



AGENDA
CITY COUNCIL/SUCCESSOR AGENCY/STANTON HOUSING AUTHORITY
JOINT REGULAR MEETING
STANTON CITY HALL, 7800 KATELLA AVENUE, STANTON, CA
TUESDAY, OCTOBER 8, 2019 - 6:30 P.M.

In compliance with the Americans With Disabilities Act, if you need special assistance to participate in this meeting, please contact the Office of the City Clerk at (714) 890-4245. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to assure accessibility to this meeting.

The City Council agenda and supporting documentation is made available for public review and inspection during normal business hours in the Office of the City Clerk, 7800 Katella Avenue, Stanton California 90680 immediately following distribution of the agenda packet to a majority of the City Council. Packet delivery typically takes place on Thursday afternoons prior to the regularly scheduled meeting on Tuesday. The agenda packet is also available for review and inspection on the city's website at www.ci.stanton.ca.us, at the public counter at City Hall in the public access binder, and at the Stanton Library (information desk) 7850 Katella Avenue, Stanton, California 90680.

- 1. CLOSED SESSION (6:00 PM)**

- 2. ROLL CALL** Council Member Taylor
Council Member Van
Council Member Warren
Mayor Pro Tem Ramirez
Mayor Shawver

- 3. PUBLIC COMMENT ON CLOSED SESSION ITEMS**

Closed Session may convene to consider matters of purchase / sale of real property (G.C. §54956.8), pending litigation (G.C. §54956.9(a)), potential litigation (G.C. §54956.9(b)) or personnel items (G.C. §54957.6). Records not available for public inspection.

4. CLOSED SESSION

**4A. CONFERENCE WITH REAL PROPERTY NEGOTIATOR
(Pursuant to Government Code Section 54956.8)**

Property: 8830 Tina Way, Stanton, CA (APN 126-481-01)
8840 Tina Way, Stanton, CA (APN 126-481-02)
8850 Tina Way, Stanton, CA (APN 126-481-03)
8860 Tina Way, Stanton, CA (APN 126-481-04)
8870 Tina Way, Stanton, CA (APN 126-481-05)
8880 Tina Way, Stanton, CA (APN 126-481-06)
8900 Tina Way, Stanton, CA (APN 126-481-08)
8910 Tina Way, Stanton, CA (APN 126-481-09)
8920 Tina Way, Stanton, CA (APN 126-481-10)
8921 Pacific Avenue, Stanton, CA (APN 126-481-21)
8961 Pacific Avenue, Stanton, CA (APN 126-481-17)
8971 Pacific Avenue, Stanton, CA (APN 126-481-16)
8890 Pacific Avenue, Stanton, CA (APN 126-482-07)
8900 Pacific Avenue, Stanton, CA (APN 126-482-08)
8960 Pacific Avenue, Stanton, CA (APN 126-482-14)

Negotiating Parties: Jarad L. Hildenbrand, City Manager, City of Stanton
Trachy Family Trust, Owner
Steven W. Reiss Trust, Owner
Jennie Trust, Owner
Trang Trust, Owner
Binh Ngoc Nguyen and Phuong Thi Pham, Owner
Triple Star Company, LLC, Owner
8900 Tina Way, Owner
Zichuan Li and Ying Zheng, Owner
Binh Ngoc Nguyen and Phuong Thi Pham, Owner
Sky Nguyen, Owner
Binh Ngoc Nguyen and Phuong Thi Pham, Owner
Steven W. Reiss Trust, Owner
Ngoc Trieu and Andy Pham, Owner
Pacific Wu Investments, LLC, Owner
David M. Cook and Daphne Chakran, Owner

Under Negotiation: Instruction to negotiator will concern price and terms of payment.

4B. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Existing litigation pursuant to Government Code section 54956.9(d)(1)
Number of cases: 1

Orange County Catholic Worker et al v. Orange County et al, United States District Court, Central District of California Case Number: 8:18-cv-00155-DOC-JDE

5. CALL TO ORDER / SUCCESSOR AGENCY / STANTON HOUSING AUTHORITY MEETING

- 6. ROLL CALL** Agency/Authority Member Taylor
Agency/Authority Member Van
Agency/Authority Member Warren
Vice Chairman Ramirez
Chairman Shawver

7. PLEDGE OF ALLEGIANCE

8. SPECIAL PRESENTATIONS AND AWARDS

8A. Presentation by the Orange County Transportation Authority, sharing their mission with the City Council and providing information on the Beach Boulevard Corridor Study.

8B. Presentation by Townsend Public Affairs, providing the City Council with a legislative update.

9. CONSENT CALENDAR

All items on the Consent Calendar may be acted on simultaneously, unless a Council/Board Member requests separate discussion and/or action.

CONSENT CALENDAR

- 9A. MOTION TO APPROVE THE READING BY TITLE OF ALL ORDINANCES AND RESOLUTIONS. SAID ORDINANCES AND RESOLUTIONS THAT APPEAR ON THE PUBLIC AGENDA SHALL BE READ BY TITLE ONLY AND FURTHER READING WAIVED**

RECOMMENDED ACTION:

City Council/Agency Board/Authority Board waive reading of Ordinances and Resolutions.

- 9B. APPROVAL OF WARRANTS**

City Council approve demand warrants dated September 11, 2019 and September 26, 2019, in the amount of \$4,103,467.87.

- 9C. APPROVAL OF MINUTES**

City Council/Agency/Authority Board approve Minutes of Regular Joint Meeting – September 24, 2019.

END OF CONSENT CALENDAR

10. PUBLIC HEARINGS

10A. JOINT PUBLIC HEARING – MAKING CERTAIN FINDINGS PURSUANT TO HEALTH AND SAFETY CODE SECTION 33433, ADOPTING THE RELATED SUMMARY REPORT AND APPROVING THE DISPOSITION AND DEVELOPMENT AGREEMENT WITH HABITAT FOR HUMANITY OF ORANGE COUNTY

The Housing Authority owns certain parcels located at 7922 Cerritos Avenue and 10522 Flower Avenue. If approved, this Disposition and Development Agreement will provide for the sale of these two parcels owned by the Housing Authority to Habitat for Humanity of Orange County for the design and construction of a six-unit affordable housing development.

RECOMMENDED ACTION:

1. City Council and Authority Board conduct a public hearing; and
2. Declare that the action is not a project and is exempt from the California Environmental Quality Act (“CEQA”) under Section 15061(b)(3); and
3. Approve Resolution Number 2019-44, making certain findings pursuant to Health and Safety Code 33433, adopting the Summary Report prepared pursuant to Health and Safety Code Section 33433, approving the sale of certain real property located at 7922 Cerritos Avenue (A.P.N. 079-331-13) and 10522 Flower Avenue (A.P.N. 079-331-12) to the Habitat for Humanity of Orange County by the Stanton Housing Authority through the Disposition and Development Agreement, entitled:

“A JOINT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STANTON AND THE STANTON HOUSING AUTHORITY APPROVING A DISPOSITION AND DEVELOPMENT AGREEMENT WITH HABITAT FOR HUMANITY OF ORANGE COUNTY, FOR THE PROPERTIES LOCATED AT 7922 CERRITOS AVE. AND 10522 FLOWER AVE. (APN’s: 079-331-13 AND 079-331-12) AND MAKING CERTAIN FINDINGS PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTIONS 33433 IN CONNECTION WITH THE SALE OF PROPERTY FORMERLY OWNED BY THE STANTON REDEVELOPMENT AGENCY”; and

4. Authorize the City Manager/Executive Director to execute any necessary documents to facilitate the sale of the property.

11. UNFINISHED BUSINESS **None.**

12. NEW BUSINESS **None.**

13. ORAL COMMUNICATIONS - PUBLIC

At this time members of the public may address the City Council/Successor Agency/Stanton Housing Authority regarding any items within the subject matter jurisdiction of the City Council/Successor Agency/Stanton Housing Authority, provided that NO action may be taken on non-agenda items.

- Members of the public wishing to address the Council/Agency/Authority during Oral Communications-Public or on a particular item are requested to fill out a REQUEST TO SPEAK form and submit it to the City Clerk. Request to speak forms must be turned in prior to Oral Communications-Public.
- When the Mayor/Chairman calls you to the microphone, please state your Name, slowly and clearly, for the record. A speaker's comments shall be limited to a three (3) minute aggregate time period on Oral Communications and Agenda Items. Speakers are then to return to their seats and no further comments will be permitted.
- Remarks from those seated or standing in the back of chambers will not be permitted. All those wishing to speak including Council/Agency/Authority and Staff need to be recognized by the Mayor/Chairman before speaking.

14. WRITTEN COMMUNICATIONS None.

15. MAYOR/CHAIRMAN COUNCIL/AGENCY/AUTHORITY INITIATED BUSINESS

15A. COMMITTEE REPORTS/ COUNCIL/AGENCY/AUTHORITY ANNOUNCEMENTS

At this time Council/Agency/Authority Members may report on items not specifically described on the agenda which are of interest to the community provided no discussion or action may be taken except to provide staff direction to report back or to place the item on a future agenda.

15B. COUNCIL/AGENCY/AUTHORITY INITIATED ITEMS FOR A FUTURE MEETING

At this time Council/Agency/Authority Members may place an item on a future agenda.

15C. COUNCIL/AGENCY/AUTHORITY INITIATED ITEMS FOR A FUTURE STUDY SESSION

At this time Council/Agency/Authority Members may place an item on a future study session agenda.

Currently Scheduled: None.

15D. CITY COUNCIL INITIATED ITEM — DISCUSSION REGARDING AMENDING THE CURRENT SIGN ORDINANCE

At the September 24, 2019 City Council meeting, Mayor Shawver requested that this item be agendaized for discussion.

RECOMMENDED ACTION:

City Council provide direction to staff.

16. ITEMS FROM CITY ATTORNEY/AGENCY COUNSEL/AUTHORITY COUNSEL

17. ITEMS FROM CITY MANAGER/EXECUTIVE DIRECTOR

17A. ORANGE COUNTY FIRE AUTHORITY

At this time the Orange County Fire Authority will provide the City Council with an update on their current operations.

18. ADJOURNMENT

I hereby certify under penalty of perjury under the laws of the State of California, the foregoing agenda was posted at the Post Office, Stanton Community Services Center and City Hall, not less than 72 hours prior to the meeting. Dated this 3rd day of October, 2019.

s/ Patricia A. Vazquez, City Clerk/Secretary

Agenda Item: 9B

CITY OF STANTON ACCOUNTS PAYABLE REGISTER

September 11, 2019	\$1,499,471.49
September 26, 2019	\$2,603,996.38

\$4,103,467.87

Demands listed on the attached registers conform to the City of Stanton Annual Budget as approved by the City Council.



City Manager

Demands listed on the attached registers are accurate and funds are available for payment thereof.

BC for Finance Director

Finance Director

DRAFT **Agenda Item: 9C**

MINUTES OF THE CITY COUNCIL / SUCCESSOR AGENCY / HOUSING AUTHORITY
OF THE CITY OF STANTON
JOINT REGULAR MEETING SEPTEMBER 24, 2019

1. CALL TO ORDER / CLOSED SESSION

The City Council meeting was called to order at 6:00 p.m. by Mayor Shawver.

2. ROLL CALL

Present: Council Member Taylor, Council Member Van, Council Member Warren, Mayor Pro Tem Ramirez, and Mayor Shawver.

Absent: None.

Excused: None.

3. PUBLIC COMMENT ON CLOSED SESSION ITEMS None.

4. CLOSED SESSION

The members of the Stanton City Council of the City of Stanton proceeded to closed session at 6:00 p.m. for discussion regarding:

4A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Existing litigation pursuant to Government Code section 54956.9(d)(1)
Number of cases: 1

City of Huntington Beach v. City of Fountain Valley, et al. Orange County Superior Court, Case Number: 30-2019-01071652

5. CALL TO ORDER / SUCCESSOR AGENCY / STANTON HOUSING AUTHORITY MEETING

The meetings were called to order at 6:33 p.m. by Chairman Shawver.

The City Attorney reported that the Stanton City Council met in closed session from 6:00 to 6:30 p.m.

The City Attorney reported that there was no reportable action.

DRAFT

6. ROLL CALL

Present: Agency/Authority Member Taylor, Agency/Authority Member Van, Agency/Authority Member Warren, Vice Chairman Ramirez, and Chairman Shawver.

Absent: None.

Excused: None.

7. PLEDGE OF ALLEGIANCE

Led by Mr. James J. Wren, Public Safety Services Director.

8. SPECIAL PRESENTATIONS AND AWARDS

None.

9. CONSENT CALENDAR

Motion/Second: Ramirez/Warren
Motion unanimously carried by the following vote:

AYES: 5 (Ramirez, Shawver, Taylor, Van, and Warren)

NOES: None

ABSTAIN: None

ABSENT: None

The City Council/Agency Board/Authority Board approved the following Consent Calendar items:

CONSENT CALENDAR

9A. MOTION TO APPROVE THE READING BY TITLE OF ALL ORDINANCES AND RESOLUTIONS. SAID ORDINANCES AND RESOLUTIONS THAT APPEAR ON THE PUBLIC AGENDA SHALL BE READ BY TITLE ONLY AND FURTHER READING WAIVED

The City Council/Agency Board/Authority Board waived reading of Ordinances and Resolutions.

9B. APPROVAL OF WARRANTS

The City Council approved demand warrants dated September 5, 2019 and September 11, 2019, in the amount of \$410,173.20.

DRAFT

9C. APPROVAL OF MINUTES

1. The City Council approved Minutes of Special Meeting – September 10, 2019; and
2. The City Council/Agency/Authority Board approved Minutes of Regular Joint Meeting – September 10, 2019.

9D. HOUSING AUTHORITY ANNUAL REPORT FOR FISCAL YEAR 2018-2019

The Housing Authority Annual Report for Fiscal Year 2018-2019 is being presented for consideration as required by State Law.

1. The Authority Board declared that the project is exempt from the California Environmental Quality Act (“CEQA”) under Section 15061(b)(3) as the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA; and
2. Received and filed the Annual Progress Report.

9E. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STANTON AUTHORIZING INVESTMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND

Staff was recently informed by the Local Agency Investment Fund (LAIF) that a new resolution must be adopted, which identifies those individuals responsible for investment decisions on behalf of the City of Stanton.

1. The City Council finds that this item is not subject to California Environmental Quality Act (“CEQA”) pursuant to Sections 15378(b)(5)(Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment); and
2. Approved Resolution No. 2019-43, entitled:

“A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STANTON AUTHORIZING INVESTMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND”.

DRAFT

9F. A RESOLUTION OF THE STANTON HOUSING AUTHORITY OF THE CITY OF STANTON, CALIFORNIA, AUTHORIZING INVESTMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND (HOUSING AUTHORITY)

Staff was recently informed by the Local Agency Investment Fund (LAIF) that a new resolution must be adopted, which identifies those individuals responsible for investment decisions on behalf of the Stanton Housing Authority.

