compensation or damages awarded or payable because of any Improvements constructed or located on the portion of the Leasehold taken by eminent domain when it is impracticable to replace the portion taken by eminent domain shall be allocated to Tenant (subject to the rights of Lenders under then existing Leasehold Encumbrances).

As used herein, "Condemnation Award" means any award(s) paid or payable (whether or not in a separate award) to either party because of or as compensation for any condemnation, including: (1) any award made for any Improvements that are the subject of the condemnation; (2) the full amount paid or payable by the condemning authority for the estate that is the subject of the condemnation, as determined in such condemnation proceeding; (3) any interest on such award; and (4) any other sums payable on account of such condemnation, including for any prepayment premium under any Fee Mortgage or Leasehold Encumbrance.

Rent Abatement for Partial Taking

Section 9.04. If title and possession of only a portion of the Leasehold is taken under the power of eminent domain by any public or quasi-public agency or entity during the Term and Tenant does not or cannot terminate this Lease, then this Lease shall terminate (subject to the consent of Lenders as provided in Section 6.03) as to the portion of the Leasehold taken under eminent domain as of 12:01 A.M. on the Condemnation Effective Date. Furthermore, the rent payable under this Lease shall, as of the Condemnation Effective Date, be reduced in the same proportion that the value of the portion of the Leasehold taken by eminent domain bears to the full value of the Leasehold at that time; provided, however, that Tenant shall, subject to the provisions of Sections 9.02 of this Lease, replace any Improvements or facilities with equivalent new facilities on the remaining portion of the Leasehold and do all other acts at Tenant's own cost and expense required by the eminent domain taking to make the remaining portion of the Leasehold fit for the uses specified in this Lease.

Voluntary Conveyance in Lieu of Eminent Domain

Section 9.05. A voluntary conveyance by Landlord of title to all or a portion of the Leasehold to a public or quasi-public agency or entity in lieu of and under threat by that agency or entity to take it by eminent domain proceedings shall be considered a taking of title to all or any portion of the Leasehold under the power of eminent domain subject to the provisions of this Article.

Notice of Condemnation Proceedings

Section 9.06. Landlord shall give notice of the commencement of any proceeding in condemnation or eminent domain to any Lender who has given Landlord written notice of its name and address.

ARTICLE 10. ASSIGNMENT AND SUBLEASING

Tenant's Right to Assign

Section 10.01. Tenant may, without the prior written consent of Landlord or any Fee Mortgagee; transfer and assign all Tenant's interest under this Lease and Tenant's Leasehold Estate created under this Lease to a Lender under a Leasehold Encumbrance (as defined in Section 6.01 of this Lease).

Tenant's Right to Sublease

Section 10.02. Subject to the prior written consent and approval of Landlord, which consent shall not be unreasonably withheld, Tenant shall have the right to sublease all or any portion of the Leasehold from time to time, and at all times during the Term.

Nondisturbance and Attornment

Section 10.03. If this Lease is terminated for any reason prior to the natural expiration of its Term, the termination shall not terminate nor affect the validity of any then-existing recorded regulatory or tax credit agreement or sublease of all or any portion of the Leasehold made by Tenant as sublessor, except to the extent provided in such agreement or sublease. In that case, all of Tenant's interest as sublessor under any and all existing valid and enforceable subleases of all or any portion of the Leasehold shall be deemed automatically assigned, transferred and conveyed to Landlord. Landlord shall thereafter be bound on the subleases to the same extent Tenant (as sublessor) was bound on the subleases, and shall have all the rights that Tenant (as sublessor) had under each sublease, including the right to terminate any sublease then or thereafter in default.

ARTICLE 11. DEFAULT AND REMEDIES

Breach or default

Section 11.01. In the event of any act or omission of Tenant constituting a breach or default by Tenant, Landlord shall not exercise any remedy until Landlord has given Tenant, any Lender under a Leasehold Encumbrance and Tenant's limited partners, notice of such act or omission, and thirty (30) days to remedy such act or omission shall have elapsed following receipt of such notice (subject to any extension of such period pursuant to the terms of Section 6.05 of this Lease). However, if such act or omission cannot, with due diligence and in good faith, be remedied within such period or cannot be cured simply by the payment of money, Tenant and/or Lender and Tenant's limited partners shall be allowed such further period of time as may be reasonably necessary, but in no event longer than any time for such cure set forth in the Regulatory Agreement between Tenant and TCAC, provided that reasonable written assurances are given to Landlord that Tenant will commence remedying the same with due diligence and in good faith and thereafter diligently prosecutes such cure. Nothing herein contained shall be construed or interpreted as requiring any Lender receiving such notice to remedy such act or omission.

Waiver of Breach or default

Section 11.02. The waiver by Landlord of any breach or default by Tenant of any of the provisions of this Lease shall not constitute a continuing waiver or a waiver of any subsequent breach or default by Tenant of either the same or a different provision of this Lease.

Surrender of Leasehold

Section 11.03. On expiration or earlier termination of this Lease, Tenant shall surrender the Leasehold and all Improvements in or on the Leasehold to Landlord in compliance with all laws and in a good, safe and clean condition as practicable, reasonable wear and tear excepted.

ARTICLE 12. MISCELLANEOUS**Annual Reporting and Inspection**

Section 12.01. Tenant shall submit an annual report to Landlord in a form satisfactory to Landlord, together with a certification that the Project is in compliance with the Ground Lease Agreement, including tenant eligibility, income requirements, rents, maintenance and repairs, and tenancy rates and vacancy rates. Under the reasonable discretion of Landlord, Landlord agrees to accept annual recertification reporting documents required by TCAC. Upon reasonable request, Tenant shall permit representatives of Landlord to enter and inspect the Leasehold and the Project during regular business hours to verify compliance with the Ground Lease Agreement.

Force Majeure

Section 12.02. Except as otherwise expressly provided in this Lease, if the performance of any act required by this Lease to be performed by either Landlord or Tenant is prevented or delayed by reason of any act of God, strike, lockout, labor trouble, inability to secure materials, restrictive governmental laws or regulations, or any other cause (except financial inability) not the fault of the party required to perform the act, the time for performance of the act will be extended for a period equivalent to the period of delay and performance of the act during the period of delay will be excused. However, nothing contained in this section shall excuse the prompt payment of rent by Tenant as required by this Lease or the performance of any act rendered difficult or impossible solely because of the financial condition of the party required to perform the act.

Attorneys' Fees

Section 12.03. Should any litigation be commenced between the parties to this Lease concerning the Leasehold, this Lease, or the rights and duties of either in relation thereto, the party prevailing in that litigation shall be entitled, in addition to any other relief that may be granted in the litigation, to a reasonable sum as and for that party's attorneys' fees in that litigation that shall be determined by the court in that litigation or in a separate action brought for that purpose.

Notices to Landlord

Section 12.04. Except as otherwise expressly provided by law, any and all notices or other communications required or permitted by this Lease or by law to be served on or given to Landlord by Tenant or any Lender described in Article 6 of this Lease shall be in writing and shall be deemed duly served and given when personally delivered to Landlord, to any managing

employee of Landlord, or, in lieu of personal service, when deposited in the United States mail, first-class postage prepaid, addressed to Landlord at 950 Maidu Ave Nevada City, CA 95959, Attn. Housing and Community Services. Landlord may change Landlord's address for the purpose of this section by giving written notice of that change to Tenant in the manner provided in Section 12.04. Tenant shall then transmit a copy of that notice to any Lender described in Article 6 of this Lease.

Notices to Tenant

Section 12.05. Except as otherwise expressly provided by law, any and all notices or other communications required or permitted by this Lease or by law to be served on or given to Tenant by Landlord shall be in writing and shall be deemed duly served and given when personally delivered to Tenant, any managing employee of Tenant, or, in lieu of personal service, when deposited in the United States mail, first-class postage prepaid, addressed to Tenant at 430 E. State Street, Ste. 100, Eagle, ID 83616. Tenant may change its address for the purpose of this section by giving written notice of that change to Landlord in the manner provided in Section 12.03 of this Lease.

Copies of all notices hereunder shall also be delivered to Tenant's limited partner: RSEP Holding, LLC, 1100 Superior Avenue, Suite 1640, Cleveland, OH 44114, Attn: General Counsel, with a copy to Applegate & Thorne-Thomsen, P.C., 425 S. Financial Place, Suite 1900, Chicago, Illinois 60605, Attn: Bennett Applegate.