1. The Stanton Housing Authority finds that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15378(b)(5)(Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment); and
2. Approved Resolution No. SHA 2019-03, entitled:

"A RESOLUTION OF THE STANTON HOUSING AUTHORITY OF THE CITY OF STANTON, CALIFORNIA, AUTHORIZING INVESTMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND".

9G. RESOLUTION AMENDING THE POSITION CLASSIFICATION MANUAL

The attached Resolution makes changes to the Position Classification Manual by adding the job classification of Finance Director, revising the Senior Facilities Maintenance Worker classification and converting two part-time Community Services Coordinator positions into one full-time position.

1. The City Council declared that this project is exempt from the California Environmental Quality Act ("CEQA") under Section 15378(b)(2) – continuing administrative or maintenance activities, such as purchases for supplies, personnel-related actions, general policy or procedure making; and
2. Adopted Resolution No. 2019-42 amending the Position Classification Manual, entitled:

"A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA, AMENDING THE POSITION CLASSIFICATION MANUAL"; and

3. Approved Budget Adjustment 2020-08 to appropriate \$23,053 to the Salary – Full Time accounts in the Gas Tax and General Fund related to the Community Services Coordinator and Senior Facilities Maintenance Worker positions.

DRAFT

9H. AWARD OF CONTRACT FOR PROFESSIONAL CONSTRUCTION INSPECTION SERVICES TO NV5, INC FOR THE FY 19/20 CITYWIDE STREET RESURFACING PROJECT AND THE SEWER CONDITION IMPROVEMENT PROJECT BY THE CITY COUNCIL OF THE CITY OF STANTON, CALIFORNIA

Staff solicited Proposals to provide Construction Inspection Services for the FY 19/20 Citywide Street Resurfacing Project and the Sewer Condition Improvement Project. Eleven proposals were received and evaluated. Based on this qualifications-based selection process, staff recommends awarding the contract to NV5, Inc. The cost for completing these services is a maximum of \$179,500.

1. The City Council declared this project to be categorically exempt under the California Environmental Quality Act, Class 1, Section 15301 (c); and
2. Awarded a contract for professional construction inspection services to NV5, Inc. to provide construction inspection services for a maximum contract amount of \$179,500; and
3. Authorized the City Manager to bind the City of Stanton and NV5 in a contract to provide professional construction inspection services.

9I. AUGUST 2019 INVESTMENT REPORT

The Investment Report as of August 31, 2019 has been prepared in accordance with the City's Investment Policy and California Government Code Section 53646.

1. The City Council finds that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15378(b)(5) (Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment); and
2. Received and filed the Investment Report for the month of August 2019.

9J. AUGUST 2019 INVESTMENT REPORT (SUCCESSOR AGENCY)

The Investment Report as of August 31, 2019 has been prepared in accordance with the City's Investment Policy and California Government Code Section 53646.

1. The Successor Agency finds that this item is not subject to California Environmental Quality Act ("CEQA") pursuant to Sections 15378(b)(5) (Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment); and
2. Received and filed the Investment Report for the month of August 2019.

END OF CONSENT CALENDAR

DRAFT

10. PUBLIC HEARINGS None.

11. UNFINISHED BUSINESS None.

12. NEW BUSINESS None.

13. ORAL COMMUNICATIONS – PUBLIC

- Stanton Smiles Dentistry spoke regarding their upcoming grand opening and provided the City Council with information on their current operations.

14. WRITTEN COMMUNICATIONS None.

15. MAYOR/CHAIRMAN/COUNCIL/AGENCY/AUTHORITY INITIATED BUSINESS

15A. COMMITTEE REPORTS/COUNCIL/AGENCY/AUTHORITY ANNOUNCEMENTS

- Council Member Taylor reported that the Orange County Vector Control District would be performing a Truck-Mounted treatment application to assist in combating the elevated levels of invasive Aedes mosquitoes and the increased risk of mosquito-borne disease.

15B. COUNCIL/AGENCY/AUTHORITY INITIATED ITEMS FOR A FUTURE COUNCIL MEETING

Mayor Shawver requested to agendaize discussion regarding the City's current sign ordinance.

15C. COUNCIL/AGENCY/AUTHORITY INITIATED ITEMS FOR A FUTURE STUDY SESSION

None.

16. ITEMS FROM CITY ATTORNEY/AGENCY COUNSEL/AUTHORITY COUNSEL

None.

17. ITEMS FROM CITY MANAGER/EXECUTIVE DIRECTOR

None.

DRAFT

17A. ORANGE COUNTY SHERIFF'S DEPARTMENT

At this time the Orange County Sheriff's Department will provide the City Council with an update on their current operations.

- Lieutenant Nate L. Wilson provided the City Council with an update on their current operations.

18. ADJOURNMENT Motion/Second: Shawver/ Motion carried at 6:48 p.m.

MAYOR/CHAIRMAN

ATTEST:

CITY CLERK/SECRETARY

Agenda Item: 10A

CITY OF STANTON

REPORT TO CITY COUNCIL & STANTON HOUSING AUTHORITY

TO: Honorable Mayor and City Council

DATE: October 8, 2019

SUBJECT: JOINT PUBLIC HEARING – MAKING CERTAIN FINDINGS PURSUANT TO HEALTH AND SAFETY CODE SECTION 33433, ADOPTING THE RELATED SUMMARY REPORT AND APPROVING THE DISPOSITION AND DEVELOPMENT AGREEMENT WITH HABITAT FOR HUMANITY OF ORANGE COUNTY

REPORT IN BRIEF:

The Housing Authority owns certain parcels located at 7922 Cerritos Avenue and 10522 Flower Avenue. If approved, this Disposition and Development Agreement will provide for the sale of these two parcels owned by the Housing Authority to Habitat for Humanity of Orange County for the design and construction of a six-unit affordable housing development.

RECOMMENDED ACTION:

1. City Council and Authority Board conduct a public hearing; and
2. Declare that the action is not a project and is exempt from the California Environmental Quality Act (“CEQA”) under Section 15061(b)(3); and
3. Approve Resolution Number 2019-44, making certain findings pursuant to Health and Safety Code 33433, adopting the Summary Report prepared pursuant to Health and Safety Section 33433, approving the sale of certain real property located at 7922 Cerritos Avenue (A.P.N. 079-331-13) and 10522 Flower Avenue (A.P.N. 079-331-12) to the Habitat for Humanity of Orange County by the Stanton Housing Authority through the Disposition and Development Agreement; and
4. Authorize the City Manager/Executive Director to execute any necessary documents to facilitate the sale of the property.

BACKGROUND/ANALYSIS:

The former Stanton Redevelopment Agency (“Agency”) was the owner of two real properties located at 7922 Cerritos Avenue and 10522 Flower Avenue in the City of

Stanton. Pursuant to Health and Safety Code Section 34172, the Agency was dissolved on February 1, 2012, and the Agency's housing functions and assets, including the Authority Properties, were transferred to the Housing Authority ("Authority") pursuant to Health and Safety Code Section 34176. The transfer of the Authority Properties from the dissolved Agency to the Authority was approved on the Housing Asset Transfer form submitted to and approved by the California Department of Finance.

In the summer of 2018, representatives from Habitat for Humanity of Orange County contacted staff with an interest in purchasing the properties located at 7922 Cerritos Avenue and 10522 Flower Avenue in the RM (Medium Density Residential) zone. A Letter of Interest was submitted to staff with a formal request to enter into negotiations for the purchase of the subject properties with the intent to develop affordable housing units. In November of 2018, the City Council authorized staff to enter into negotiations for a Disposition and Development Agreement for the purchase and development of these properties.

The Authority has been in negotiations with Habitat for Humanity of Orange County ("Developer") for the development of the parcels for a six-unit affordable housing project ("Project"). The Disposition and Development Agreement ("Agreement") sets the sales price of the properties at \$210,000, which is less than the fair market value of the Properties which recently appraised at \$570,000. The Authority negotiated the purchase price which is lower than the appraised value in order to facilitate the development of affordable housing. The Agreement restricts the sales of the homes to a moderate income household for a period of 45 years.

The Project proposal includes the development of three (3) duplex buildings for a total of six (6) affordable units. The units will be for sale condominiums available to qualified purchasers. The two (2) existing lots (7922 Cerritos Avenue and 10522 Flower Avenue) will be consolidated into a single parcel for condominium use. The Agreement provides for the conveyance of the Properties to the Developer to facilitate the development of the Project, subject to the Developer securing the financing necessary for the development of the Project.

FISCAL IMPACT:

The sale of the properties will generate \$210,000.00 (two hundred ten thousand dollars) for the Housing Authority, minus costs of brokerage and escrow fees.

ENVIRONMENTAL IMPACT:

Section 5. CEQA. The Housing Authority determines that the approval of the proposed conveyance of the Property and approval of the Agreement is exempt from environmental review pursuant to the California Environmental Quality Act (Pub. Resources Code, § 21000 et seq.) ("CEQA") and the State CEQA Guidelines (Cal. Code Regs., tit. 14, § 15000 et seq.). Specifically, the Authority's approval of the Agreement will not have a direct or reasonably foreseeable indirect environmental impact pursuant to CEQA (State CEQA

Guidelines, § 15061(b)(3). Developer's future use or development of the Properties is expressly conditioned on CEQA compliance, and the City retains all discretion to deny approvals based upon the results of any required environmental review. City shall conduct environmental review in accordance with CEQA prior to taking any discretionary action with regard to any proposed development of the Properties. Further, at this time, the details necessary to conduct meaningful environmental review are unknown.

PUBLIC NOTIFICATION:

In accordance with California Health and Safety Code Section 33433, a public notification of the hearing date, along with the following documents have been available for public inspection and copying, during regular business hours, at the City of Stanton City Clerk's Office, 7800 Katella Ave, Stanton California 90680 and the Stanton Community Services Center at 11822 Santa Paula St., Stanton California 90680:

1. A copy of the proposed Agreement; and
2. A summary which describes and specifies all the following:
 - a. The cost of the Agreement to the Agency;
 - b. The estimated value of the Property, determined at the highest and best uses permitted under the Redevelopment Plan; and
 - c. The estimated value of the Property, determined at the use and with the conditions, covenants and development costs required by the Agreement;
 - d. The purchase price of the Property and an explanation of the difference between the purchase price and the fair market value of the Property, if any; and
 - e. An explanation of the reasons the Agreement will assist in the elimination of blight in the Redevelopment Project Area.

Public notice for this item was also circulated in a paper of general circulation, the OC News, for a period of two weeks, with publishing dates of September 20th, and 27th of 2019, and made available through the regular agenda process.

STRATEGIC PLAN:

2.2 – Support Opportunities for Affordable Housing Development in the City

Prepared By:



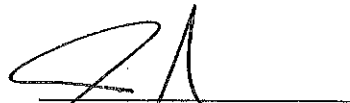
Rose Rivera
Senior Planner

Reviewed by:



Amy Stenich
City Planner

Approved by:



Jared Hildenbrand
City Manager/Executive Director

Attachments:

- A. Joint Resolution approving the 33433 Report, making certain findings and approving the Disposition and Development Agreement
- B. Draft Disposition and Development Agreement
- C. Health and Safety Code 33433 Report

RESOLUTION NO. 2019-44

A JOINT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STANTON AND THE STANTON HOUSING AUTHORITY APPROVING A DISPOSITION AND DEVELOPMENT AGREEMENT WITH HABITAT FOR HUMANITY OF ORANGE COUNTY, FOR THE PROPERTIES LOCATED AT 7922 CERRITOS AVENUE AND 10522 FLOWER AVENUE (APN's: 079-331-13 AND 079-331-12) AND MAKING CERTAIN FINDINGS PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTIONS 33433 IN CONNECTION WITH THE SALE OF PROPERTY FORMERLY OWNED BY THE STANTON REDEVELOPMENT AGENCY

WHEREAS, the Stanton Redevelopment Agency ("Agency") was engaged in activities to execute and implement the Redevelopment Plan for the Project Area pursuant to the provisions of the California Community Redevelopment Law (Health and Safety Code § 33000, et seq.) ("CRL"); and

WHEREAS, the Agency was dissolved pursuant to AB 1X 26 and its housing assets were transferred to the Stanton Housing Authority; and

WHEREAS, the properties located at 7922 Cerritos Avenue and 10522 Flower Avenue were transferred by the Agency to the Housing Authority and are now being disposed of for the development of affordable housing; and

WHEREAS, the Housing Authority has negotiated a Disposition and Development Agreement ("Agreement") with Habitat for Humanity of Orange County ("Developer") for the disposition of the Property to the Developer and development of the Property with an six-unit affordable housing development ("Project"); and

WHEREAS, the Agreement implements the goals and objectives of the former Agency, the Housing Authority, and the City for the development of the Project on the Property, which will benefit the economic development needs of the City and assist the Agency in eliminating blight as set forth in the Redevelopment Plan and CRL and produce needed affordable housing; and

WHEREAS, the City has determined that implementation of the Agreement: (i) is in the best interest of the City, the Housing Authority, the former Agency and the health, safety and welfare of the City's taxpayers and residents and is in accordance with the public purposes set forth in the Redevelopment Plan and CRL; (ii) strengthens the City's land use and social structure; (iii) alleviates economic and physical blight in the City; and (iv) provides clean, safe, and sanitary affordable housing, and

WHEREAS, pursuant to CRL Section 33433, before any property of the Agency acquired in whole or in part, directly or indirectly, with tax increment moneys is sold for development pursuant to the redevelopment plan, the agreement shall first be approved by the legislative body by resolution after public hearing; and

WHEREAS, pursuant to CRL Section 33433, the Housing Authority, standing in the place of the Agency, may, with the consent of the City Council, approve the sale of the Property to the Developer for development of the Project in accordance with the Agreement if the City Council makes certain findings following a noticed public hearing; and

WHEREAS, the Housing Authority has prepared, and the City Council has reviewed and considered, a summary pursuant to CRL Section 33433 (“Summary”) setting forth: (1) the cost of the Agreement to the Agency; (2) the estimated value of the interest to be conveyed; and (3) an explanation of how the acquisition and conveyance of the Property will assist in the elimination of blight within the Project Area and has made the Summary available for public inspection in accordance with CRL Section 33433; and

WHEREAS, on September 20th and 27th, 2019, a notice of a public hearing was published in the OC News a newspaper of general circulation within the City and Housing Authority territorial jurisdiction; and

WHEREAS, a duly noticed joint public hearing on the proposed Project and the proposed Agreement was held; and

WHEREAS, the Housing Authority is the lead agency concerning the Project pursuant to the California Environmental Quality Act (codified as Public Resources Code Sections 21000 *et seq*) (“CEQA”) and the State CEQA Guidelines; and

WHEREAS, City staff has determined that the City’s approval of the proposed conveyance of the Property and approval of the Agreement is exempt from environmental review pursuant to the California Environmental Quality Act (Pub. Resources Code, § 21000 *et seq.*) (“CEQA”) and the State CEQA Guidelines (Cal. Code Regs., tit. 14, § 15000 *et seq.*). Specifically, the Authority’s approval of the Agreement will not have a direct or reasonably foreseeable indirect environmental impact pursuant to CEQA (State CEQA Guidelines, § 15061(b)(3)). Developer’s future use or development of the Properties is expressly conditioned on CEQA compliance, and the City retains all discretion to deny approvals based upon the results of any required environmental review. City shall conduct environmental review in accordance with CEQA prior to taking any discretionary action with regard to any proposed development of the Properties. Further, at this time, the details necessary to conduct meaningful environmental review are unknown; and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, BE IT RESOLVED by the City Council of Stanton and the Stanton Housing Authority as follows:

SECTION 1. Recitals. The Recitals set forth above are true and correct and incorporated herein.

SECTION 2. 33433 Findings. The City Council approves the Summary Report and disposition of the Property and finds and determines, based on the information made available in the Summary Report, the staff report accompanying this Resolution, the oral presentation of City staff, and all other written and oral evidence presented to the City Council at or prior to the public hearing, that:

- a. The conveyance of title in the Property to the Developer will assist in the elimination of blight by requiring development of the Project in accordance with the Agreement on the underutilized and economically stagnant Property; and
- b. The conveyance of title in the Property is consistent with the implementation plan for the Project Area; and
- c. The consideration is not less than the fair reuse value at the use and with the covenants and conditions and development costs authorized by the sale or lease.

SECTION 3. Agreement Approval. The City Council and Housing Authority approve the Agreement together with any non-substantive changes and amendments as may be approved by both the City Manager/Executive Director of the Authority and the City Attorney/Authority Counsel.

SECTION 4. Agreement Implementation. The City Council and Housing Authority hereby authorize and directs the City Manager/Executive Director of the Housing Authority to take any action and execute any documents necessary to implement the Agreement.

SECTION 5. CEQA. City staff has determined that the City's approval of the proposed conveyance of the Property and approval of the Agreement is exempt from environmental review pursuant to the California Environmental Quality Act (Pub. Resources Code, § 21000 et seq.) ("CEQA") and the State CEQA Guidelines (Cal. Code Regs., tit. 14, § 15000 et seq.). Specifically, the Authority's approval of the Agreement will not have a direct or reasonably foreseeable indirect environmental impact pursuant to CEQA (State CEQA Guidelines, § 15061(b)(3)). Developer's future use or development of the Properties is expressly conditioned on CEQA compliance, and the City retains all discretion to deny approvals based upon the results of any required environmental review. City shall conduct environmental review in accordance with CEQA prior to taking any discretionary action with regard to any proposed development of the Properties. Further, at this time, the details necessary to conduct meaningful environmental review are unknown.

SECTION 6. Notice of Exemption. The City Council and Housing Authority hereby authorizes and direct that a Notice of Exemption shall be filed with the Clerk of the Board of Supervisors of the County of Orange, California, within five (5) working days following the date of adoption of this Resolution.

SECTION 7. Effective Date. This Resolution shall take effect immediately upon its adoption.

SECTION 8. Certification. The City Clerk shall certify to the passage and adoption of this Resolution and the same shall thereupon take effect and be in force immediately upon its adoption.

ADOPTED, SIGNED AND APPROVED this 8th day of October, 2019.

DAVID J. SHAWVER, MAYOR/CHAIRMAN

APPROVED AS TO FORM:

MATTHEW E. RICHARDSON, CITY ATTORNEY/AGENCY COUNSEL

ATTEST:

I, PATRICIA A. VAZQUEZ, City Clerk/Secretary of the City of Stanton/Stanton Housing Authority, California DO HEREBY CERTIFY that the foregoing Resolution, being Resolution No. 2019-44 has been duly signed by the Mayor/Chairman and attested by the City Clerk/Secretary, all at a regular meeting of the Stanton City Council/Stanton Housing Authority, held on October 8, 2019, and that the same was adopted, signed and approved by the following vote to wit:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

PATRICIA A. VAZQUEZ, CITY CLERK/SECRETARY

**DISPOSITION AND DEVELOPMENT AGREEMENT
(Habitat for Humanity of Orange County, Inc.)**

by and between the

**CITY OF STANTON HOUSING AUTHORITY,
a California public body, corporate and politic**

and

**HABITAT FOR HUMANITY OF ORANGE COUNTY, INC.,
a California non-profit religious corporation**

[Dated as of _____, for reference purposes only]

CITY OF STANTON

**DISPOSITION AND DEVELOPMENT AGREEMENT
(Habitat for Humanity of Orange County, Inc.)**

This DISPOSITION AND DEVELOPMENT AGREEMENT (Habitat for Humanity of Orange County, Inc.) (“**Agreement**”) is dated as of _____, for reference purposes only, and is entered into between CITY OF STANTON HOUSING AUTHORITY, a California public body, corporate and politic (“**Authority**”), and HABITAT FOR HUMANITY OF ORANGE COUNTY, INC., a California non-profit religious corporation (“**Developer**”). Authority and Developer enter into this Agreement with reference to the following recitals of fact (each, a “**Recital**”):

RECITALS

A. Authority owns that certain real property generally located _____ (defined in Section 1 of this Agreement as the “**Property**”).

B. Developer desires to acquire and redevelop the Property as six (6) affordable for-sale housing units (more specifically defined in Section 1 of this Agreement as the “**Project**”);

C. This Agreement implements the goals and objectives of Authority for the development of the Project on the Property, addresses certain affordable housing needs of the City and certain affordable housing obligations of Authority. The development of the Project on the Property pursuant to this Agreement is in the best interests of the City and the health, safety and welfare of the City’s taxpayers and residents and is in accordance with the public purposes set forth in the City’s General Plan Housing Element. Implementation of this Agreement will further the goals and objectives of the City’s general plan by: (i) strengthening the City’s land use and social structure; (ii) alleviating economic and physical blight in the City; and (iii) providing needed affordable housing in the City.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION AND THE PROMISES AND COVENANTS OF AUTHORITY AND DEVELOPER SET FORTH IN THIS AGREEMENT, AUTHORITY AND DEVELOPER AGREE, AS FOLLOWS:

TERMS AND CONDITIONS

1. DEFINITIONS

1.1 Definitions. The following words, terms or phrases are used in this Agreement with the following meanings, unless the particular context or usage of a word, term or phrase requires another interpretation:

1.1.1 Affiliate. Any other Person, directly or indirectly, Controlling or Controlled by or under common Control with the specified Person.

1.1.2 Agreement. This Disposition and Development Agreement (Habitat for Humanity of Orange County, Inc.) between Authority and Developer, including all of the exhibits attached to this Agreement.

1.1.3 Application. Any agreement, application, certificate, document or submission (or amendment of any of the foregoing): (a) necessary or appropriate for the Project, including any application for any building permit, Certificate of Occupancy, utility service or hookup, easement, covenant, condition, restriction, subdivision or such other instrument as Developer may reasonably request for the Project; or (b) to enable Developer to seek any Approval or to use and operate the Project in accordance with this Agreement or the Regulatory Agreement.

1.1.4 Approval. Any license, permit, approval, consent, certificate, ruling, variance, authorization, conditional use permit, or amendment to any of the foregoing, as shall be necessary or appropriate under any Law for Authority conveyance of the Property to Developer pursuant to this Agreement (including pursuant to Government Code Section 65402) or to commence, perform or complete the construction of the Project on the Property, including any associated CEQA Document.

1.1.5 Authority. City of Stanton Housing Authority, California, a California public body, corporate and politic.

1.1.6 Authority Parties. Collectively, Authority, its governing body, elected officials, employees, agents and attorneys.

1.1.7 Authority Party. Individually, Authority, its governing body, elected officials, employees, agents or attorneys.

1.1.8 Authority Quitclaim Deed. A quitclaim deed conveying Authority's interest in the Property from Authority to Developer, at the Close of Escrow, substantially in the form of **Exhibit "E"** attached to this Agreement.

1.1.9 Automobile Liability Insurance. Insurance coverage against claims of personal injury (including bodily injury and death) and property damage covering all owned, leased, hired and non-owned vehicles used by Developer regarding the Project, with minimum limits for bodily injury and property damage of One Million Dollars (\$1,000,000). Such insurance shall be provided by a business or commercial vehicle policy and may be provided through a combination of primary and excess or umbrella policies, all of which shall be subject to pre-approval by Authority, which approval shall not be unreasonably withheld.

1.1.10 Bankruptcy Law. Title 11, United States Code, and any other or successor State or Federal statute relating to assignment for the benefit of creditors, appointment of a receiver or trustee, bankruptcy, composition, insolvency, moratorium, reorganization, or similar matters.

1.1.11 Bankruptcy Proceeding. Any proceeding, whether voluntary or involuntary, under any Bankruptcy Law.

1.1.12 Builder's Risk Insurance. Builder's risk or course of construction insurance covering all risks of loss, less policy exclusions, on a completed value (non-reporting) basis, in an amount sufficient to prevent coinsurance, but in any event not less than one hundred percent (100%) of the completed value of the subject construction, including cost of debris removal, but excluding foundation and excavations. Such insurance shall also: (a) grant permission to occupy; and (b) cover, for replacement cost, all materials on or about any offsite storage location intended for use in, or in connection with, the Property.

1.1.13 Business Day. Any weekday on which the City is open to conduct regular municipal functions with City personnel.

1.1.14 CEQA. The California Environmental Quality Act, Public Resources Code Section 21000, et seq.

1.1.15 CEQA Documents. Any exemption determination, any Negative Declaration (mitigated or otherwise) or any Environmental Impact Report (including any addendum or amendment to, or subsequent or supplemental Environmental Impact Report) required or permitted by any Government, pursuant to CEQA, to issue any discretionary Approval required to approve this Agreement.

1.1.16 Certificate of Occupancy. A Certificate of Occupancy as defined in the Uniform Building Code, 2007 Edition, published by the International Conference of Building Officials, as may be amended from time to time, as adopted by the City.

1.1.17 City. The City of Stanton, California, a municipal corporation.

1.1.18 Claim. Any claim, loss, cost, damage, expense, liability, lien, action, cause of action (whether in tort, contract, under statute, at law, in equity or otherwise), charge, award, assessment, fine or penalty of any kind (including consultant and expert fees and expenses and investigation costs of whatever kind or nature, and if an Indemnitor improperly fails to provide a defense for an Indemnitee, then Legal Costs) and any judgment.

1.1.19 Close of Escrow. The first date on which the Escrow Agent has filed all of the documents set forth in Section 4.8.1 with the County for recording in the official records of the County in accordance with Section 4.8.1.

1.1.20 Completion Certificate. Authority's written certification acknowledging that the Project is complete in accordance with the terms and conditions of this Agreement, substantially in the form of **Exhibit "F"** attached to this Agreement.

1.1.21 Construction Drawings. The final construction drawings and specifications and finish grading and landscape plans for the Project prepared by or for Developer.

1.1.22 Control. Possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether by ownership of Equity Interests, by contract or otherwise.

1.1.23 County. The County of Orange, California.

1.1.24 Default. An Escrow Default, Monetary Default or Non-Monetary Default.

1.1.25 Default Interest. Interest at an annual rate equal to the lesser of: (a) eight percent (8%) per annum; or (b) the Usury Limit.

1.1.26 Developer. Habitat for Humanity of Orange County, Inc., a California non-profit religious corporation.

1.1.27 Developer Official Action. The official action of the directors, managers, partners or other Persons in Control of Developer in substantially the form attached to this Agreement as Exhibit "D" authorizing Developer to enter into and perform this Agreement.

1.1.28 Developer Parties. Collectively, Developer and the directors, officers, employees, agents, shareholders, members, managers and partners of Developer.

1.1.29 Developer Party. Individually, Developer or the directors, officers, employees or agents, shareholders, members, managers or partners of Developer.

1.1.30 Developer Title Policy. A standard CLTA owners' policy of title insurance issued by the Title Company, with coverage in the amount of \$210,000, showing title to the Property vested in Developer subject only to the Permitted Encumbrances.

1.1.31 Due Diligence Completion Notice. A written notice from Developer delivered to both Authority and Escrow Agent, prior to the end of the Due Diligence Period, stating Developer's unconditional acceptance of the condition of the Property or stating Developer's rejection of the condition of the Property and refusal to accept a conveyance of title to the Property, describing in reasonable detail the actions that Developer reasonably believes are indicated to allow Developer to unconditionally accept the condition of the Property.

1.1.32 Due Diligence Investigations. Developer's due diligence investigations of the Property to determine the suitability of the Property for development and operation of the Project, including investigation of the environmental and geotechnical suitability of the Property, as deemed appropriate in the reasonable discretion of Developer, all at the sole cost and expense of Developer.

1.1.33 Due Diligence Period. The time period of forty-five (45) continuous days commencing on the day immediately following the Escrow Opening Date.

1.1.34 Dwelling Unit. Any one of the six (6) town-home residence units in the Project.

1.1.35 Earnest Money Deposit. The amount of Ten Thousand Dollars (\$10,000.00) payable in cash or other immediately available funds.

1.1.36 Effective Date. Defined in Section 2.

1.1.37 Environmental Claim. Any and all claims, demands, damages, losses, liabilities, obligations, penalties, fines, actions, causes of action, judgments, suits, proceedings, costs, disbursements and expenses, including Legal Costs and fees and costs of environmental consultants and other experts, and all foreseeable and unforeseeable damages or costs of any kind or of any nature whatsoever, directly or indirectly, relating to or arising from any actual or alleged violation of any Environmental Law or Hazardous Substance Discharge.