Binding on Heirs and Successors

Section 12.06. This Lease shall be binding on and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of the parties hereto, but nothing in this section shall be construed as a consent by Landlord to any assignment of this Lease or any interest in this Lease by Tenant except as provided in Article 10 of this Lease.

Partial Invalidity

Section 12.07. If any provision of this Lease is held by a court of competent jurisdiction to be either invalid, void or unenforceable, the remaining provisions of this Lease shall remain in full force and effect unimpaired by the holding.

Sole and Only Agreement

Section 12.08. This instrument constitutes the sole and only agreement between Landlord and Tenant respecting the Leasehold, the leasing of the Leasehold to Tenant, the construction of the Apartment Complex described in this Lease on the Leasehold, and the lease terms set forth in this Lease, and correctly sets forth the obligations of Landlord and Tenant to each other as of its date. Any agreements or representations respecting the Leasehold, their leasing to Tenant by Landlord, or any other matter discussed in this Lease not expressly set forth in this instrument are null and void.

Time of Essence

Section 12.09. Time is expressly declared to be of the essence of this Lease.

Memorandum of Lease for Recording

Section 12.10. Landlord and Tenant shall execute a memorandum of this Lease for purposes of, and in a form suitable for, recordation concurrent with the execution of this Lease. The memorandum of this Lease shall describe the parties, set forth a description of the Leasehold, specify the Term, incorporate this Lease by reference, and include any other provisions required by Lender(s).

Governing Law

Section 12.11. This lease shall be shall in all respects be governed, construed, applied and enforced in accordance with the laws of the State of California.

ARTICLE 13. FEE MORTGAGES

Fee Mortgage

Section 13.01. Landlord shall not encumber fee title to the Leasehold with any deed of trust or other encumbrance, or transfer the Fee Estate to any other party, without first obtaining the unanimous written consent of Tenant and Tenant's limited partners, which consent shall be at such parties' sole but reasonable discretion. In furtherance of Landlord's mission to develop affordable housing, and recognizing that Tenant's prospective lender would not provide the financing required to develop the Improvements without the right to encumber the Fee Estate with a Leasehold, Landlord shall permit a leasehold mortgagee to encumber the Leasehold Estate from time to time with a Leasehold Encumbrance.

SIGNATURES ON FOLLOWING PAGE

EXECUTED this as of the day and year first set forth above.

LANDLORD:

COUNTY OF NEVADA

By: _____
Heidi Hall
Title: Chair, Nevada County Board of Supervisors

ATTEST:

By: _____
Julie Patterson-Hunter,
Clerk of the Board of Supervisors

APPROVED AS TO FORM

By: _____
County Counsel

TENANT:

GRASS VALLEY PSH ASSOCIATES, a California limited partnership

By: TPC HOLDINGS VII, LLC,
an Idaho limited liability company
Its: Administrative General Partner

By: Pacific West Communities, Inc.,
an Idaho corporation
Its: Manager

By: _____
Name: Caleb Roope
Its: President and CEO

By: BUILDING BETTER PARTNERSHIPS, INC.
a California Nonprofit Public Benefit Corporation
Its: Managing General Partner

By: _____
Name: Gustavo Becerra
Its: President

EXHIBIT A
LEGAL DESCRIPTION

Order Number: **54075962188**
Page Number: 5

LEGAL DESCRIPTION

Real property in the City of Grass Valley, County of Nevada, State of California, described as follows:

PARCEL A, AS SHOWN ON PARCEL MAP NO. 78-154, FILED SEPTEMBER 16, 1981 IN BOOK 15, AT PAGE 113, NEVADA COUNTY RECORDS.

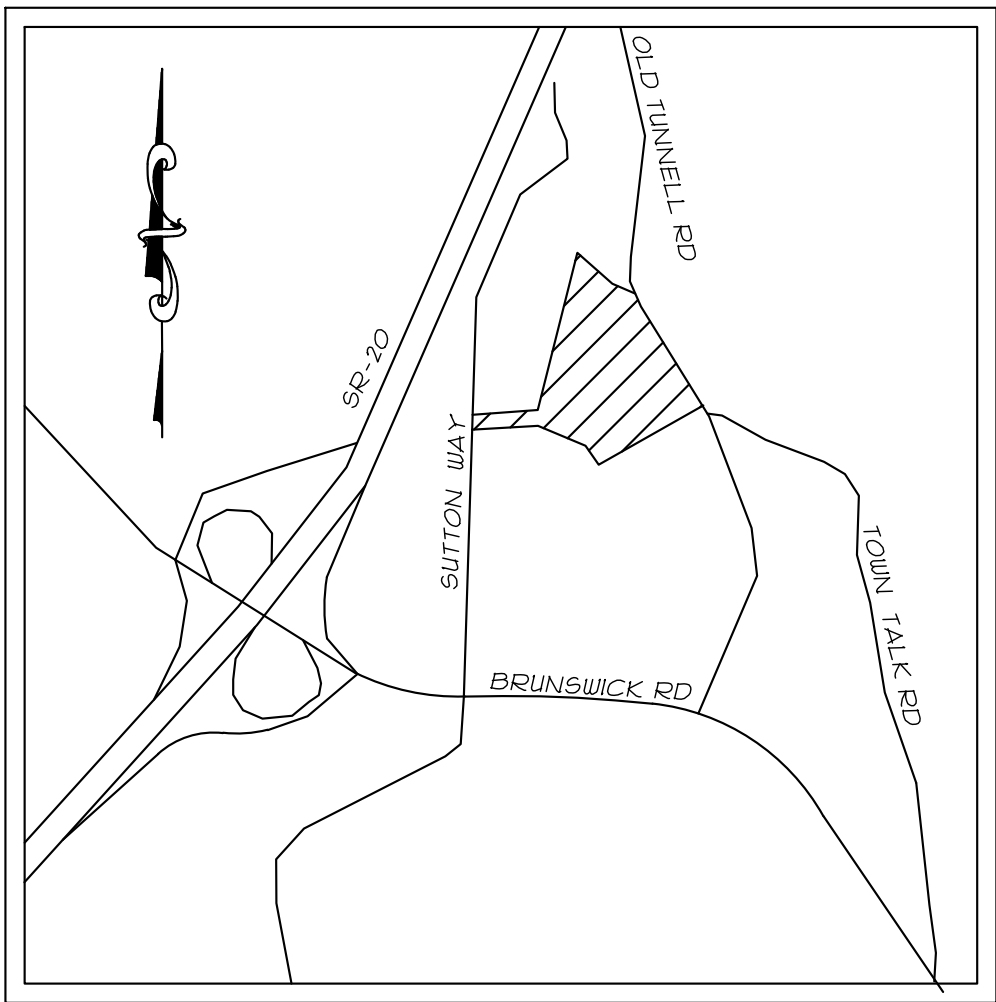
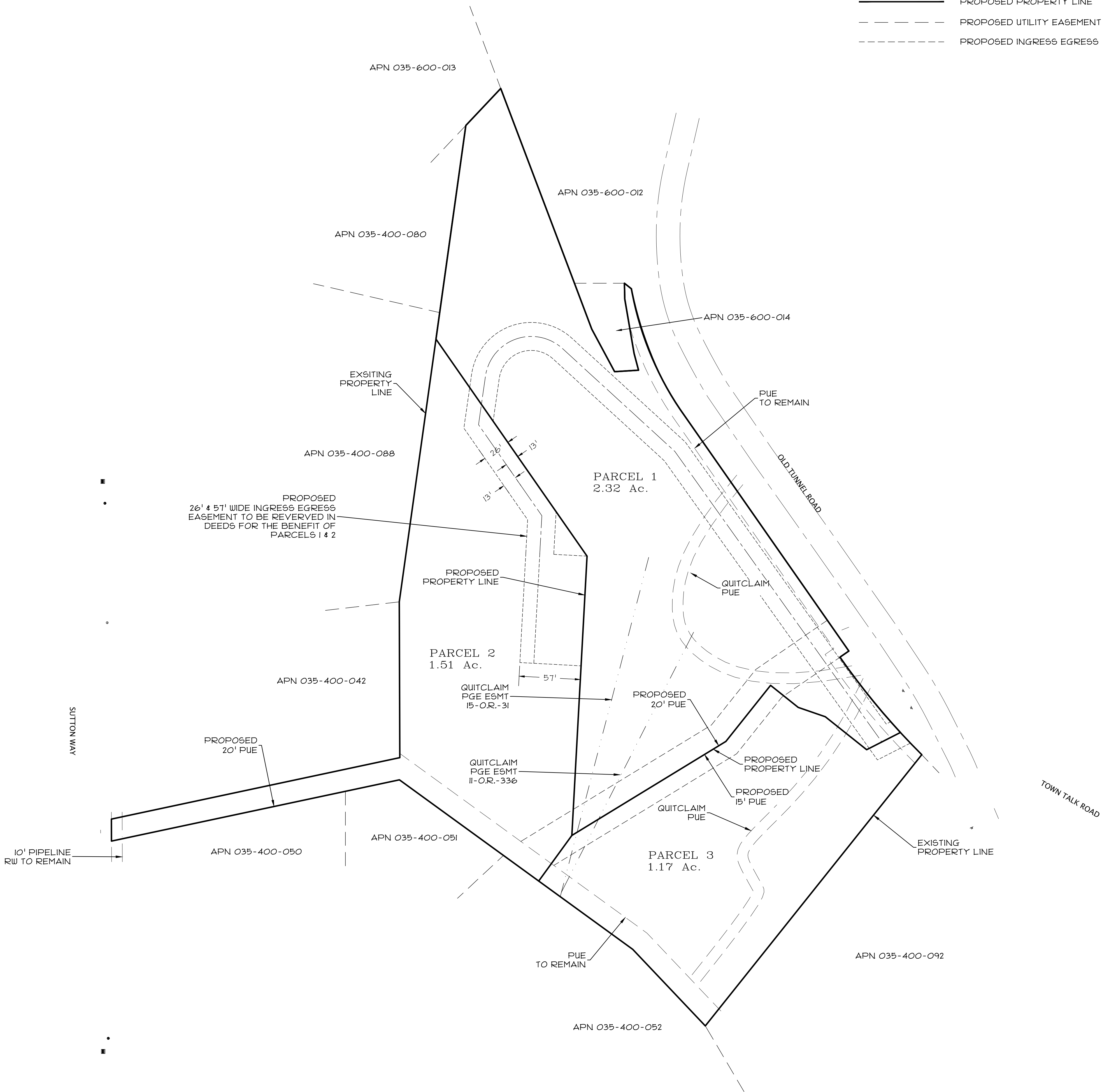
EXCEPTING THEREFROM ALL THAT PORTION THEREOF 100 FEET BELOW THE SURFACE, AS CONVEYED BY DEED, EXECUTED BY GEORGE A. LEGG, ET UX TO D.E. MCLAUGHLIN, RECORDED JANUARY 11, 1940, IN BOOK 60, AT PAGE 22, OFFICIAL RECORDS.