1.1.38 Environmental Laws. All Federal, State, local, or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, or requirements of any government authority regulating, relating to, or imposing liability or standards of conduct concerning any Hazardous Substance (as later defined), or pertaining to occupational health or industrial hygiene (and only to the extent that the occupational health or industrial hygiene laws, ordinances, or regulations relate to hazardous substances on, under, or about the Property), occupational or environmental conditions on, under, or about the Property, as now or may at any later time be in effect, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“CERCLA”) [42 USC Section 9601 et seq.]; the Resource Conservation and Recovery Act of 1976 (“RCRA”) [42 USC Section 6901 et seq.]; the Clean Water Act, also known as the Federal Water Pollution Control Act (“FWPCA”) [33 USC Section 1251 et seq.]; the Toxic Substances Control Act (“TSCA”) [15 USC Section 2601 et seq.]; the Hazardous Materials Transportation Act (“HMTA”) [49 USC Section 1801 et seq.]; the Insecticide, Fungicide, Rodenticide Act [7 USC Section 6901 et seq.] the Clean Air Act [42 USC Section 7401 et seq.]; the Safe Drinking Water Act [42 USC Section 300f et seq.]; the Solid Waste Disposal Act [42 USC Section 6901 et seq.]; the Surface Mining Control and Reclamation Act [30 USC Section 101 et seq.] the Emergency Planning and Community Right to Know Act [42 USC Section 11001 et seq.]; the Occupational Safety and Health Act [29 USC Section 655 and 657]; the California Underground Storage of Hazardous Substances Act [California Health & Safety Code Section 25288 et seq.]; the California Hazardous Substances Account Act [California Health & Safety Code Section 25300 et seq.]; the California Safe Drinking Water and Toxic Enforcement Act [California Health & Safety Code Section 24249.5 et seq.] the Porter-Cologne Water Quality Act [California Water Code Section 13000 et seq.] together with any amendments of or regulations promulgated under the statutes cited above and any other Federal, State, or local law, statute, ordinance, or regulation now in effect or later enacted that pertains to occupational health or industrial hygiene, and only to the extent the occupational health or industrial hygiene laws, ordinances, or regulations relate to Hazardous Substances on, under, or about the Property, or the regulation or protection of the environment, including ambient air, soil, soil vapor, groundwater, surface water, or land use.

1.1.39 Equity Interest. All or any part of any direct equity or ownership interest(s) (whether stock, partnership interest, beneficial interest in a trust, membership interest in a limited liability company, or other interest of an ownership or equity nature) in any entity, at any tier of ownership, that directly owns or holds any ownership or equity interest in a Person.

1.1.40 Escrow. An escrow, as defined in Civil Code Section 1057 and Financial Code Section 17003(a), that is conducted by the Escrow Agent with respect to the sale of the Property from Authority to Developer pursuant to this Agreement.

1.1.41 Escrow Agent. First American Title Company, a California corporation, or such other Person mutually agreed upon in writing by both Authority and Developer.

1.1.42 Escrow Closing Statement. A statement prepared by the Escrow Agent indicating among other things, the Escrow Agent's estimate of all funds to be deposited or received by Authority or Developer, respectively, and all charges to be paid by Authority or Developer, respectively, through the Escrow.

1.1.43 Escrow Default. The unexcused failure to submit any document or funds to the Escrow Agent as reasonably necessary to close the Escrow, pursuant to the terms and conditions of this Agreement, after all other conditions precedent to the Close of Escrow for the benefit of such Party are satisfied or waived by such Party.

1.1.44 Escrow Opening Date. The first date on which a copy of this Agreement signed by both Authority and Developer is deposited with the Escrow Agent.

1.1.45 Event of Default. The occurrence of any one or more of the following:

(a) Monetary Default. A Monetary Default (as defined in Section 1.1.62) that continues for seven (7) calendar days after Notice from the non-defaulting Party, specifying in reasonable detail the amount of money not paid and the nature and calculation of each such payment;

(b) Escrow Closing Default. An Escrow Default that continues for seven (7) calendar days after Notice from the non-defaulting Party, specifying in reasonable detail the document or funds not submitted;

(c) Bankruptcy or Insolvency. Developer admits in writing that it is unable to pay its debts as they become due or becomes subject to any Bankruptcy Proceeding (except an involuntary Bankruptcy Proceeding dismissed within ninety (90) days after commencement), or a custodian or trustee is appointed to take possession of, or an attachment, execution or other judicial seizure is made with respect to, substantially all of Developer's assets or Developer's interest in this Agreement or the Project (unless such appointment, attachment, execution, or other seizure was involuntary, and is contested with diligence and continuity and vacated and discharged within ninety (90) days);

(d) Transfer. The occurrence of a Transfer, whether voluntarily or involuntarily or by operation of Law, in violation of the terms and conditions of this Agreement; or

(e) Non-Monetary Default. Any Non-Monetary Default (as defined in Section 1.1.63), other than those specifically addressed in Section 1.1.46(c) or Section 1.1.46(d) that is not cured within sixty (60) days after Notice to the Party alleged to be in Default describing the Non-Monetary Default in reasonable detail, or, in the case of a Non-Monetary Default that cannot with reasonable diligence be cured within sixty (60) days after the effective date of such Notice, if the Party alleged to be in Default does not do all of the following: (a) within sixty (60) days after Notice of such Non-Monetary Default, advise the other Party of the

intention of the Party alleged to be in Default to take all reasonable steps to cure such Non-Monetary Default; (b) duly commence such cure within such period; and (c) diligently prosecute such cure to completion within a reasonable time under the circumstances.

1.1.46 Executive Director. The individual duly appointed to the position of Executive Director of Authority or his or her authorized designee. The Executive Director shall have the authority to implement the terms of this Agreement in accordance with Section 11.22 of this Agreement.

1.1.47 Federal. The government of the United States of America.

1.1.48 FIRPTA Certificate. A certification that Authority is not a “foreign person” within the meaning of such term under Section 1445 of the United States Internal Revenue Code and sufficient to exempt Developer from the obligation to withhold any funds from Authority pursuant to Section 1445 of the United States Internal Revenue Code.

1.1.49 Form 593. A California Franchise Tax Board Form 593-C.

1.1.50 Government. Any and all courts, boards, agencies, commissions, offices, or authorities of any nature whatsoever for any governmental unit (Federal, State, County, district, municipal, City or otherwise) whether now or later in existence.

1.1.51 Hazardous Substance. Any flammable substances, explosives, radioactive materials, asbestos, asbestos-containing materials, polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, medical wastes, toxic substances or related materials, explosives, petroleum, petroleum products and any “hazardous” or “toxic” material, substance or waste that is defined by those or similar terms or is regulated as such under any Law, including any material, substance or waste that is: (a) defined as a “hazardous substance” under Section 311 of the Water Pollution Control Act (33 U.S.C. § 1317), as amended; (b) substances designated as “hazardous substances” pursuant to 33 U.S.C. § 1321; (c) defined as a “hazardous waste” under Section 1004 of the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901, et seq., as amended; (d) defined as a “hazardous substance” or “hazardous waste” under Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Reauthorization Act of 1986, 42 U.S.C. § 9601, et seq., or any so-called “superfund” or “superlien” law; (e) defined as a “pollutant” or “contaminant” under 42 U.S.C. § 9601(33); (f) defined as “hazardous waste” under 40 C.F.R. Part 260; (g) defined as a “hazardous chemical” under 29 C.F.R. Part 1910; (h) any matter within the definition of “hazardous substance” set forth in 15 U.S.C. § 1262; (i) any matter, waste or substance regulated under the Toxic Substances Control Act (“TSCA”) [15 U.S.C. Sections 2601, et seq.]; (j) any matter, waste or substance regulated under the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801, et seq.; (k) those substances listed in the United States Department of Transportation (DOT)Table [49 C.F.R. 172.101]; (l) any matter, waste or substances designated by the EPA, or any successor authority, as a hazardous substance [40 C.F.R. Part 302]; (m) any matter, waste or substances defined as “hazardous waste” in Section 25117 of the California Health and Safety Code; (n) any substance defined as a “hazardous substance” in Section 25316 of the California Health and Safety Code; (o) any matter, waste, or substance that is subject to any other Law

regulating, relating to or imposing obligations, liability or standards of conduct concerning protection of human health, plant life, animal life, natural resources, property or the enjoyment of life or property free from the presence in the environment of any solid, liquid, gas, odor or any form of energy from whatever source; or (p) other substances, materials, and wastes that are, or become, regulated or classified as hazardous or toxic under Law or in the regulations adopted pursuant to said Law, including manure, asbestos, polychlorinated biphenyl, flammable explosives and radioactive material.

1.1.52 Hazardous Substance Discharge. Any deposit, discharge, generation, release, or spill of a Hazardous Substance that occurs at on, under, into or from the Property, or during transportation of any Hazardous Substance to or from the Property, or that arises at any time from the construction, installation, use or operation of the Project or any activities conducted at on, under or from the Property, whether or not caused by a Party.

1.1.53 Indemnify. Where this Agreement states that any Indemnitor shall “indemnify” any Indemnitee from, against, or for a particular Claim, that the Indemnitor shall indemnify the Indemnitee and defend and hold the Indemnitee harmless from and against such Claim (alleged or otherwise). “Indemnified” shall have the correlative meaning.

1.1.54 Indemnitee. Any Person entitled to be Indemnified under the terms of this Agreement.

1.1.55 Indemnitor. A Party that agrees to Indemnify any other Person under the terms of this Agreement.

1.1.56 Institutional Lender. A Federal or State chartered banking institution or any reputable construction lender.

1.1.57 Insurance Documents. Copies of insurance policies and endorsements evidencing all insurance coverage required to be obtained by Developer pursuant to Section 6.

1.1.58 Law. Every law, ordinance, requirement, order, proclamation, directive, rule, and regulation of any Government applicable to the Property or the Project, in any way, including any development, use, maintenance, taxation, operation, or occupancy of, or environmental conditions affecting the Property or the Project, or relating to any taxes, or otherwise relating to this Agreement or any Party’s rights, obligations or remedies under this Agreement, or any Transfer of any of the foregoing, whether in force on the Effective Date or passed, enacted, modified, amended or imposed at some later time, subject in all cases, however, to any applicable waiver, variance, or exemption.

1.1.59 Legal Costs. In reference to any Person, all reasonable costs and expenses such Person incurs in any legal proceeding (or other matter for which such Person is entitled to be reimbursed for its Legal Costs), including reasonable attorneys’ fees, court costs and expenses and consultant and expert witness fees and expenses.

1.1.60 Lender. The holder of any Security Instrument and its successors and assigns.

1.1.61 Liability Insurance. Commercial general liability insurance against claims for bodily injury, personal injury, death, or property damage occurring upon, in, or about the Property, the Project or adjoining streets or passageways, at least as broad as Insurance Services Office Occurrence Form CG0001, with a minimum liability limit of Two Million Dollars (\$2,000,000) for any one occurrence and which may be provided through a combination of primary and excess or umbrella insurance policies. If commercial general liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the Property or the general aggregate limit shall be twice the required minimum liability limit for any one occurrence.

1.1.62 Monetary Default. Any failure by either Party to pay or deposit, when and as this Agreement requires, any amount of money, any bond or surety or evidence of any insurance coverage required to be provided under this Agreement, whether to or with a Party or a Third Person, except to the extent constituting an Escrow Default.

1.1.63 Non-Monetary Default. The occurrence of any of the following, except to the extent constituting a Monetary Default or an Escrow Default: (a) any failure of a Party to perform any of its obligations under this Agreement; (b) any failure of a Party to comply with any material restriction or prohibition in this Agreement; or (c) any other event or circumstance that, with passage of time or giving of Notice, or both, or neither, would constitute a breach of this Agreement by a Party.

1.1.64 Normal Business Hours. Any weekday, Monday through Friday, excluding Federal or State recognized holidays, between the hours of 9:00 a.m. and 5:00 p.m. Pacific Time.

1.1.65 Notice. Any consent, demand, designation, election, notice, or request relating to this Agreement, including any Notice of Default. All Notices must be in writing.

1.1.66 Notice of Default. Any Notice claiming or giving Notice of a Default or alleged Default.

1.1.67 Notify. To give a Notice.

1.1.68 Outside Closing Date. The earlier of: (a) the date when Developer is in a position to obtain Authority building and grading permits for the Project by paying the applicable fees that are conditions precedent to Authority issuance of such permits, ; or (b) no later than twenty four (24) months from the Effective Date.

1.1.69 Parties. Collectively, Authority and Developer.

1.1.70 Party. Individually, either Authority or Developer, as applicable.

1.1.71 Permitted Encumbrance. Any of the following: (a) all items shown in the Preliminary Report, as exceptions to coverage under the proposed Developer Title Policy, that are approved by Developer pursuant to Section 3.2; (b) any lien for non-delinquent property taxes or assessments; (c) any Laws applicable to the Property; (d) the Redevelopment Plan; (e)

this Agreement; (f) the Regulatory Agreement; (g) any existing improvements on the Property; (h) any Project construction financing pursuant to Section 4.4.3; and (i) any other document or encumbrance expressly required or allowed to be recorded against the Property or the Project under the terms of this Agreement.

1.1.72 Person. Any association, corporation, governmental entity or agency, individual, joint venture, joint-stock company, limited liability company, partnership, trust, unincorporated organization, or other entity of any kind.

1.1.73 Preliminary Report. A preliminary report issued by the Title Company in contemplation of the issuance of a policy of title insurance, accompanied by the best available copies of all documents listed in Schedule B of the report as exceptions to coverage under the proposed policy of title insurance.

1.1.74 Prevailing Wage Action. Any of the following: (a) any determination by the State Department of Industrial Relations that prevailing wage rates should have been paid, but were not; (b) any determination by the State Department of Industrial Relations that higher prevailing wage rates than those paid should have been paid; (c) any administrative or legal action or proceeding arising from any failure to comply with any of California Labor Code Sections 1720 through 1781, as amended from time to time, or any Federal law regarding prevailing wages, including maintaining certified payroll records pursuant to California Labor Code Section 1776; or (d) any administrative or legal action or proceeding to recover wage amounts at law or in equity, including pursuant to California Labor Code Section 1781 or applicable Federal Law.

1.1.75 Prohibited Encumbrance. Any Security Instrument, mechanic's lien, easement or other encumbrance recorded or asserted against the Property or the Project that is not a Permitted Encumbrance.

1.1.76 Project. The six (6) Dwelling Unit affordable residential for-sale project specifically described in the Project Scope. The Project shall include all required or associated on-site and off-site improvements, hardscape improvements, parking areas and carports, and landscaping improvements to the Property, in accordance with plans and specifications approved by Authority and any conditions imposed by the City in issuing development entitlements related to the Project.

1.1.77 Project Commencement Date. The date that is ninety (90) days after Developer has obtained all of the land use and other entitlements, permits and approvals required for development of the Project.

1.1.78 Project Completion Date. The date that is five (5) years after the Project Commencement Date.

1.1.79 Project Scope. The detailed description of the primary elements of the Project attached to this Agreement as **Exhibit "C."**

1.1.80 Property. That certain real property and improvements legally described in **Exhibit “A”** attached to this Agreement and depicted in **Exhibit “B”** attached to this Agreement.

1.1.81 Property Insurance. Insurance providing coverage for the Property and all improvements on or to the Property against loss, damage, or destruction by fire and other hazards encompassed under the broadest form of property insurance coverage then customarily used for like properties in the County, in an amount equal to one hundred percent (100%) of the replacement value (without deduction for depreciation) of all improvements comprising the Project (excluding excavations and foundations) and in any event sufficient to avoid co-insurance and with no co-insurance penalty provision, with “ordinance or law” coverage. To the extent customary for like properties in the County at the time, such insurance shall include coverage for explosion of steam and pressure boilers and similar apparatus located on the Property; an “increased cost of construction” endorsement; and an endorsement covering demolition and cost of debris removal.

1.1.82 Punchlist Work. Construction of an insubstantial nature that, if not completed, will not delay issuance of a final Certificate of Occupancy (or equivalent approval) for the Project by the City or materially interfere with use of the Project.

1.1.83 Purchase Price. The amount of Two Hundred Ten Thousand Dollars (\$210,000), in cash or immediately available funds.

1.1.84 Redevelopment Plan. The redevelopment plan adopted by the City and affecting the Property.

1.1.85 Regulatory Agreement. That certain “Declaration of Affordable Housing Conditions, Covenants and Restrictions (10522 Flower Ave. and 7922 Cerritos Ave.)” to be entered into by and between Authority and Developer at Close of Escrow, substantially in the form of **Exhibit “G”** attached to this Agreement.

1.1.86 Security Instrument. Any security instrument, deed of trust, security deed, contract for deed, deed to secure debt, or other voluntary real property (including leasehold) security instrument(s) or agreement(s) intended to grant real property (including leasehold) security for any obligation (including a purchase-money or other promissory note) encumbering the Property, as entered into, renewed, modified, consolidated, increased, decreased, amended, extended, restated, assigned (wholly or partially), collaterally assigned, or supplemented from time to time, unless and until paid, satisfied, and discharged of record. If two or more such security instruments are consolidated or restated as a single lien or held by the same Lender (as applicable), then all such security instruments so consolidated or restated shall constitute a single Security Instrument. A participation interest in a security instrument (or partial assignment of the secured loan) does not itself constitute a Security Instrument.

1.1.87 State. The State of California.

1.1.88 Third Person. Any Person that is not a Party, an Affiliate of a Party or an elected official, officer, director, manager, shareholder, member, principal, partner, employee or agent of a Party.

1.1.89 Title Company. First American Title Company, a California corporation, or such other Person mutually agreed upon in writing by both Authority and Developer.

1.1.90 Title Notice. A written notice from Developer to Authority stating Developer's acceptance of the state of the title to the Property, as described in the Preliminary Report for the Developer Title Policy, or Developer's disapproval of specific matters shown in Schedule B of such Preliminary Report as exceptions to coverage under the proposed Developer Title Policy for the Property, describing in suitable detail the actions that Developer reasonably believes are indicated to obtain Developer's approval of the state of the title to the Property.

1.1.91 Title Notice Response. The written response of Authority to the Title Notice, in which Authority either elects to: (i) cause the removal from the Preliminary Report for the Developer Title Policy of any matters disapproved; (ii) obtain title or other insurance or endorsement in a form reasonably satisfactory to Developer insuring against any matters disapproved in the Title Notice; or (iii) not take either action described in **"(i)"** or **"(ii)"** of this Section 1.1.91.

1.1.92 Title Notice Waiver. A written notice from Developer to Authority waiving Developer's previous disapproval in the Title Notice of specific matters shown in Schedule B of the Preliminary Report for the Developer Title Policy as exceptions to coverage under the proposed Developer Title Policy.

1.1.93 Transfer. Regarding any property, right or obligation means any of the following, whether by operation of law or otherwise, whether voluntary or involuntary, and whether direct or indirect: (a) any assignment, conveyance, grant, hypothecation, mortgage, pledge, sale, or other transfer, whether direct or indirect, of all or any part of such property, right or obligation, or of any legal, beneficial, or equitable interest or estate in such property, right or obligation or any part of it (including the grant of any easement, lien, or other encumbrance); (b) any conversion, exchange, issuance, modification, reallocation, sale, or other transfer of any Equity Interest(s) in the owner of such property, right or obligation by the holders of such Equity Interest(s); (c) any transaction described in clause **"(b)"** of this Section 1.1.93 affecting any Equity Interest(s) or any other interest in such property, right or obligation or in any such owner (or in any other direct or indirect owner at any higher tier of ownership) through any manner or means whatsoever; or (d) any transaction that is in substance equivalent to any of the foregoing. A transaction affecting Equity Interests, as referred to in clauses **"(b)"** through **"(d)"** of this Section 1.1.93, shall be deemed a Transfer by Developer even though Developer is not technically the transferor. A "Transfer" shall not, however, include any of the following (provided that the other Party has received Notice of such occurrence) relating to the Property or any Equity Interest: (i) a mere change in form of ownership with no material change in beneficial ownership and constitutes a tax-free transaction under Federal income tax law and the State real estate transfer tax; or (ii) a conveyance only to member(s) of the immediate family(ies) of the transferor(s) or trusts for their benefit.

1.1.94 Unavoidable Delay. A delay in either Party performing any obligation under this Agreement, except payment of money, arising from or on account of any cause whatsoever beyond the Party's reasonable control, including strikes, labor troubles or other union activities, casualty, war, acts of terrorism, riots, litigation, governmental action or inaction, regional natural disasters, or inability to obtain materials. Unavoidable Delay shall not include delay caused by a Party's financial condition, illiquidity, or insolvency.

1.1.95 Usury Limit. The highest rate of interest, if any, that Law allows under the circumstances.

1.1.96 Waiver of Subrogation. A provision in, or endorsement to, any insurance policy, by which the carrier agrees to waive rights of recovery by way of subrogation against either Party to this Agreement for any loss such policy covers.

1.1.97 Workers Compensation Insurance. Workers compensation insurance complying with the provisions of State law and an employer's liability insurance policy or endorsement to a liability insurance policy, with a minimum liability limit of One Million Dollars (\$1,000,000) per accident for bodily injury or disease, covering all employees of Developer.

2. EFFECTIVE DATE. This Agreement shall not become effective until the date on which all of the following have occurred: ("Effective Date"): (a) Authority has received three (3) counterpart originals of this Agreement signed by the authorized representative(s) of Developer; (b) Authority has received a certified copy of the Developer Official Action signed by the authorized representative(s) of Developer; (c) this Agreement is approved by Authority's governing body; (d) this Agreement is signed by the authorized representative(s) of Authority; and (e) one (1) original of this Agreement signed by the authorized representative(s) of Authority has been delivered by Authority to Developer. Authority shall send Notice of the Effective Date to Developer within seven (7) days following the Effective Date. Developer shall sign and return a copy of such Notice to Authority within seven (7) days after receipt of such Notice.

3. PURCHASE AND SALE OF PROPERTY

3.1 Escrow. Authority shall convey the Property to Developer in consideration of Developer's promises and covenants set forth in this Agreement and Developer shall accept conveyance of the Property from Authority, subject to the Permitted Encumbrances, pursuant to the terms and conditions of this Agreement. For the purposes of exchanging funds and documents to complete the conveyance of the Property from Authority to Developer and the acquisition of the Property by Developer from Authority, pursuant to the terms and conditions of this Agreement, Authority and Developer agree to open the Escrow with the Escrow Agent. The provisions of Section 4 of this Agreement are the joint escrow instructions of the Parties to the Escrow Agent for conducting the Escrow.

3.1.1 Payment of Purchase Price. The Developer shall deposit the Purchase Price into Escrow, subject to credit to the Developer for the Earnest Money Deposit.

3.1.2 Earnest Money Deposit. Concurrent with its opening of the Escrow, the Developer shall deposit into Escrow the Earnest Money Deposit. The Escrow Holder shall deposit the Earnest Money Deposit into an interest bearing account. All interest earned on such funds shall be added to the original principal amount of the Earnest Money Deposit and be considered part of the same. The Earnest Money Deposit shall be nonrefundable upon the conclusion of the Due Diligence Period. Upon the Close of Escrow, the Earnest Money Deposit shall be credited to the Developer toward the Purchase Price and paid to Authority as part of the Purchase Price. Should Escrow fail to close, the Earnest Money Deposit shall be forfeited by Developer and shall be paid to Authority upon the cancelation of Escrow in accordance with Sections 4.11 and 4.12.

3.2 Developer Approval of Property Title.

3.2.1 Title Notice. Within fifteen (15) days after the Escrow Opening Date, Authority shall request the Preliminary Report for the Developer Title Policy from the Title Company and that the Title Company deliver a copy of such Preliminary Report to Developer. Within thirty (30) days following Developer's receipt of the Preliminary Report for the Developer Title Policy, Developer shall send the Title Notice to both Authority and Escrow Agent.

3.2.2 Failure to Deliver Title Notice. If Developer fails to send the Title Notice to Authority and Escrow Agent within the time period provided in Section 3.2.1, Developer will be deemed to disapprove the status of title to the Property and refuse to accept conveyance of the Property and both Developer and Authority shall have the right to cancel the Escrow and terminate this Agreement upon seven (7) days' Notice, in their respective sole and absolute discretion.

3.2.3 Title Notice Response. Within fifteen (15) days following Authority's receipt of the Title Notice (if any), Authority shall send the Title Notice Response to both Developer and Escrow Agent. If the Title Notice does not disapprove or conditionally approve any matter in the Preliminary Report for the Developer Title Policy or Developer fails to deliver the Title Notice, Authority shall not be required to send the Title Notice Response. If Authority does not send the Title Notice Response, if necessary, within the time period provided in this Section 3.2.3, Authority shall be deemed to elect not to take any action in reference to the Title Notice. If Authority elects in the Title Notice Response to take any action in reference to the Title Notice, Authority shall complete such action, prior to the Close of Escrow or as otherwise specified in the Title Notice Response.

3.2.4 Title Notice Waiver. If Authority elects or is deemed to have elected not to address one or more matters set forth in the Title Notice to Developer's reasonable satisfaction, then within ten (10) days after the earlier of: (i) Developer's receipt of Authority's Title Notice Response; or (ii) the date for Authority to deliver its Title Notice Response pursuant to Section 3.2.3, Developer shall either: (a) refuse to accept the title to and conveyance of the Property, or (b) waive its disapproval or conditional approval of all such matters set forth in the Title Notice by sending the Title Notice Waiver to both Authority and Escrow Agent. Failure by Developer to timely send the Title Notice Waiver, where the Title Notice Response or Authority's failure to deliver the Title Notice Response results in Authority's election not to

address one or more matters set forth in the Title Notice to Developer's reasonable satisfaction, will be deemed Developer's continued refusal to accept the title to and conveyance of the Property, in which case both Developer and Authority shall have the right to cancel the Escrow and terminate this Agreement upon seven (7) days' Notice, in their respective sole and absolute discretion.

3.2.5 No Termination Liability. Any termination of this Agreement and cancellation of the Escrow pursuant to a right provided in this Section 3.2 shall be without liability to the other Party or any other Person. Termination shall be accomplished by delivery of a Notice of termination to both the other Party and the Escrow Agent at least seven (7) days prior to the termination date. Following issuance of a Notice of termination of this Agreement pursuant to a right provided under this Section 3.2, the Parties and the Escrow Agent shall proceed pursuant to Section 4.12. Once a Notice of termination is given pursuant to this Section 3.2, delivery of a Title Notice or Title Notice Waiver shall have no force or effect and this Agreement shall terminate in accordance with the Notice of termination.

3.3 Developer Due Diligence Investigations.

3.3.1 Time and Expense. Developer shall complete all of its Due Diligence Investigations within the Due Diligence Period and shall conduct all of its Due Diligence Investigations at its sole cost and expense.

3.3.2 Right to Enter. Authority licenses Developer to enter the Property for the sole purpose of conducting the Due Diligence Investigations, subject to all of the terms and conditions of this Agreement. The license given in this Section 3.3 shall terminate with the termination of this Agreement. Any Due Diligence Investigations by Developer shall not unreasonably disrupt any then-existing use or occupancy of the Property. Developer's exercise of the license provided in this Section 3.3 shall not extend the Due Diligence Period.

3.3.3 Limitations. Developer shall not conduct any intrusive or destructive testing of any portion of the Property, other than low volume soil samples, without Authority's prior written consent. Developer shall pay all of its vendors, inspectors, surveyors, consultants or agents engaged in any inspection or testing of the Property, such that no mechanics liens or similar liens for work performed are imposed upon the Property by any such Persons. Following the conduct of any Due Diligence Investigations on the Property, Developer shall restore the Property to substantially its condition prior to the conduct of such Due Diligence Investigations.

3.3.4 Indemnification of Authority. The activities of Developer or its agents directly or indirectly related to the Due Diligence Investigations shall be subject to Developer's indemnity, defense and hold harmless obligations pursuant to Section 10.4. Developer shall provide Authority with evidence of Liability Insurance in compliance with Section 6 prior to the commencement of any Due Diligence Investigations on the Property.

3.3.5 Due Diligence Completion Notice. Developer shall deliver a Due Diligence Completion Notice to Authority and Escrow Agent prior to the end of the Due Diligence Period. If Developer does not unconditionally accept the condition of the Property by delivery of its Due Diligence Completion Notice stating such unconditional acceptance, prior to

the end of the Due Diligence Period, Developer shall be deemed to have rejected the condition of the Property and refused to accept conveyance of title to the Property. If the condition of the Property is rejected or deemed rejected by Developer, then both Authority and Developer shall have the right to cancel the Escrow and terminate this Agreement, in their respective sole and absolute discretion, without liability to the other Party or any other Person, by delivery of a Notice of termination to the other Party and Escrow Agent, in which case the Parties and Escrow Agent shall proceed pursuant to Section 4.12.

3.4 “AS-IS” Acquisition. The Close of Escrow shall evidence Developer’s unconditional and irrevocable acceptance of the Property in the Property’s AS IS, WHERE IS, SUBJECT TO ALL FAULTS CONDITION AS OF THE CLOSE OF ESCROW, WITHOUT WARRANTY as to character, quality, performance, condition, title, physical condition, soil conditions, the presence or absence of fill, ocean or tidal impacts, shoring or bluff stability or support, subsurface support, zoning, land use restrictions, the availability or location of utilities or services, the location of any public infrastructure on or off of the Property (active, inactive or abandoned), the suitability of the Property for the Project or other use or the existence or absence of Hazardous Substances and with full knowledge of the physical condition of the Property, the nature of Authority’s interest in and use of the Property, all laws applicable to the Property and any and all conditions, covenants, restrictions, encumbrances and all matters of record relating to the Property. The Close of Escrow shall constitute Developer’s representation and warranty to Authority that: (a) Developer has had ample opportunity to inspect and evaluate the Property and the feasibility of the uses and activities Developer is entitled to conduct on the Property in accordance with this Agreement; (b) Developer is experienced in real estate development; (c) Developer is relying entirely on Developer’s experience, expertise and its own inspection of the Property in its current state in proceeding with acquisition of the Property; (d) Developer accepts the Property in its present condition; (e) to the extent that Developer’s own expertise with respect to any matter regarding the Property is insufficient to enable Developer to reach an informed conclusion regarding such matter, Developer has engaged the services of Persons qualified to advise Developer with respect to such matters; (f) Developer has received assurances acceptable to Developer by means independent of Authority or Authority’s agents of the truth of all facts material to Developer’s acquisition of the Property pursuant to this Agreement; and (g) the Property is being acquired by Developer as a result of Developer’s own knowledge, inspection and investigation of the Property and not as a result of any representation made by Authority or Authority’s agents relating to the condition of the Property. Authority hereby expressly and specifically disclaims any express or implied warranties regarding the Property.