APN: 035-400-054-000

EXHIBIT A
LEGAL DESCRIPTION

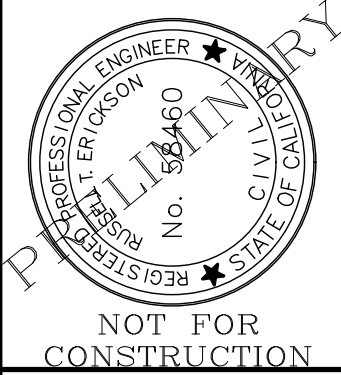


- LEGEND:
- EXISTING PROPERTY LINE
 - PROPOSED PROPERTY LINE
 - PROPOSED UTILITY EASEMENT LINE
 - PROPOSED INGRESS EGRESS EASEMENT LINE



GRASS VALLEY, CA
VICINITY MAP
NTS

Robertson Erickson
CIVIL ENGINEERS & SURVEYORS
888 Manzanita Court
Suite 101
Chico, California 95926
530-894-3500 Fax 530-894-8955
robertsonerickson.com



MAP EXHIBIT
BRUNSWICK COMMONS
OLD TUNNEL ROAD, GRASS VALLEY
AMG ASSOCIATES

1

CLTA Preliminary Report Form
(Rev. 11/06)

Order Number: 54075962188
Page Number: 1

Updated



First American Title

First American Title Company

**484 North Prospect Street, Suite C
Porterville, CA 93257**

Order Number: 54075962188 ()

Escrow Officer: Ann Kay
Phone: (559)306-3387
Fax No.: (866)590-2169
E-Mail: akay@firstam.com

E-Mail Loan Documents to: PortervilleEDocs@firstam.com

Buyer: Regional Housing Authority and Pacific West Communities
Owner: The County Of Nevada
Property: [Apn: 035-400-54-000](tel:035-400-54-000)
Grass Valley, CA

PRELIMINARY REPORT

In response to the above referenced application for a policy of title insurance, this company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Exhibit A attached. *The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties.* Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit A. Copies of the policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of February 03, 2020 at 7:30 A.M.

The form of Policy of title insurance contemplated by this report is:

To Be Determined

A specific request should be made if another form or additional coverage is desired.

Title to said estate or interest at the date hereof is vested in:

COUNTY OF NEVADA, A POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA

The estate or interest in the land hereinafter described or referred to covered by this Report is:

FEE

The Land referred to herein is described as follows:

(See attached Legal Description)

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

1. General and special taxes and assessments for the fiscal year 2020-2021, a lien not yet due or payable.
2. General and special taxes and assessments for the fiscal year 2019-2020 are exempt.
3. The lien of special tax assessed pursuant to Chapter 2.5 commencing with Section 53311 of the California Government Code for Community Facilities District 2014-1 (CLEAN ENERGY), as disclosed by Notice of Special Tax Lien recorded December 26, 2017 as [BOOK 2, PAGE 10](#) of Official Records.
4. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
5. An easement for ELECTRIC TRANSMISSION LINE WITH POLES, WIRES, GUYS, CROSSARMS, BRACES, INGRESS, EGRESS TO MAINTAIN SAME, TOGETHER WITH THE RIGHT TO TRIM TREES WHEN NECESSARY and incidental purposes in the document recorded JUNE 27, 1932 as [BOOK 15, PAGE 31](#) of Official Records.
6. An easement for A SINGLE LINE OF POLES and incidental purposes in the document recorded FEBRUARY 11, 1932 as [BOOK 11, PAGE 336](#) of Official Records.

7. An easement for SUTTON WAY PIPELINE AND THE RIGHT TO ENTER TO MAINTAIN SAME and incidental purposes in the document recorded JULY 29, 1974 as [BOOK 701, PAGE 30](#) of Official Records.
8. An easement shown or dedicated on the Map as referred to in the legal description
For: PUBLIC UTILITIES, DRAINAGE and incidental purposes.
9. The following matters shown or disclosed by the filed or recorded map referred to in the legal description: VARIOUS NOTES AND RECITALS
10. An offer of dedication for INGRESS, EGRESS, ROAD CONSTRUCTION, ROAD MAINTENANCE, TOGETHER WITH ANY AND ALL APPURTENANCES THERETO, INCLUDING THE RIGHT TO TRIM, AND/OR REMOVE TREES AND VEGETATION, AND THE RIGHT TO EXTEND CULVERTS AND SLOPES, PUBLIC UTILITIES AND DRAINAGE and incidental purposes, recorded SEPTEMBER 16, 1981 as INSTRUMENT NO. [1981-24903](#) of Official Records.
To: COUNTY OF NEVADA
11. The terms and provisions contained in the document entitled "REIMBURSEMENT AGREEMENT RELATING TO BRUNSWICK ROAD/SUTTON WAY IMPROVEMENTS" recorded FEBRUARY 09, 2009 as INSTRUMENT NO. [2009-002548](#) of Official Records.
12. The fact that the land lies within the boundaries of the GRASS VALLEY Redevelopment Project Area, as disclosed by the document recorded JUNE 02, 2011 as INSTRUMENT NO. [2011-013095](#) of Official Records.
13. Rights of the public in and to that portion of the land lying within any Road, Street, Alley or Highway.
14. Water rights, claims or title to water, whether or not shown by the public records.
15. Rights of parties in possession.
16. An option in favor of Regional Housing Authority and Pacific West Communities, Inc. as contained in or disclosed by a document recorded July 09, 2019 as Instrument No. [20190012784](#) of Official Records.