3.5 Developer to Obtain all Approvals for the Project.

3.5.1 Permit Ready Project. At least fifteen (15) calendar days before the Close of Escrow, Developer shall obtain final Authority approval of the Construction Drawings for the Project such that Developer is in a position to obtain City building and grading permits for the Project by paying applicable fees that are conditions precedent to City issuance of such permits.

3.5.2 Submission of Development Application. Subject to Section 3.5.1, Developer shall exercise reasonable efforts to prepare and submit all required Applications, documents, fees, charges or other items (including, without limitation, deposits, funds or sureties

in the ordinary course) required for the construction of the Project, pursuant to all applicable Laws and Approvals, to each Government for review and approval. Further, Developer shall exercise reasonable efforts to obtain all discretionary Approvals required for the construction of the Project on the Property from each Government, at least thirty (30) calendar days before the Close of Escrow. Notwithstanding the foregoing provisions of this Section 3.5 or any other provision of this Agreement, prior to commencement of any part of the construction of the Project, Developer shall obtain all Approvals from each Government required for the construction of the Project. The City's zoning, building and land use regulations (whether contained in ordinances, the City's municipal code, conditions of approval or elsewhere) shall be applicable to the construction of the Project by Developer.

3.5.3 Developer to Pay All Costs and Expenses. The Parties agree that Authority shall not provide any financial assistance to Developer in connection with the Project except as may be expressly set forth in this Agreement. Developer shall be solely responsible for paying for the costs of all design work, construction, labor, materials, fees and permit expenses associated with the Project. Developer shall pay any and all fees pertaining to the review and approval of the Project by Authority, any other Governmental Agency and utility service providers, including the costs of preparation of all required construction, planning and other documents reasonably required by a Governmental Agency pertinent to the development or operation of the Project on the Property, including, but not limited to, specifications, drawings, plans, maps, permit applications, land use applications, zoning applications, environmental review and disclosure documents and design review documents. Developer shall pay for any and all costs, including, but not limited to, the costs of design, construction, relocation and securing of permits for sewer or utility improvements and connections, that may be required in development of the Project, whether located on or off of the Property. Developer shall obtain any and all necessary approvals, prior to the commencement of applicable portions of construction, and Developer shall take reasonable precautions to ensure the safety and stability of surrounding properties during said construction.

3.5.4 Reservations. The approval of this Agreement by the City or Authority shall not be binding on the City Council, the Authority governing body, City, Design Review Committee, or any other commission, committee, board or body of the City or Authority regarding any Approvals of the Project required by such bodies. No action by the City or Authority with reference to this Agreement or any related documents shall be deemed to constitute issuance or waiver of any required City or Authority Approval regarding the Property, the Project or Developer. The Parties acknowledge and agree that this Agreement is not a statutory development agreement pursuant to Government Code Sections 65864, et seq.

4. JOINT ESCROW INSTRUCTIONS

4.1 Opening of Escrow; Escrow Instructions. The conveyance of the Property from Authority to Developer shall take place through the Escrow to be administered by Escrow Agent. Developer shall cause the Escrow to be opened within five (5) days following Developer's receipt of Notice of the occurrence of the Effective Date. Escrow Agent shall promptly confirm the Escrow Opening Date in writing to each of the Parties.

4.2 Escrow Instructions. This Section 4 constitutes the joint escrow instructions of the Parties to Escrow Agent for conduct of the Escrow for the purchase and sale of the Property, as contemplated by this Agreement. Developer and Authority shall sign such further escrow instructions consistent with the provisions of this Agreement as may be reasonably requested by Escrow Agent. In the event of any conflict between the provisions of this Agreement and any further escrow instructions requested by Escrow Agent, the provisions of this Agreement shall control. Escrow Agent shall only proceed to close the Escrow after Escrow Agent receives approved Escrow Closing Statements from both Authority and Developer.

4.3 Escrow Agent Authority. Authority and Developer authorize Escrow Agent to:

4.3.1 Charges. Pay and charge Authority and Developer for their respective shares of the applicable fees, taxes, charges and costs payable by either Authority or Developer regarding the Escrow;

4.3.2 Settlement/Closing Statements. Release each Party's Escrow Closing Statement to the other Party;

4.3.3 Document Recording. File any documents delivered for recording through the Escrow with the office of the Recorder of the County for recordation in the official records of the County, pursuant to the joint instructions of the Parties; and

4.3.4 Counterpart Documents. Utilize documents signed by Authority or Developer in counterparts, including attaching separate signature pages to one version of the same document.

4.4 Developer's Conditions Precedent to Close of Escrow. Provided that the failure of any such condition to be satisfied is not due to a Default under this Agreement by Developer, Developer's obligation to accept conveyance of the Property from Authority through the Escrow shall be conditioned upon the satisfaction or waiver (waivers must be in writing and signed by Developer) of each of the following conditions precedent on or before the Outside Closing Date:

4.4.1 Title Policy. Title Company is committed to issue the Title Policy to Developer upon payment of Title Company's premium for such policy;

4.4.2 Approvals. Final issuance of all Approvals required from any Government for the construction of the Project on the Property on terms and conditions reasonably satisfactory to Developer;

4.4.3 Project Construction Financing. Developer has received a written commitment from at least one Institutional Lender to provide the Project construction financing on terms reasonably acceptable to Developer;

4.4.4 Authority Escrow Deposits. Authority deposits all of the items into Escrow required by Section 4.7; and

4.4.5 Authority Pre-Closing Obligations. Authority performs all of its material obligations required to be performed by Authority pursuant to this Agreement prior to the Close of Escrow.

4.5 Authority's Conditions Precedent to Close of Escrow. Provided that the failure of any such condition to be satisfied is not due to a Default under this Agreement by Authority, Authority's obligation to convey the Property to Developer through the Escrow shall be conditioned upon the satisfaction or waiver (waivers must be in writing and signed by Authority) of each of the following conditions precedent prior to the Outside Closing Date:

4.5.1 Project Permit Ready. Developer has obtained final Authority approval of the Construction Drawings for the Project such that Developer is in a position to obtain Authority building and grading permits for the Project by paying applicable fees that are conditions precedent to Authority issuance of such permits, all in accordance with Section 3.5;

4.5.2 Document Approval. Authority has received from Developer and approved all of the following described items in Authority's reasonable discretion, unless another provision of this Agreement provides for approval of such document in Authority's sole and absolute discretion, in which case Authority shall have approved the document in Authority's sole and absolute discretion:

(a) A site plan, elevations, color schemes (including material samples) for the Project; and

(b) All Insurance Documents;

4.5.3 Title. Developer accepts the state of the title of the Property, in accordance with Section 3.2;

4.5.4 Due Diligence. Developer timely delivers its Due Diligence Completion Notice to both Authority and Escrow Agent stating Developer's unconditional acceptance of the condition of the Property, in accordance with Section 3.3;

4.5.5 Approvals. Final issuance of all discretionary Approvals required from any Government for the construction of the Project on the Property on terms and conditions reasonably satisfactory to Authority;

4.5.6 65402 Finding. City Planning Commission has made all required findings and determinations pursuant to Government Code Section 65402 for Authority to convey the Property to Developer pursuant to this Agreement;

4.5.7 Construction Drawings. Authority has approved the final Construction Drawings pursuant to Section 3.5.1;

4.5.8 Developer Escrow Deposits. Developer deposits all of the items into Escrow required by Section 4.6; and

4.5.9 Developer Pre-Closing Obligations. Developer performs all of its material obligations required to be performed by Developer pursuant to this Agreement prior to Close of Escrow.

4.6 Developer's Escrow Deposits. Developer shall deposit the following items into Escrow and, concurrently, provide a copy of each document submitted into Escrow to City Authority, at least one (1) Business Day prior to the Close of Escrow:

4.6.1 Purchase Price and Closing Funds. All amounts required to be deposited into Escrow by Developer under the terms of this Agreement to close the Escrow, all in immediately available funds;

4.6.2 Regulatory Agreement. The Regulatory Agreement signed by the authorized representative(s) of Developer in recordable form;

4.6.3 Authority Quitclaim Deed and Certificate of Acceptance. Authority Quitclaim Deed initialed by and the Certificate of Acceptance attached to the Authority Quitclaim Deed signed by the authorized representative(s) of Developer in recordable form;

4.6.4 Escrow Closing Statement. The Developer's Escrow Closing Statement signed by the authorized representative(s) of Developer; and

4.6.5 Other Reasonable Items. Any other documents, instruments or funds required to be delivered by Developer under the terms of this Agreement or as otherwise reasonably requested by Escrow Agent or Title Company in order to close the Escrow that have not previously been delivered by Developer.

4.7 Authority's Escrow Deposits. Authority shall deposit the following documents into Escrow and, concurrently, provide a copy of each document deposited into Escrow to Developer, at least one (1) Business Day prior to the Close of Escrow:

4.7.1 Closing Funds. All amounts required to be deposited into Escrow by Authority under the terms of this Agreement to close the Escrow, all in immediately available funds;

4.7.2 Authority Quitclaim Deed. Authority Quitclaim Deed signed by the authorized representative(s) of Authority in recordable form;

4.7.3 Escrow Closing Statement. Authority's Escrow Closing Statement signed by the authorized representative(s) of Authority;

4.7.4 Regulatory Agreement. The Regulatory Agreement signed by the authorized representative(s) of Authority in recordable form;

4.7.5 FIRPTA Affidavit. A FIRPTA affidavit signed by the authorized representative(s) of Authority, in the customary form provided by the Escrow Agent;

4.7.6 Form 593.A Form 593 signed by the authorized representative(s) of Authority; and

4.7.7 Other Reasonable Items. Any other documents, instruments, funds and records required to be delivered by Authority under the terms of this Agreement or as otherwise reasonably requested by Escrow Agent or Title Company in order to close the Escrow that have not been previously delivered by Authority.

4.8 Closing Procedure. When each of Developer's Escrow deposits, as set forth in Section 4.6, and each of Authority's Escrow deposits, as set forth in Section 4.7, are deposited into Escrow, Escrow Agent shall request confirmation in writing from both Authority and Developer that each of their respective conditions precedent to the Close of Escrow, as set forth in Sections 4.5 and 4.4, respectively, are satisfied or waived. Within five (5) Business Days after Escrow Agent receives written confirmation from both Authority and Developer that each of their respective conditions precedent to the Close of Escrow are satisfied or waived, Escrow Agent shall close the Escrow by doing all of the following:

4.8.1 Recordation and Distribution of Documents. Escrow Agent shall cause the following documents to be filed with the Recorder of the County for recording in the official records of the Recorder of the County in the following order of priority at Close of Escrow: (i) Authority Quitclaim Deed; (ii) the Regulatory Agreement; and (iii) any other documents to be recorded through Escrow upon the joint instructions of the Parties. At Close of Escrow, Escrow Agent shall deliver conformed copies of all documents filed for recording in the official records of the County through the Escrow to Authority, Developer and any other Person designated in the written joint escrow instructions of the Parties to receive an original or conformed copy of each such document. Each copy of a document filed for recording shall show all recording information. The Parties intend and agree that this Section 4.8.1 shall establish the relative priorities of the documents to be recorded in the official records of the County through the Escrow, by providing for recordation of senior interests prior in time to junior interests, in the order provided in this Section 4.8.1;

4.8.2 Distribution of Other Documents. Escrow Agent shall deliver copies of all documents to be delivered through the Escrow that are not filed for recording to the Parties and any other Person designated in the written joint escrow instructions of the Parties to receive an original or copy of each such document.

4.8.3 Funds. Distribute all funds held by the Escrow Agent pursuant to the Escrow Closing Statements approved in writing by both Authority and Developer.

4.8.4 FIRPTA Affidavit. File the FIRPTA Affidavit with the United States Internal Revenue Service;

4.8.5 Form 593. File the Form 593 with the California Franchise Tax Board; and

4.8.6 Title Policies. Obtain and deliver to Developer the Developer Title Policy issued by the Title Company.

4.9 Close of Escrow. The Close of Escrow shall occur on or before the Outside Closing Date. The Parties may mutually agree to change the Outside Closing Date by joint written instruction to Escrow Agent. The Executive Director is authorized to agree to one or more extensions of the Outside Closing Date on behalf of Authority up to a maximum time period extension of four (4) months in the aggregate, in the Executive Director's sole and absolute discretion. If for any reason (other than a Default or Event of Default by such Party) the Close of Escrow has not occurred on or before the Outside Closing Date, then any Party not then in Default under this Agreement may cancel the Escrow and terminate this Agreement, without liability to the other Party or any other Person for such cancellation and termination, by delivering Notice of termination to both the other Party and Escrow Agent. Following any such Notice of termination of this Agreement and cancellation of the Escrow, the Parties and Escrow Agent shall proceed pursuant to Section 4.12. Without limiting the right of either Party to cancel the Escrow and terminate this Agreement, pursuant to the first sentence of this Section 4.9, if the Escrow does not close on or before the Outside Closing Date and neither Party has exercised its contractual right to cancel the Escrow and terminate this Agreement under this Section 4.9 before the first date on which Escrow Agent Notifies both Parties that Escrow is in a position to close, then the Escrow shall close as soon as reasonably possible following the first date on which Escrow Agent Notifies both Parties that Escrow is in a position to close in accordance with the terms and conditions of this Agreement.

4.10 Escrow Costs. Escrow Agent shall notify Developer and Authority of the costs to be borne by each of them at the Close of Escrow by delivering an Escrow Closing Statement to both Authority and Developer at least two (2) Business Days prior to the Close of Escrow. Authority shall pay the premium charged by the Title Company for the Developer Title Policy, exclusive of any endorsements or other supplements to the coverage of the Developer Title Policy that may be requested by Developer. Developer shall pay all of the fees and other costs as the Escrow Agent may charge for the conduct of the Escrow, all recording fees, documentary transfer taxes and any and all other charges, fees and taxes levied by a Government relative to the conveyance of the Property through the Escrow and the cost of any endorsements or supplements to the coverage of the Title Policy requests by Developer.

4.11 Escrow Cancellation Charges. If the Escrow fails to close due to Authority's Default under this Agreement, Authority shall pay all ordinary and reasonable Escrow and title order cancellation charges charged by Escrow Agent or Title Company, respectively. If the Escrow fails to close due to Developer's Default under this Agreement, Developer shall pay all ordinary and reasonable Escrow and title order cancellation charges charged by Escrow Agent or Title Company, respectively. If the Escrow fails to close for any reason other than the Default of either Developer or Authority, Developer and Authority shall each pay one-half (1/2) of any ordinary and reasonable Escrow and title order cancellation charges charged by Escrow Agent or Title Company, respectively.