INFORMATIONAL NOTES

Note: The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than the certain dollar amount set forth in any applicable arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. If you desire to review the terms of the policy, including any arbitration clause that may be included, contact the office that issued this Commitment or Report to obtain a sample of the policy jacket for the policy that is to be issued in connection with your transaction.

1. The property covered by this report is vacant land.
2. According to the public records, there has been no conveyance of the land within a period of twenty four months prior to the date of this report, except as follows:

A document recorded October 15, 2018 as INSTRUMENT NO. 20180020160 OF OFFICIAL RECORDS

From: JOHN MCMANUS, AN UNMARRIED MAN

To: LEO R. GRANUCCI, TRUSTEE LEO R. GRANUCCI FAMILY REVOCABLE 1997 TRUST DATED MARCH 16, 1997

A document recorded January 22, 2019 as INSTRUMENT NO. 20190001375 OF OFFICIAL RECORDS

From: LEO R. GRANUCCI, TRUSTEE LEO R. GRANUCCI FAMILY REVOCABLE 1997 TRUST DATED MARCH 16, 1997

To: COUNTY OF NEVADA, A POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA

3. We find no outstanding voluntary liens of record affecting subject property. Disclosure should be made concerning the existence of any unrecorded lien or other indebtedness which could give rise to any possible security interest in the subject property.

The map attached, if any, may or may not be a survey of the land depicted hereon. First American expressly disclaims any liability for loss or damage which may result from reliance on this map except to the extent coverage for such loss or damage is expressly provided by the terms and provisions of the title insurance policy, if any, to which this map is attached.

LEGAL DESCRIPTION

Real property in the City of Grass Valley, County of Nevada, State of California, described as follows:

PARCEL A, AS SHOWN ON PARCEL MAP NO. 78-154, FILED SEPTEMBER 16, 1981 IN [BOOK 15, AT PAGE 113](#), NEVADA COUNTY RECORDS.

EXCEPTING THEREFROM ALL THAT PORTION THEREOF 100 FEET BELOW THE SURFACE, AS CONVEYED BY DEED, EXECUTED BY GEORGE A. LEGG, ET UX TO D.E. MCLAUGHLIN, RECORDED JANUARY 11, 1940, IN [BOOK 60, AT PAGE 22](#), OFFICIAL RECORDS.

[APN](#): 035-400-054-000



NOTICE

Section 12413.1 of the California Insurance Code, effective January 1, 1990, requires that any title insurance company, underwritten title company, or controlled escrow company handling funds in an escrow or sub-escrow capacity, wait a specified number of days after depositing funds, before recording any documents in connection with the transaction or disbursing funds. This statute allows for funds deposited by wire transfer to be disbursed the same day as deposit. In the case of cashier's checks or certified checks, funds may be disbursed the next day after deposit. In order to avoid unnecessary delays of three to seven days, or more, please use wire transfer, cashier's checks, or certified checks whenever possible.

EXHIBIT A
LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS (BY POLICY TYPE)

CLTA STANDARD COVERAGE POLICY – 1990
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

CLTA/ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (12-02-13)
EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
 - a. building;
 - b. zoning;
 - c. land use;

- d. improvements on the Land;
 - e. land division; and
 - f. environmental protection.
- This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.
- 2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
 - 3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
 - 4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
 - 5. Failure to pay value for Your Title.
 - 6. Lack of a right:
 - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.
- This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
- 7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.
 - 8. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
 - 9. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:
For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.
The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16:	1% of Policy Amount Shown in Schedule A or \$2,500 (whichever is less)	\$10,000
Covered Risk 18:	1% of Policy Amount Shown in Schedule A or \$5,000 (whichever is less)	\$25,000
Covered Risk 19:	1% of Policy Amount Shown in Schedule A or \$5,000 (whichever is less)	\$25,000
Covered Risk 21:	1% of Policy Amount Shown in Schedule A or \$2,500 (whichever is less)	\$5,000

2006 ALTA LOAN POLICY (06-17-06) EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

- 1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;
- or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
- 2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
 - 3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;

- (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
 5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
 6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
 7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

[Except as provided in Schedule B - Part II, [t[or T]his policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

[PART I

[The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

PART II

In addition to the matters set forth in Part I of this Schedule, the Title is subject to the following matters, and the Company insures against loss or damage sustained in the event that they are not subordinate to the lien of the Insured Mortgage:]

2006 ALTA OWNER'S POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.

- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;

- (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 or 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
- (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of: [The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

- 1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
- 2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
- 3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
- 4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
- 5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
- 6. Any lien or right to a lien for services, labor or material not shown by the Public Records.
- 7. [Variable exceptions such as taxes, easements, CC&R's, etc. shown here.]

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (07-26-10)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

- 1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.

(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.

- 2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
- 3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
- 4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
- 5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
- 6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the

Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.

7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.
10. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
11. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.



First American Title

Privacy Information

We Are Committed to Safeguarding Customer Information

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information - particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, together with our subsidiaries we have adopted this Privacy Policy to govern the use and handling of your personal information.

Applicability

This Privacy Policy governs our use of the information that you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity. First American has also adopted broader guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its Fair Information Values.

Types of Information

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer reporting agency.

Use of Information

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies and escrow companies. Furthermore, we may also provide all the information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

Former Customers

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

Confidentiality and Security

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy and First American's Fair Information Values. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

Information Obtained Through Our Web Site

First American Financial Corporation is sensitive to privacy issues on the Internet. We believe it is important you know how we treat the information about you we receive on the Internet. In general, you can visit First American or its affiliates' Web sites on the World Wide Web without telling us who you are or revealing any information about yourself. Our Web servers collect the domain names, not the e-mail addresses, of visitors. This information is aggregated to measure the number of visits, average time spent on the site, pages viewed and similar information. First American uses this information to measure the use of our site and to develop ideas to improve the content of our site. There are times, however, when we may need information from you, such as your name and email address. When information is needed, we will use our best efforts to let you know at the time of collection how we will use the personal information. Usually, the personal information we collect is used only by us to respond to your inquiry, process an order or allow you to access specific account/profile information. If you choose to share any personal information with us, we will only use it in accordance with the policies outlined above.

Business Relationships

First American Financial Corporation's site and its affiliates' sites may contain links to other Web sites. While we try to link only to sites that share our high standards and respect for privacy, we are not responsible for the content or the privacy practices employed by other sites.

Cookies

Some of First American's Web sites may make use of "cookie" technology to measure site activity and to customize information to your personal tastes. A cookie is an element of data that a Web site can send to your browser, which may then store the cookie on your hard drive. FirstAm.com uses stored cookies. The goal of this technology is to better serve you when visiting our site, save you time when you are here and to provide you with a more meaningful and productive Web site experience.

Fair Information Values

Fairness We consider consumer expectations about their privacy in all our businesses. We only offer products and services that assure a favorable balance between consumer benefits and consumer privacy.

Public Record We believe that an open public record creates significant value for society, enhances consumer choice and creates consumer opportunity. We actively support an open public record and emphasize its importance and contribution to our economy.

Use We believe we should behave responsibly when we use information about a consumer in our business. We will obey the laws governing the collection, use and dissemination of data.

Accuracy We will take reasonable steps to help assure the accuracy of the data we collect, use and disseminate. Where possible, we will take reasonable steps to correct inaccurate information. When, as with the public record, we cannot correct inaccurate information, we will take all reasonable steps to assist consumers in identifying the source of the erroneous data so that the consumer can secure the required corrections.

Education We endeavor to educate the users of our products and services, our employees and others in our industry about the importance of consumer privacy. We will instruct our employees on our fair information values and on the responsible collection and use of data. We will encourage others in our industry to collect and use information in a responsible manner.

Security We will maintain appropriate facilities and systems to protect against unauthorized access to and corruption of the data we maintain.

Free recording in accordance with
California Government Code
Section 27383

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

California Tax Credit Allocation Committee
915 Capitol Mall, Rm 485
Sacramento, CA 95814

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**LEASE RIDER
AGREEMENT (TAX CREDITS)**
Ground Lease

TCAC NUMBER CA-
PROJECT NAME

THIS LEASE RIDER AGREEMENT (the "Lease Rider Agreement") is dated this day of _____, _____, and is made and entered into for reference purposes only, by and among _____ (the "Lessor"), _____ (the "Lessee"), and the California Tax Credit Allocation Committee, a public agency of the State of California established under Section 50199.8 of the Health and Safety Code ("TCAC") in consideration of the following facts and circumstances:

A. Lessor is the fee simple owner of that certain real property described in Exhibit A attached hereto and incorporated herein (the "Property");

B. [OPTION A: PRIVATE LESSOR] Lessor and Lessee entered into the following ground lease of the Property: that certain ground lease dated _____ and recorded in the official records of _____ County, California (the "Official Records") as Instrument No. _____ [and as amended by that certain First Lease Addendum dated _____ and recorded as Instrument No. _____] (the "Lease");

[OPTION B: PUBLIC AGENCY LESSOR]: Lessor and Lessee entered into the following ground lease of the Property: that certain ground lease, which is on file with the Lessor as a public record (the "Lease") and a memorandum of which was recorded in the official records of _____ County, California, as Instrument No. _____ (the "Memorandum of Lease") [and as amended by that certain First Lease Addendum dated _____ and recorded as Instrument No. _____] ("Memorandum of First Lease Amendment");

C. Pursuant to the Lease, Lessee has agreed to acquire a leasehold in the Property for a term described below in Paragraph 2.f. which is at least as long as the TCAC Regulatory Agreement and to [develop, acquire, refinance, construct, rehabilitate], own, operate and manage a rental housing development on the Property consisting of not less than

residential rental units [and nonresidential space(s) approved by TCAC]. During the term of the Lease, Lessee is the owner of all of those certain buildings, improvements and fixtures now or hereafter erected on the Property described in the lease, and all appurtenances thereto now or hereafter affixed to, placed upon or used in connection with such real property and owned by Lessee or in which Lessee has an interest, together with all additions to, substitutions for, changes in and replacements of the whole or any part of said articles of property (collectively, the "Improvements"). Collectively, the Lessee's leasehold interest in the Property and its interest in the Improvements constructed pursuant to the Lease are hereinafter sometimes referred to as the Development (the "Development");

D. TCAC has authorized an allocation of federal [and state] low-income housing tax credits by a Reservation Letter dated (the "Allocation") to Lessee to finance, in part, the Development, pursuant to the Low Income Housing Tax Credit Program ("Program"). The Allocation is subject to numerous terms and conditions, including without limitation, the execution and delivery of this Lease Rider Agreement and the TCAC Regulatory Agreement which sets forth certain use restrictions affecting the Development, which TCAC Regulatory Agreement is to be recorded in County, as required by Section 42 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (collectively, "Section 42");

E. As a further condition of the Allocation and pursuant to the requirements of the Program, Lessee and TCAC [have entered] [will enter] into a Regulatory Agreement, including any amendments thereto (the "Regulatory Agreement"), securing performance related to the Allocation, and governing the use, occupancy, operation, management and ownership of the Development. Consistent with the provisions of Section 17 hereof, Lessor and Lessee have agreed to waive any such provisions of the Lease in conflict with or which would frustrate Lessee's compliance with the Regulatory Agreement in favor of the terms of the Regulatory Agreement;

F. In order to induce TCAC to make the Allocation, Lessor and Lessee have agreed to enter into and record this Lease Rider Agreement for the benefit of TCAC, its successors, and assigns; and

G. It is the intent of TCAC that, except in unique circumstances, it will exercise its rights and remedies under this Lease Rider Agreement only after written notice of any Lease defaults have been provided to Lessor, any Senior Lender, the Tax Credit Partner, and any other party known by TCAC to have either an ownership or other equitable interest in the Development. In addition, it is the intent of TCAC that the exercise of its rights and remedies under this Lease Rider Agreement generally shall be undertaken as part of a judicial action in a court of competent jurisdiction unless Lessor and any Senior Lenders otherwise agree.

NOW THEREFORE, in consideration of the foregoing recitals and the mutual covenants hereinafter contained, TCAC, Lessee and Lessor hereby agree as follows:

1. Definitions and Lease Rider Term.

a. As used herein, "Leasehold" means all of Lessee's leasehold interest in the Property described in Exhibit A, in the Development, in the Improvements now or hereafter located on the Property, all options contained in the Lease or granted in connection with the Lease, all other rights of Lessee under the Lease, and all subleases entered into in connection with the Lease (the "Subleases").

b. For the purposes of this Lease Rider Agreement, if Lessor is a corporate or governmental entity, the obligation to assert facts related to the "Lessor's knowledge" shall include a duty [for the chief executive of the agency or corporation] to perform or otherwise be responsible for pursuit of reasonably diligent efforts to ascertain the existence or nonexistence of the facts asserted, contemporaneous to the assertion. This duty may be fulfilled by use of an estoppel agreement executed by the Lessee.

c. For the purposes of this Lease Rider Agreement, the holders of all mortgage liens set forth in the Report and any other lenders approved by TCAC and all successors and assigns thereof including the holders of any mortgage lien against the Improvements or Lessee's interest in the Leasehold are collectively referred to as "Senior Lenders."

d. Lease Rider Agreement Term. This Lease Rider Agreement becomes effective on the date the TCAC Regulatory Agreement is recorded and remains in effect for at least the term of the Regulatory Agreement. Upon the expiration or sooner termination of the TCAC Regulatory Agreement, this Lease Rider Agreement shall terminate and be of no further force or effect.

2. Representations and Warranties of Lessor and Lessee. Lessor and Lessee hereby represent and warrant to TCAC as of the date of this Lease Rider Agreement as follows:

a. Title. (1) By Lessor: Lessor warrants and represents to TCAC that, to the best of Lessor's knowledge, Lessor's fee interest in the Property is free and clear of all liens, encumbrances, covenants, easements, licenses, judgments, or other matters of record except those shown as affecting the fee interest of the Property in that certain Policy of Title Insurance Final Report or, if one has not been issued, Preliminary Report regarding the Property issued on _____ by _____, Order # _____, Policy No. _____ (the "Report"). Lessor has not required or permitted, and has no knowledge of any other matters of record to be recorded that are not contained in the Report.

(2) By Lessee: [If applicable, OPTION 1:] Lessee has entered into an agreement with _____ ("the _____ Agreement") dated _____ for a loan of \$ _____ to further assist the Development which will be secured by _____, all as more fully described under the _____ Agreement. The _____ Agreement provides for _____ to be provided with a security interest as to the Development. Lessee warrants and represents that it [has provided/will provide] TCAC with a copy of the _____ Agreement [which is subject to TCAC approval] [which previously was approved by TCAC] [and TCAC acknowledges receipt of such _____ Agreement] prior to execution of this Lease Rider Agreement.

[If applicable, OPTION 2]: Lessee has entered into one or more loan agreements ("the Agreement(s)") which will be secured as more fully described in the Agreement(s). Lessee warrants and represents that it [will provide/has provided] a true and correct copy of said Agreement(s) to TCAC as part of TCAC's placed in service review, for which the issuance of the IRS Form 8609 shall constitute approval.

b. Priority. Lessor warrants and represents to TCAC that [except as otherwise referenced in the Report,] the Lease is superior to any and all mortgage liens on the Property and nothing encumbers fee title of the Property which would interfere with Lessee's ability to construct and operate the Development on the Property.

c. Transfers by Lessor. Lessor warrants and represents to the best of Lessor's knowledge that it has not assigned, mortgaged, or otherwise hypothecated or transferred, or agreed to assign, mortgage or otherwise hypothecate or transfer, its interest in the Property in whole or in part, except as referenced in the Report and except as security for any loans or any other liens, conditions, covenants, or restrictions on the Property identified in the Report and approved in writing by TCAC.

d. Status of Lease. Lessor warrants and represents that:

(1) Lessor is the current Lessor under the Lease. To the best of Lessor's knowledge, the Lease is in full force, the Lease is not void, voidable or terminable as of the date hereof without an uncured default by Lessee except pursuant to Section 5 at the option of any party thereto or of any other person or entity claiming an interest in or to such Lease or the Development, and to the best of Lessor's knowledge, there has been no default thereunder on the part of Lessee nor has any event occurred which, with the giving of notice or the passage of time, or both, would be an event of default thereunder. Lessor has not given notice of any violation under the Lease to Lessee. Lessor has not been informed of and has not otherwise received notice from Lessee or from any other person or entity concerning any alleged default on the part of Lessor under the Lease. To the best of Lessor's knowledge, there exist no defenses or offsets to enforcement of the Lease by Lessee. [Optional, if applicable: Pursuant to the terms of the Lease, Lessor has waived its right to terminate the Lease during the Compliance Period (as defined in the Lease) for a non-monetary default by Lessee without the prior written consent and approval of the Tax Credit Partner and the Senior Lenders.]