4.12 Escrow Cancellation. If this Agreement is terminated pursuant to a contractual right granted to a Party in this Agreement to terminate this Agreement (other than due to an Event of Default by the other Party), the Parties shall do all of the following:

4.12.1 Cancellation Instructions. The Parties shall, within three (3) Business Days following Escrow Agent's written request, execute any reasonable Escrow cancellation instructions requested by Escrow Agent;

4.12.2 Return of Funds and Documents. Within ten (10) Business Days following receipt by the Parties of a settlement statement of Escrow and title order cancellation charges from Escrow Agent (if any) or within twenty (20) days following Notice of Termination, whichever is earlier: (i) Developer or Escrow Agent shall return to Authority all documents previously delivered by Authority to Developer or Escrow Agent regarding the Escrow; (ii) Authority or Escrow Agent shall return to Developer all documents previously delivered by Developer to Authority or Escrow Agent regarding the Escrow; (iii) Escrow Agent shall, except as otherwise provided for in this Agreement, return to Developer all funds deposited in Escrow, less Developer's share of customary and reasonable Escrow and title order cancellation charges (if any) in accordance with Section 4.11; (iv) Escrow Agent shall, except as otherwise provided in this Agreement, return to Authority all funds deposited in Escrow, less Authority's share of customary and reasonable Escrow and title order cancellation charges (if any) in accordance with Section 4.11.

4.13 Report to IRS. After the Close of Escrow and prior to the last date on which such report is required to be filed with the Internal Revenue Service under applicable Federal law, if such report is required pursuant to Internal Revenue Code Section 6045(e) of the Internal Revenue Code, Escrow Agent shall report the gross proceeds of the purchase and sale of the Property to the Internal Revenue Service on Form 1099-B, W-9 or such other form(s) as may be specified by the Internal Revenue Service pursuant to Internal Revenue Code Section 6045(e). Concurrently with the filing of such reporting form with Internal Revenue Service, Escrow Agent shall deliver a copy of the filed form to both Authority and Developer.

4.14 Condemnation. If any portion of the Property or any interest in any portion of the Property becomes the subject of any eminent domain proceeding prior to Close of Escrow, including the filing of any notice of intended condemnation or proceedings in the nature of eminent domain commenced by any Government, Authority shall immediately give Notice to Developer of such occurrence and this Agreement shall terminate on the giving of such Notice.

5. PROJECT DEVELOPMENT

5.1 Developer's Covenant to Develop the Project. Developer covenants to and for the exclusive benefit of City that Developer shall commence, pursue and complete the development of the Project on the Property in accordance with the requirements of this Agreement and all applicable Laws and conditions of each Governmental Agency. The covenants of this Section 5.1 shall run with the Property, until the earlier of: (1) the first date on which a Completion Certificate has been issued for each Dwelling Unit in the Project; or (2) the twentieth (20th) anniversary of the date of the Close of Escrow.

5.2 Changes to Project Plans and Specifications During Course of Construction. Developer shall have the right, during the course of construction of the Project, to make "**minor field changes**," without seeking the approval of Authority, if such changes do not affect the type of use to be conducted within all or any portion of a structure. "**Minor field changes**" shall be

defined as those changes from the Approvals for the Project that have no substantial effect on the Project and are made in order to expedite the work of construction in response to field conditions. Nothing contained in this Section 5.2 shall be deemed to constitute a waiver of or change in any Approvals governing any such “**minor field changes**” or any Approvals by any Government otherwise required for any such “**minor field changes.**”

5.3 Construction Start and Completion of Project.

5.3.1 Commencement. Developer shall commence construction of the Project no later than the Project Commencement Date. Thereafter, Developer shall diligently proceed to pursue and complete the construction of the Project, in a good and workmanlike manner, in accordance with this Agreement, all applicable Laws and all Approvals for the Project issued by each Government.

5.3.2 Completion. On or before the Project Completion Date of the Project, Developer shall do all of the following:

(a) Record a Notice of Completion, in accordance with California Civil Code Section 8182, for the entirety of the Project;

(b) Request each applicable Government Agency to inspect the Project, as required by the applicable Approvals or Laws, and correct any defects or deficiencies that may be disclosed by any such inspection; and

(c) Request each applicable Government Agency to issue all final Certificates of Occupancy or other Approvals necessary for the occupancy and operation of the completed Project and take such other actions reasonably required to obtain all such Certificates of Occupancy or other Approval.

5.3.3 Time Extensions. The Executive Director, in his or her sole and absolute discretion, may extend the completion of the Project for up to an additional ninety (90) days, in the aggregate.

5.4 Compliance with Laws. All work performed in connection with the construction of the Project shall comply with all applicable Laws and Approvals.

5.5 Developer Attendance at Authority Meetings. Developer agrees to have one or more of its employees or consultants who are knowledgeable regarding this Agreement and the construction of the Project, such that such Person(s) can meaningfully respond to Authority governing body or Authority staff questions regarding the progress of the Project, attend meetings with Authority staff or meetings of Authority governing body, when requested to do so by Authority staff, with reasonable advance Notice to Developer, but no more frequently than once a month.

5.6 Authority Right to Inspect Project and Property. Developer agrees that Authority shall have the right of reasonable access to the Property, without the payment of charges or fees, during normal construction hours, during the period of construction of the

Project. Any and all Authority representatives who enter the Property shall identify themselves at the construction management office or, if none, to the apparent on-site construction supervisor on the Property, upon their entrance onto the Property, and shall at all times be accompanied by a representative of Developer, while on the Property. Developer shall make a representative of Developer available for this purpose at all times during normal construction hours, upon reasonable advance Notice from Authority. Authority shall Indemnify Developer regarding Claims arising out of the exercise by Authority of the right of access to the Property provided in this Section 5.6, except to the extent that any such Claim arises from the negligence or willful misconduct of Developer or Developer's representatives. If in Authority's reasonable judgment it is necessary, Developer agrees that Authority shall have the further right, from time to time, at its own cost, to retain a consultant or consultants to inspect the Project and verify compliance by Developer with the provisions of this Agreement. Developer acknowledges and agrees that any such Authority inspections are for the sole purpose of protecting Authority's rights under this Agreement, are made solely for Authority's benefit, Authority's inspections may be superficial and general in nature, are for the purposes of informing Authority of the progress of the Project and the conformity of the Project with the terms and conditions of this Agreement, and Developer shall not be entitled to rely on any such inspection(s) as constituting Authority's approval, satisfaction or acceptance of any materials, workmanship, conformity of the Project with this Agreement or otherwise. Developer agrees to make its own regular inspections of the work of construction of the Project to determine that the progress and quality of the Project and all other requirements of the work of construction of the Project are being performed in a manner satisfactory to Developer.

5.7 PREVAILING WAGES.

5.7.1 RESPONSIBILITY. DEVELOPER AGREES WITH AUTHORITY THAT DEVELOPER SHALL ASSUME ANY AND ALL RESPONSIBILITY AND BE SOLELY RESPONSIBLE FOR DETERMINING WHETHER OR NOT LABORERS EMPLOYED RELATIVE TO THE CONSTRUCTION OF THE PROJECT MUST BE PAID THE PREVAILING PER DIEM WAGE RATE FOR THEIR LABOR CLASSIFICATION, AS DETERMINED BY THE STATE, PURSUANT TO LABOR CODE SECTIONS 1720, ET SEQ., OR PURSUANT TO APPLICABLE FEDERAL LAW.

5.7.2 WAIVERS AND RELEASES. DEVELOPER, ON BEHALF OF ITSELF, ITS SUCCESSORS, AND ASSIGNS, WAIVES AND RELEASES AUTHORITY FROM ANY RIGHT OF ACTION THAT MAY BE AVAILABLE TO ANY OF THEM PURSUANT TO STATE LABOR CODE SECTION 1781 OR APPLICABLE FEDERAL LAW. RELATIVE TO THE WAIVERS AND RELEASES CONTAINED IN THIS SECTION 5.7.2, DEVELOPER ACKNOWLEDGES THE PROTECTIONS OF CIVIL CODE SECTION 1542, WHICH READS AS FOLLOWS:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR

HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

5.7.3 INITIALS. BY INITIALING BELOW, DEVELOPER KNOWINGLY AND VOLUNTARILY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE WAIVERS AND RELEASES OF SECTION 5.7.2:

Initials of Authorized
Developer Representative

5.7.4 INDEMNITY. ADDITIONALLY, DEVELOPER SHALL INDEMNIFY AUTHORITY, PURSUANT TO SECTION 10.4, AGAINST ANY CLAIMS PURSUANT TO STATE LABOR CODE SECTION 1781 OR ANY OTHER LAW REQUIRING PAYMENT OF MINIMUM OR PREVAILING WAGE AMOUNTS ARISING FROM THIS AGREEMENT OR THE CONSTRUCTION OF ALL OR ANY PORTION OF THE PROJECT.

5.8 Completion Certificate.

5.8.1 Completion Certificate for Each Dwelling Unit. Following the issuance of a final Certificate of Occupancy for a particular Dwelling Unit in the Project by the City, Developer may request that Authority inspect such completed Dwelling Unit and issue a Completion Certificate for that particular Dwelling Unit. Following Authority's receipt of such a written request from Developer, the Executive Director shall promptly cause the particular Dwelling Unit to be inspected as deemed appropriate by the Executive Director , in his or her sole and absolute discretion, to determine whether or not the Dwelling Unit has been completed in compliance with this Agreement. If the Executive Director determines that the Dwelling Unit is complete and in compliance with this Agreement, Authority authorizes the Executive Director to issue a Completion Certificate for the particular Dwelling Unit to Developer. If the Executive Director determines that the Dwelling Unit is not complete or not in compliance with this Agreement, Authority authorizes the Executive Director to send Notice of each non-conformity to Developer, within fifteen (15) calendar days following Authority's receipt of Developer's written request for a Completion Certificate. The Notice shall contain the Executive Director's opinion of the action(s) Developer must take to obtain a Completion Certificate from the Executive Director for the particular Dwelling Unit. If the reason for Developer's failure to complete the particular Dwelling Unit in accordance with this Agreement is confined to the immediate unavailability of specific items or materials for construction or landscaping at a price reasonably acceptable to Developer or other minor Punchlist Work, Authority authorizes the Executive Director , in his or her sole and absolute discretion, to issue a Completion Certificate upon the posting of a bond or irrevocable standby letter of credit by Developer, in form and substance reasonably acceptable to the Executive Director , in an amount representing the fair value of the work on the particular Dwelling Unit remaining to be completed, as reasonably determined by the Executive Director . If the Executive Director fails to provide the Notice required in this Section 5.8.1, within the specified time period, Developer shall be deemed, conclusively and without further action of Authority or the Executive Director , to have satisfied the requirements of this Agreement with respect to the construction of the particular Dwelling

Unit, as if a Completion Certificate had been issued for the particular Dwelling Unit by the Executive Director pursuant to this Agreement.

5.8.2 Effect. A Completion Certificate shall only be evidence of Authority's conclusive determination of satisfactory completion of the construction of the subject Dwelling Unit in the Project in accordance with the terms of this Agreement. A Completion Certificate shall not constitute a Notice of Completion under California Civil Code Section 8182, nor shall it act to terminate the continuing reservations, covenants, restrictions or conditions contained in the Quitclaim Deed or any other instruments recorded against the Property or set forth in this Agreement or otherwise. A Completion Certificate is not evidence of the compliance of the subject Dwelling Unit with any Laws or Approvals. A Completion Certificate shall not evidence the satisfaction of any obligation of Developer to Authority under this Agreement or otherwise, other than Developer's obligation to complete the construction of the subject Dwelling Unit. After the recordation of a Completion Certificate for a particular Dwelling Unit, any Person then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the subject Dwelling Unit shall not (because of such ownership, purchase or lease) incur any obligation or liability under this Agreement regarding construction of the subject Dwelling Unit, but such Person shall be bound by any other reservations, covenants, conditions, restrictions and interests affecting the subject Dwelling Unit pursuant to this Agreement.

6. INSURANCE

6.1 Developer. Developer shall maintain, to protect Authority Parties against all insurable Claims resulting from the actions of Developer in connection with this Agreement, the Property and the Project, at the sole cost and expense of Developer, until issuance of a Completion Certificate for each Dwelling Unit in the Project, the following insurance (or its then reasonably available equivalent): (a) Liability Insurance; (b) Automobile Liability Insurance; (c) Property Insurance; (d) Builder's Risk Insurance; and (e) Workers Compensation Insurance.

6.2 Nature of Insurance. All Liability Insurance, Property Insurance and Automobile Liability Insurance policies this Agreement requires shall be issued by carriers that: (a) are listed in the then current "**Best's Key Rating Guide—Property/Casualty—United States & Canada**" publication (or its equivalent, if such publication ceases to be published) with a minimum financial strength rating of "**A-**" and a minimum financial size category of "**VII**" (exception may be made for the State Compensation Insurance Fund when not specifically rated); and (b) are authorized to do business in the State. Developer may provide any insurance under a "**blanket**" or "**umbrella**" insurance policy, provided that: (i) such policy or a certificate of such policy shall specify the amount(s) of the total insurance allocated to the Property and the Project, which amount(s) shall equal or exceed the amount(s) required by this Agreement; and (ii) such policy otherwise complies with the insurance requirements in this Agreement.

6.3 Policy Requirements and Endorsements. All insurance policies required by this Agreement shall contain (by endorsement or otherwise) the following provisions:

6.3.1 Insured. Liability Insurance and Automobile Liability Insurance policies shall name the Authority Parties as "**additional insured.**" Property Insurance and Builder's Risk Insurance policies shall name Authority as a "**loss payee.**" The coverage afforded to the

Authority Parties shall be at least as broad as that afforded to Developer regarding the Property and the Project and may not contain any terms, conditions, exclusions, or limitations applicable to the Authority Parties that do not apply to Developer.

6.3.2 Primary Coverage. Any insurance or self-insurance maintained by the Authority Parties shall be excess of all insurance required under this Agreement and shall not contribute with any insurance required under this Agreement.

6.3.3 Contractual Liability. Liability Insurance policies shall contain contractual liability coverage, for Developer's indemnity obligations under this Agreement. Developer's obtaining or failure to obtain such contractual liability coverage shall not relieve Developer from nor satisfy any indemnity obligation of Developer under this Agreement.