(2) Any consent or approval of any third party (including any lender or government agency) that is required in order for Lessor to deliver this Lease Rider Agreement has been obtained.

(3) To the best of Lessor's knowledge, no alterations, improvements or additions now exist on the Property that have not been approved by the Lessor.

e. Other Agreements. All terms and conditions of the Lessee's tenancy under the Lease are set forth in the Lease and Lessor and Lessee each certify to the best of its knowledge that there have been no other agreements and no further or other supplements, amendments, modifications or extensions thereof except those submitted to and approved by TCAC.

f. Lease Term. The date of the commencement of the Lease term is _____ and will end on _____ unless terminated sooner pursuant to its terms and consistent with this Lease Rider Agreement. All conditions precedent to the effectiveness of the Lease or the exercise of any of Lessee's rights thereunder at the effective date of the Lease have been fully satisfied.

g. Development. To the best of Lessor's knowledge, the Improvements constructed, or to be constructed, by Lessee on the Property satisfy or are expected to satisfy all requirements affecting the design, use or characteristics of such Improvements imposed by Lessor under the Lease or otherwise, including a requirement by Lessor for Lessee to comply with any and all applicable provisions of federal, state and local laws, and all agreements with any public entities concerning the Development, as amended from time to time.

h. Insurance. All notices, certificates, binders, endorsements, copies of policies, and receipts required under the Lease have been delivered to and approved by Lessor.

3. Cancellation, Transfer of Interest.

a. [Subject to matters of record referenced in the Report, the rights of Senior Lenders and the Tax Credit Partner and the matters of record on the Lessee's Leasehold interest and only to the extent necessary or appropriate pursuant to such matters of record,] Lessor and Lessee agree that so long as TCAC, its successor or assigns holds the Regulatory Agreement encumbering the Development, no termination of the Lease or efforts by Lessor to terminate the Lease except a termination consistent with Section 5, and no subordination, cancellation, surrender, amendment or modification of the Lease shall be effective without the prior written consent of TCAC, which consent shall be in TCAC's reasonable discretion and may be conditioned upon the satisfaction of such terms and conditions as TCAC may reasonably prescribe. TCAC shall have 30 days after its receipt of such a notice and any clarifications thereof requested by TCAC to consent to or deny any such variation from those obligations. Failure by TCAC to act within such a 30-day period shall constitute consent to such a variation. Any attempt by Lessor to take such action shall be void without TCAC's prior written consent or implied consent as provided for in this Section 3.a.

b. [Subject to matters of record referenced in the Report, the rights of Senior Lenders and the Tax Credit Partner, and the matters of record on the Lessee's Leasehold interest and only to the extent necessary or appropriate pursuant to

such matters of record,] Lessor agrees that it shall not transfer, convey, sell, hypothecate, assign, encumber or permit any liens against its interest, or any portion thereof, in the Property or the Development unless Lessor requires, and any purchaser, assignee, or transferee agrees, that the purchaser, assignee, or transferee will expressly assume all obligations of Lessor under the Lease and this Lease Rider Agreement by a written instrument recordable in the Official Records. Any variation from those obligations shall require prior written approval of TCAC, which consent shall be in TCAC's reasonable discretion, and may be conditioned upon the satisfaction of such terms and conditions as TCAC may reasonably prescribe. If Lessor or Lessor's successor is seeking a variation from these obligations, Lessor or Lessor's successors and assigns shall provide TCAC with copies of all documents related to the transfer, conveyance, sale, hypothecation, assignment, encumbrance or lien at least 30 days prior to the effective date of that transaction and TCAC shall have 30 days after its receipt to reasonably consent or deny any such variation from those obligations. Failure by TCAC to act within such a 30-day period shall constitute consent to such a variation.

c. Foreclosure. Nothing contained in this Lease Rider Agreement shall prevent a Senior Lender from foreclosing on its security interest or accepting a conveyance in lieu of foreclosure.

d. No Merger. There shall be no merger of the Lease or any interest in the Lease, nor of the Leasehold interest, with the fee estate in the Property if the Lease or such interest therein, or such Leasehold interest may be directly or indirectly held by or for the account of any person who shall hold the fee estate in the Property, or any interest in such fee estate, nor shall there be such a merger by reason of the fact that all or any part of the Leasehold interest created thereby may be conveyed or mortgaged in a leasehold mortgage, deed of trust, or other security instrument to a leasehold mortgagee that shall hold the fee estate in the Property or any interest of the Lessor under the Lease.

4. Consent to Assignment, Payment of Rent.

a. [Subject to any matters of record as referenced in the Report, the rights of Senior Lenders, and the matters of record on the Lessee's Leasehold interest and only to the extent necessary or appropriate pursuant to such matters of record,] Lessor hereby consents to and approves the following to the extent such consents or approvals are required under the Lease:

(1) Lessee's encumbering the Lease, the Leasehold and the Development by the Regulatory Agreement; possession of the Leasehold and any Development thereon by TCAC or by a receiver under the Regulatory Agreement; and sale of the Leasehold and the Development pursuant to a court order or other agreement enforcing the Regulatory Agreement;

(2) Assignments to TCAC or its designee of any subleases and any and all rents from such subleases; and

(3) Sale or assignment of all or any part of any interest in the Leasehold to any purchaser or transferee pursuant to a court order or other agreement enforcing the Regulatory Agreement (such purchaser or transferee, including TCAC, is collectively referred to as the "Transferee"), and to any subsequent transfers (all such assignments, transfers, and subsequent transfers referred to in this Lease Rider Agreement as the "Transfer").

b. Nothing in this Lease Rider Agreement, in the Regulatory Agreement or in the Lease shall impose on TCAC the obligations of Lessee under the Lease or require TCAC to assume the Lease unless TCAC takes possession or ownership of the Development pursuant to a court order or other agreement under the Regulatory Agreement, or becomes the lessee under the Lease or a New Lease (defined in Section 6, below).

5. Notice of Defaults; Termination Notice.

a. Notice and Cure. Lessor shall provide concurrently to TCAC a written copy of all notices and demands, including, without limitation, notices of default or breach which Lessor gives, delivers, or sends to Lessee under the Lease. No notice or demand under the Lease shall be effective as to TCAC unless and until a copy of such notice is provided to TCAC as provided herein. Any notice of default under the Lease or this Lease Rider Agreement shall describe the default(s) with reasonable detail. TCAC shall have the right, but not the obligation, to cure any breach or default within the time period given in the Lease; provided that, if such notice to TCAC is not given or is delayed for any reason, the period of time within which TCAC may cure any such breach or default shall commence upon receipt by TCAC of such notice. Lessor and Lessee authorize TCAC to enter the Property and Improvements after reasonable prior written notice or pursuant to a court order for the purpose of mitigating defaults or exercising its right to cure and any other powers given TCAC under the Regulatory Agreement, this Lease Rider Agreement or the Lease.

b. Termination Notice. After the expiration of the grace period given Lessee under the Lease to cure a default, Lessor shall not terminate the Lease on account of such default but shall give TCAC a written notice (the "Termination Notice") that Lessee has failed to cure the default within the grace period and that, on account thereof, Lessor intends to terminate the Lease, which notice shall set a termination date not earlier than ninety (90) days after TCAC's receipt of the Termination Notice, provided that Lessor agrees to extend such termination date for a reasonable period if TCAC reasonably requires additional time to accommodate TCAC's taking possession of the Development where possession is necessary to cure Lessee's default, all of which is subject to any Senior Lender's security instruments. In the event the default results in the existence of an immediate or imminent serious health and safety threat to the residents or the public, Lessor may request TCAC to approve a shorter termination date which shall not be unreasonably denied. In addition, TCAC may waive its right to the 90-day period to

cure under the Termination Notice after its receipt of the Termination Notice if TCAC determines that it will not take action to effect a cure for the default. No Termination Notice shall become effective to terminate the Lease if:

(1) Except as provided in Section 5.c., within ninety (90) days after receipt of the Termination Notice, TCAC cures all defaults which can be cured by payment or expenditure of money or without possession of the Development; or provides reasonable assurance and undertakings for the cure of such default. To effect a cure of Lessee's default, TCAC may, subject to the rights of all Senior Lenders, make any repair or improvement, do any other act or thing required of Lessee under the Lease, or do any act or thing which may be necessary or proper to prevent termination of the Lease. TCAC and its agents and contractors, subject to the rights of all Senior Lenders, shall have full access to the Property and Improvements for purposes of accomplishing the curing of defaults under the Lease. Any of the foregoing done by TCAC shall be as effective to prevent a termination of the Lease as the same would have been if done by Lessee; or

(2) TCAC commences and diligently pursues judicial and/or administrative proceedings commenced under the Regulatory Agreement to cure a default.

(3) If TCAC has not cured a default upon the expiration of such Termination Notice pursuant to Subsection (1) above or fails to commence and diligently pursue a cure pursuant to Subsection (2) above, and subject to compliance with other provisions of this Section 5.b. and any limitations on termination in the Lease, Lessor may terminate the Lease and pursue such other remedies as are available under the terms of the Lease.

c. Defaults Not Susceptible to TCAC Cure. TCAC shall not be required to perform any act which is not susceptible to performance by TCAC, such as to cure a filing or condition of bankruptcy or insolvency or to cure or commence the cure of any default which is Lessee's failure to pay or comply with any lien, charge or encumbrance which is junior in priority to the Regulatory Agreement, or to pay any amount owed under an indemnity of Lessor by Lessee based on an event occurring prior to TCAC's possession of the Development. If any such act not susceptible to performance by TCAC constitutes a breach under the Lease, Lessor may resort to any and all of its remedies for such breach under the Lease.

d. Reimbursement of Lessor's Payment of Arrears. Lessor agrees that if Lessor cures Lessee's failure to make any payment due under the Lease or any loan identified in Section 2.a., it shall seek reimbursement of amounts so paid solely from Lessee and TCAC shall have no obligation to pay such amounts to Lessor.

e. Waiver of Breach or Default. Subject to the rights of Senior Lenders, on transfer of the Leasehold interest pursuant to a court order or other agreement enforcing the Regulatory Agreement, all violations, defaults and breaches by Lessee under the Lease occurring prior to such transfer, including, without

limitation, nonpayment of rent or other amounts payable under the Lease, shall be deemed personal obligations of Lessee, and TCAC or other Transferee shall be entitled to the New Lease as described in Section 6 below without incurring or assuming any liability or obligation of, or claim against, Lessee under the Lease. However, upon transfer of the Leasehold interest, TCAC or the Transferee, as applicable, shall be responsible for correcting all defaults in existence at the time of the transfer; Lessor may exercise its rights under Section 5.b. if TCAC or the Transferee fails to correct any such default within a reasonable time. Nothing in this section shall be deemed a waiver of any claim by Lessor, TCAC, or other Transferee against Lessee under the Lease.

f. Enforcement Not a Breach. Any action taken by TCAC to enforce its rights under this Lease Rider Agreement with respect to Lessee with respect to any of the documents governing the Allocation including, without limitation, any actions taken to collect any amounts due and owing to TCAC or any action to appoint a receiver for the Development or to otherwise ensure compliance with the Regulatory Agreement, shall not constitute or result in a breach or violation of the Lease.

g. Status Quo Ante. Any default by Lessee shall not prejudice TCAC if TCAC chooses to cure such default within the applicable grace period specified by this Lease Rider Agreement or the Lease, and Lessor acknowledges and agrees that upon TCAC's cure of any such default, the Lease shall be restored status quo ante.

6. New Lease.

a. Conditions. Section 5 hereof notwithstanding, [and subject to the rights of Senior Lenders as provided in their security instruments,] Lessor agrees to comply with the requirements of Section 6.b. if the following conditions specified in this Section 6.a. apply:

(1) The Lessee's Lease or a Transferee's New Lease is terminated for any reason whatsoever and TCAC or a subsequent Transferee acquires possession or ownership of the Development as a result of TCAC enforcing its remedies authorized by the Regulatory Agreement; and

(2) TCAC or other Transferee, whether or not such party has assumed the Lease, requests Lessor in writing pursuant to Section 6.b. to enter into a new lease (the "New Lease") of the Property within ninety (90) days after TCAC or the Transferee takes possession or ownership of the Development either as a result of a court order or other agreement under the Regulatory Agreement. The New Lease shall be at the rent of, and consistent with, the terms, provisions, covenants, options and agreements contained in the terminated Lease, [as amended,] or granted by the Lessor in connection with the Lease, all as modified or supplemented by this Lease Rider Agreement unless Lessor agrees to lower rent or less restrictive terms and conditions.

b. Obligations. If the conditions specified in Section 6.a. have been satisfied, [and subject to the provisions of matters of record as referenced in the Report and the rights of Senior Lenders in their security instruments,] Lessor shall:

(1) upon receipt of the request for New Lease described in Section 6.a.(2) above, enter into a New Lease of the Property with TCAC, its nominee, or its successor-in-interest or other Transferee, for the remainder of the term of the Lease, effective as of the date of the termination of the Leasehold or conveyance of the Development pursuant to a court order or other agreement under the Regulatory Agreement;

(2) convey to TCAC, its nominee or its successor-in-interest or other Transferee, all title and interest of the Lessee to the Improvements and Leasehold encumbered by the Regulatory Agreement, if any, which may become or have become vested in Lessor as a result of any termination of the Lease or conveyance by court order or other agreement under the Regulatory Agreement, so long as the New Lease contains provisions that require TCAC, its nominee, or its successor-in-interest or other Transferee to reconvey all title and interest conveyed by Lessor's grant deed in the Improvements at the termination of the term of the New Lease; and

(3) assign to TCAC, its nominee, or its successor-in-interest or other Transferee, all of Lessor's interest as landlord, if any, in all existing Subleases of all or any part of the Development and all attornments given by the sublessees under such Subleases, provided that TCAC, its nominee, or its successor-in-interest shall reconvey all such title and interest conveyed by Lessor in all existing Subleases in all or any part of the Development at the termination of the New Lease.

c. Priority. The Leasehold interest and any other interest (if any) in the Development granted to TCAC, its nominee or its successor-in-interest or other Transferee under this Section 6 shall be prior to any mortgage or other lien, charge or encumbrance on the Development created by Lessor or Lessee, except for the liens of Senior Lenders or as approved in writing by TCAC or as referenced in the Report.

7. Successors to TCAC. Subject to Section 4 hereof, if the Leasehold is transferred pursuant to a court order or other agreement enforcing the Regulatory Agreement, Lessor shall recognize the Transferee as the tenant under the Lease, subject to the liens of Senior Lenders. Anything in the Lease notwithstanding, the rights and benefits of TCAC under this Lease Rider Agreement shall benefit and may be exercised by any Transferee. The holder of any mortgage or deed of trust which may be given to secure a portion of the purchase price in any sale by TCAC or its successor(s) after TCAC acquires the Leasehold interest or enters into a New Lease under this Lease Rider Agreement shall be entitled to rely on continuation of the same rights and benefits of TCAC under this Lease Rider Agreement.

8. Diligence of TCAC. So long as TCAC is prevented by any process or injunction issued by any court or by any statutory stay, or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Lessor or Lessee, from commencing or prosecuting its remedies under the Regulatory Agreement or other appropriate proceedings in the nature thereof, or undertaking or completing any of TCAC's rights or remedies under the Lease or this Lease Rider Agreement, TCAC shall not be deemed for that reason to have failed to commence such proceedings or to have failed to prosecute diligently such proceedings, provided, however, that TCAC shall use reasonable efforts to contest and appeal the issuance or continuance of any such process, stay or injunction.

9. Certificates.

(a) Certificate by Lessor. Within fifteen (15) calendar days after written request made by TCAC, Lessor shall execute and deliver to TCAC, or to any proposed purchaser, transferee, or encumbrancer of Lessee's Leasehold interest, a certificate declaring, to the best of Lessor's knowledge, (i) the existence and validity of the Lease, or New Lease as the case may be, and amendments thereto, if any, and that such Lease or New Lease remains in full force and effect; (ii) that all conditions under the Lease, or New Lease, have been satisfied, and that there are no defaults under the Lease or New Lease, or if there has been a default under the Lease or New Lease, a description of the nature of such default; (iii) any other information relating to the condition of the Property reasonably requested by TCAC; and iv) that Lessor understands the recipient will rely on the certificate and that the Lessor will describe in reasonable detail any exceptions to the foregoing statements.

(b) Certificate by Lessee. Within fifteen (15) calendar days after written request made by TCAC, Lessee shall execute and deliver to TCAC, or to any proposed purchaser, transferee, or encumbrancer of Lessee's Leasehold interest, a certificate declaring to the best of Lessee's knowledge (i) the existence and validity of the Lease, or New Lease as the case may be, and amendments thereto, if any, and that such Lease or New Lease remains in full force and effect; (ii) that all conditions under the Lease, or New Lease, have been satisfied, and that there are no defaults under the Lease or New Lease, or if there has been a default under the Lease or New Lease, a description of the nature of such default; (iii) any other information relating to the condition of the Property, Leasehold or the Development reasonably requested by TCAC; and (iv) that Lessee understands the recipient will rely on the certificate and that the Lessee will describe in reasonable detail any exceptions to the foregoing statements.

10. Notices. Notices and other communications required by this Lease Rider Agreement shall be delivered by messenger to the addresses provided below or sent by U.S Postal Service certified mail, return receipt requested, postage prepaid, addressed as follows:

To TCAC: California Tax Credit Allocation Committee
915 Capitol Mall, Room 485
Sacramento, CA 95814
Attn. Executive Director

To Lessor:

To Lessee:

These addresses may be changed by a written notice given by any party hereto to the other parties in the same manner provided in this Section. Notices shall be effective on receipt.

11. TCAC's Rights Against Lessee. Nothing in this Lease Rider Agreement shall limit or restrict TCAC's rights and remedies under the Regulatory Agreement, or any other agreement between TCAC and Lessee.

12. Successors and Assigns. This Lease Rider Agreement shall inure to the benefit of and bind the successors and assigns of TCAC, Lessor and Lessee.

13. Uninsured Hazard. Lessor agrees that neither TCAC nor any person acquiring the Development, or a portion of the Leasehold pursuant to a court order or other agreement enforcing the Regulatory Agreement, nor the lessee under a New Lease pursuant to Section 6 hereof, nor any successive owner of a portion of the Development after such transfer or New Lease shall have any obligation hereunder or under the Lease or New Lease to repair or reconstruct any damage or loss to the Development which occurred prior to such transfer or New Lease and which is due to a hazard not required to be covered by insurance under the Lease or New Lease. However, if the damage or loss is not corrected and constitutes a breach of the Lease or New Lease, Lessor may exercise its rights under Section 5.

14. Duty to Repair. Lessor agrees that if TCAC, its nominee, or its successor-in-interest succeeds to Lessee's Leasehold interest in the Property and if the Development shall have been or becomes materially damaged before or after the date of such acquisition, TCAC's, its nominee's, or its successor-in-interest's obligation, if any, to repair, replace or reconstruct the Development shall in any such event be limited to the greater of: i) the amount of the net insurance proceeds received by TCAC, its nominee, or its successor-in-interest by reason of that damage or ii) the amount TCAC, its nominee, or its successor-in-interest would be entitled to if in compliance with the minimum insurance requirements of Lessee under the Lease. However, if the damage or loss is not corrected and constitutes a breach of the Lease or New Lease, Lessor may exercise its rights under Section 5.

15. Options. Lessor and Lessee agree that TCAC or its successor-in-interest or other Transferee, after its acquisition of the Leasehold, may exercise any option to extend the

term of the Lease or New Lease or to purchase any interest in the Property which is granted to Lessee under or in connection with the Lease or the New Lease.

16. Limitation on Liability. If TCAC agrees to be bound by the terms of the Lease, or in the event of any Transfer to a Transferee, then unless so ordered by a court or as agreed to by TCAC, any Transferee, and any secured creditors, neither TCAC nor Transferee shall have any obligation under the Lease or the New Lease with respect to any liabilities, obligations, losses, damages, fines, penalties, claims, demands, suits, actions, causes of actions, charges, judgments, costs, and expenses (including architects' and attorneys' fees and court costs) arising out of or resulting from acts, omissions, circumstances or events occurring before or existing at the time of such Transfer or TCAC's agreement to be bound by the Lease or the New Lease except for matters of record identified in the Report at the time of execution of this Lease Rider Agreement or any breach in existence at the time of acquisition of the Leasehold. Nothing in this Lease Rider Agreement or in the Lease or New Lease shall impose on TCAC any liability to perform the obligations of Lessee under the Lease or New Lease or require TCAC to assume the Lease or New Lease unless and until TCAC acquires the Development pursuant to a court order or other agreement enforcing the Regulatory Agreement. After acquiring the Development in such a manner, TCAC shall be liable to perform Lessee's obligations only until TCAC assigns or transfers the Leasehold. TCAC shall not, however, be required to cure Lessee's defaults occurring before TCAC's acquisition of the Development in such a manner except that TCAC or the Transferee must cure any defaults in existence at the time of transfer within a reasonable period of time.

17. Conflict With Lease. The provisions herein are intended to be supplementary to, and not in derogation of, the parties' rights and obligations contained in the Lease (including all of TCAC's rights under the Lease as a party with a recorded encumbrance). In the event of any conflict or inconsistency between the terms of the Lease and the terms of this Lease Rider Agreement, except for any term expressly excluded or modified by Section 21, the terms of this Lease Rider Agreement shall govern and control, and the Lease shall be deemed to be modified hereby. Notwithstanding the foregoing, nothing contained herein shall affect the rights of Senior Lenders or the Tax Credit Partner, nor shall anything contained herein subordinate the lien of any Senior Lender to any rights of TCAC hereunder.

18. Regulatory Agreement Remedies. Nothing in this Lease Rider Agreement is intended to create enforcement rights under the Regulatory Agreement that do not otherwise exist in the Regulatory Agreement.

19. Enforcement. Notwithstanding anything to the contrary in the Lease and notwithstanding the fact that the Lease Rider Agreement is recorded against the Leasehold interest in the Property, Lessor hereby expressly agrees that during the term of the Regulatory Agreement, any violation of the Lease Rider Agreement, including but not limited to any termination, subordination, cancellation, surrender, amendment or modification of the Lease in violation of Section 3 of this Lease Rider Agreement, shall be deemed ineffective. Lessor further agrees, that during the term of the Regulatory Agreement, TCAC shall have standing to enforce and preserve TCAC's rights under the

terms of this Lease Rider Agreement and the Regulatory Agreement.

20. Subordination. Notwithstanding anything to the contrary contained elsewhere herein, the parties hereto hereby agree that this Lease Rider Agreement (and all amendments, modifications and supplements hereto) is hereby irrevocably and unconditionally made subject and subordinate in all respects to (a) all existing and future deeds of trust and mortgages approved by TCAC now or hereafter encumbering all or any part of the Lessee's right, title and interest under the Lease (and to all amendments, modifications and supplements thereto), and (b) all rights granted to any holder of any such deed of trust or mortgage under any term or provision of the Lease. Each existing and future holder of any such deed of trust or mortgage (all of whom shall also constitute "Senior Lenders" for all purposes of this Lease Rider Agreement) is hereby made an express third-party beneficiary of the foregoing sentence. [Optional: TCAC hereby approves [insert references to existing or concurrently recorded deeds of trust and mortgages encumbering the leasehold]].

20. Additional Provisions. [Intentionally left blank] [Insert additional provision(s)]

21. Acknowledgment. Lessor and Lessee acknowledge that TCAC is relying on the foregoing representations, warranties, covenants and agreements of the undersigned in allocating the allocation of low income housing tax credits to Lessee, and warrants and affirms to and for the benefit of TCAC that each of their respective representations set forth herein is true, correct and complete as of this date.

TCAC:

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE, a public agency of the State of California

BY: _____

Executive Director

LESSOR:

LESSEE:

EXHIBIT A
Legal Description