6.3.4 Deliveries to Authority. Developer shall deliver to Authority evidence of Liability Insurance prior to the commencement of any Due Diligence Investigations. Evidence of Developer's maintenance of all insurance policies required by this Agreement shall be delivered to Authority prior to the Close of Escrow. Builder's Risk Insurance coverage shall commence no later than the time of initial contractor mobilization for the Project. No later than ten (10) days before any insurance required by this Agreement expires, is cancelled or its liability limits are reduced or exhausted, Developer shall deliver to Authority evidence of such Party's maintenance of all insurance this Agreement requires. Each insurance policy required by this Agreement shall state or be endorsed to state that coverage shall not be cancelled, suspended, voided, reduced in coverage or in limits, except after thirty (30) calendar days' advance written notice of such action has been given to Authority by certified mail, return receipt requested; provided; however, that only ten (10) days' advance written notice shall be required for any such action arising from non-payment of the premium for the insurance. Phrases such as "**endeavor to**" and "**but failure to mail such Notice shall impose no obligation or liability of any kind upon the company**" shall not be included in the cancellation wording of any certificates or policies of insurance or endorsements to such policies applicable to the Authority Parties pursuant to this Agreement.

6.3.5 Waiver of Certain Claims. Developer shall cause each insurance carrier providing any Liability Insurance, Builder's Risk Insurance, Worker's Compensation Insurance, Automobile Liability Insurance or Property Insurance coverage under this Agreement to endorse their applicable policy(ies) with a Waiver of Subrogation with respect to the Authority Parties, if not already in the policy. To the extent that Developer obtains insurance with a Waiver of Subrogation, the Parties release each other, and their respective authorized representatives, from any Claims for damage to any Person or property to the extent such Claims are paid by such insurance policies obtained pursuant to and in satisfaction of the provisions of this Agreement.

6.3.6 No Representation. No Party makes any representation that the limits, scope, or forms of insurance coverage this Agreement requires are adequate or sufficient.

6.3.7 No Claims Made Coverage. None of the insurance coverage required under this Agreement may be written on a claims-made basis.

6.3.8 Fully Paid and Non-Assessable. All insurance obtained and maintained by Developer in satisfaction of the requirements of this Agreement shall be fully paid for and non-assessable.

6.3.9 Authority Option to Obtain Coverage. During the continuance of an Event of Default arising from the failure of Developer to carry any insurance required by this Agreement, Authority may, in Authority's sole and absolute discretion, purchase any such required insurance coverage. Authority shall be entitled to immediate payment from Developer of any premiums and associated reasonable costs paid by Authority to obtain or maintain such insurance coverage. Any amount becoming due and payable to Authority under this Section 6.3.9 that is not paid within fifteen (15) calendar days after written demand from Authority for payment of such amount, with an explanation of the amounts demanded, will bear Default Interest from the date of the demand until paid in full, with all such accrued interest. Any election by Authority to purchase or not to purchase insurance otherwise required by the terms of this Agreement to be carried by Developer shall not relieve Developer of its obligation to obtain and maintain any insurance coverage required by this Agreement.

6.3.10 Separation of Insured. All Liability Insurance and Automobile Liability Insurance shall provide for separation of insured for Developer and the Authority Parties. Insurance policies obtained in satisfaction of or in accordance with the requirements of this Agreement may provide a cross-suits exclusion for suits between named insured Persons, but shall not exclude suits between named insured Persons and additional insured Persons.

6.3.11 Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions under insurance policies required by this Agreement shall be declared to and approved by Authority. In the event of an insured loss, Developer shall pay all such deductibles or self-insured retentions regarding the Authority Parties or, alternatively, the insurer under each such insurance policy shall eliminate or waive such deductibles or self-insured retentions with respect to the Authority Parties. Each insurance policy issued in satisfaction of the requirements of this Agreement shall provide that, to the extent that Developer fails to pay all or any portion of a deductible or self-insured retention under such policy in reference to an otherwise insured loss, Authority may pay the unpaid portion of such deductible or self-insured retention, in Authority's sole and absolute discretion.

6.3.12 No Separate Insurance. Developer shall not carry separate or additional insurance concurrent in form or contributing in the event of loss with that required under this Agreement, unless Authority is made an additional insured thereon, as required by this Agreement for the insurance required to be carried by Developer under this Agreement.

6.3.13 Insurance Independent of Indemnification. The insurance requirements of this Agreement are independent of Developer's indemnification and other obligations under this Agreement and shall not be construed or interpreted in any way to satisfy, restrict, limit, or modify Developer's indemnification or other obligations or to limit the Parties' liability under this Agreement, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage; nor shall the provision of such insurance preclude Authority from taking such other actions as are available to it under any other provision of this Agreement or otherwise at law or in equity.

7. EVIDENCE OF FINANCING

7.1 Mortgages, deeds of trust, sales and leases-back, collateral assignments of rents or profits or any other form of conveyance required for any reasonable method of financing are permitted before issuance of a Certificate of Completion of the construction of the improvements, but only for the purpose of securing loans of funds to be used for the construction or installation of improvements or equipment or fixtures on the Property and any other expenditures necessary and appropriate to develop the Property under this Agreement. Developer shall notify Authority in advance of any mortgage, deed of trust, sale and lease-back or other form of conveyance for financing if Developer proposes to enter into the same before issuance of a Certificate of Completion of the construction of the improvements on the Property. Developer shall not enter into any such conveyance for financing without the proper written approval of Authority which approval Authority agrees to give if any such conveyance is given to a responsible financial or lending institution or other acceptable person or entity. Such lender shall be deemed approved unless rejected in writing by Authority within ten (10) days after notice thereof to Authority by Developer. In any event, Developer shall promptly notify Authority of any mortgage, deed of trust, sale and lease-back or other financing conveyance, encumbrance or lien that has been created or attached thereto prior to completion of the construction of the improvements on the Property whether by voluntary act of Developer or otherwise. The words “**mortgage**” and “**deed of trust**” as used herein include all other appropriate modes of financing real estate acquisition, construction, and land development. The obligations and covenants of Developer set forth in this Section shall terminate upon issuance of a Certificate of Completion. Authority agrees to execute and deliver in recordable form any instrument reasonably requested by the prospective holder of any mortgage, deed of trust or other security interest authorized by this Agreement so as to indicate the subordination of this Agreement to the holder’s mortgage, deed of trust or other security interest.

7.2 Only Permitted Encumbrances. Developer shall not record and shall not allow to be recorded against the Property any Security Instrument, lien or other encumbrance that is not a Permitted Encumbrance. Developer shall remove or cause to be removed any Prohibited Encumbrance made or recorded against the Property or shall assure the complete satisfaction of any such Prohibited Encumbrance to the satisfaction of Authority, in the Authority’s sole and absolute discretion. The covenants of Developer set forth in this Section 7.2 regarding the placement and removal of encumbrances on the Property shall run with the land of the Property and bind successive owners of the Property, until issuance (or deemed issuance) of a Completion Certificate for each Dwelling Unit in the Project.

8. NOTICE OF LIENS. The Developer shall promptly Notify Authority of any Security Instrument or lien asserted against or attached to all or any portion of the Project or the Property, prior to the date of issuance of a Completion Certificate for each Dwelling Unit in the Project, whether by voluntary act of Developer or otherwise; provided, however, that no Notice of filing of preliminary notices or mechanic’s liens need be given by Developer to Authority, prior to suit being filed to foreclose any such mechanic’s lien.

9. PROPERTY TAXES AND ASSESSMENTS. Developer shall pay prior to the delinquency all real property taxes and assessments assessed and levied on or against the

Property. Nothing in this Agreement shall be deemed to prohibit Developer from contesting the validity or amounts of any tax assessment, encumbrance or lien, nor to limit the remedies available to Developer in respect thereto, or for claiming exemptions available under State Revenue and Taxation Code Section 214(g).

10. REMEDIES AND INDEMNITY

10.1 DEVELOPER'S RIGHT TO SPECIFIC PERFORMANCE AND LIMITATION ON RECOVERY OF DAMAGES PRIOR TO CLOSE OF ESCROW.

10.1.1 ELECTION OF REMEDIES. DURING THE CONTINUANCE OF AN EVENT OF DEFAULT BY AUTHORITY UNDER THIS AGREEMENT PRIOR TO THE CLOSE OF ESCROW, DEVELOPER SHALL BE LIMITED TO EITHER OF THE FOLLOWING REMEDIES: (1) AN ACTION AGAINST AUTHORITY FOR SPECIFIC PERFORMANCE OF THIS AGREEMENT; OR (2) TERMINATION OF THIS AGREEMENT AND AN ACTION TO RECOVER UP TO A MAXIMUM AMOUNT OF ONE HUNDRED THOUSAND DOLLARS (\$100,000) OF AMOUNTS ACTUALLY PAID BY DEVELOPER PRIOR TO THE DATE OF SUCH EVENT OF DEFAULT TO THIRD PERSONS DIRECTLY RELATED TO OBTAINING PROJECT APPROVALS FROM AUTHORITY, BUT EXCLUSIVE OF AMOUNTS PAID OR ALLOCATED DIRECTLY OR INDIRECTLY TO INTERNAL COSTS OF DEVELOPER OR DEVELOPER'S EMPLOYEES, MEMBERS, SHAREHOLDERS, PARTNERS, AFFILIATES OR EMPLOYEES OR AGENTS OF ANY OF THEM. UNDER NO CIRCUMSTANCES SHALL AUTHORITY BE LIABLE TO DEVELOPER UNDER THIS AGREEMENT FOR ANY SPECULATIVE, CONSEQUENTIAL, COLLATERAL, SPECIAL, PUNITIVE OR INDIRECT DAMAGES OR FOR ANY LOSS OF PROFITS SUFFERED OR CLAIMED TO HAVE BEEN SUFFERED BY DEVELOPER.

10.1.2 WAIVER OF RIGHTS. DEVELOPER ACKNOWLEDGES AND AGREES THAT AUTHORITY WOULD NOT HAVE ENTERED INTO THIS AGREEMENT, IF IT WERE TO BE LIABLE TO DEVELOPER FOR ANY MONETARY DAMAGES, MONETARY RECOVERY OR ANY REMEDY DURING THE CONTINUANCE OF AN EVENT OF DEFAULT UNDER THIS AGREEMENT BY AUTHORITY PRIOR TO THE CLOSE OF ESCROW, OTHER THAN SPECIFIC PERFORMANCE OF THIS AGREEMENT OR TERMINATION OF THIS AGREEMENT AND PAYMENT OF THE AMOUNTS SPECIFIED IN SECTION 10.1.1. ACCORDINGLY, AUTHORITY AND DEVELOPER AGREE THAT THE REMEDIES SPECIFICALLY PROVIDED FOR IN SECTION 10.1.1 ARE REASONABLE AND SHALL BE DEVELOPER'S SOLE AND EXCLUSIVE RIGHTS AND REMEDIES DURING THE CONTINUANCE OF AN EVENT OF DEFAULT UNDER THIS AGREEMENT BY AUTHORITY. DEVELOPER WAIVES ANY RIGHT TO PURSUE ANY REMEDY OR DAMAGES OTHER THAN THOSE SPECIFICALLY PROVIDED IN SECTION 10.1.1.

10.1.3 CIVIL CODE SECTION 1542 WAIVER. DEVELOPER ACKNOWLEDGES THE PROTECTIONS OF CIVIL CODE SECTION 1542 RELATIVE TO THE WAIVERS AND RELEASES CONTAINED IN THIS SECTION 10.1, WHICH CIVIL CODE SECTION READS AS FOLLOWS:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

10.1.4 ACKNOWLEDGMENT. BY INITIALING BELOW, DEVELOPER KNOWINGLY AND VOLUNTARILY WAIVES THE PROVISIONS OF SECTION 1542 AND ALL OTHER STATUTES AND JUDICIAL DECISIONS (WHETHER STATE OR FEDERAL) OF SIMILAR EFFECT SOLELY IN CONNECTION WITH THE WAIVERS AND RELEASES CONTAINED IN THIS SECTION 10.1.

Initials of Authorized
Developer Representative

10.1.5 STATEMENT OF INTENT. CALIFORNIA CIVIL CODE SECTION 1542 NOTWITHSTANDING, IT IS THE INTENTION OF DEVELOPER TO BE BOUND BY THE LIMITATION ON DAMAGES AND REMEDIES SET FORTH IN THIS SECTION 10.1, AND DEVELOPER HEREBY RELEASES ANY AND ALL CLAIMS AGAINST AUTHORITY FOR MONETARY DAMAGES, MONETARY RECOVERY OR OTHER LEGAL OR EQUITABLE RELIEF RELATED TO ANY EVENT OF DEFAULT UNDER THIS AGREEMENT PRIOR TO THE CLOSE OF ESCROW, EXCEPT AS SPECIFICALLY PROVIDED IN THIS SECTION 10.1, WHETHER OR NOT ANY SUCH RELEASED CLAIMS WERE KNOWN OR UNKNOWN TO DEVELOPER AS OF THE EFFECTIVE DATE OF THIS AGREEMENT.

10.2 Legal Actions. Either Party may institute legal action, at law or in equity, to enforce or interpret the rights or obligations of the Parties under this Agreement or recover damages, subject to the provisions of Section 10.1.

10.3 Rights and Remedies are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties set forth in this Agreement are cumulative and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by such Party, at the same or different times, of any other rights or remedies for the same Default or the same rights or remedies for any other Default by the other Party.

10.4 Indemnification.

10.4.1 Developer Indemnity Obligations. Developer shall Indemnify the Authority Parties against any Claim to the extent such Claim arises from any wrongful intentional act or negligence of the Developer Parties. Developer shall also Indemnify Authority Parties against any and all of the following: (a) any Application made by or at Developer's request; (b) any agreements that Developer (or anyone claiming by or through Developer) makes with a Third Person regarding the Property or the Project; (c) any workers compensation claim or

determination relating to any employee of the Developer Parties or their contractors; (d) any Prevailing Wage Action relating to this Agreement or the Project; (e) any Environmental Claim attributable to any action or failure to act by the Developer Parties; and (f) any Claim arising from or related to Authority's approval or entry into this Agreement.

10.4.2 Independent of Insurance Obligations. Developer's indemnification obligations under this Agreement shall not be construed or interpreted as in any way restricting, limiting, or modifying Developer's insurance or other obligations under this Agreement. Developer's obligation to Indemnify Authority Parties under this Agreement is independent of Developer's insurance and other obligations under this Agreement. Developer's compliance with its insurance obligations and other obligations under this Agreement shall not in any way restrict, limit, or modify Developer's indemnification obligations under this Agreement and are independent of Developer's indemnification and other obligations under this Agreement.

10.4.3 Survival of Indemnification and Defense Obligations. The indemnity and defense obligations of the Parties under this Agreement shall survive the expiration or earlier termination of this Agreement, until any and all actual or prospective Claims regarding any matter subject to an indemnity obligation under this Agreement are fully, finally, absolutely and completely barred by applicable statutes of limitations.

10.4.4 Indemnification Procedures. Wherever this Agreement requires any Indemnitor to Indemnify any Indemnitee:

(a) Prompt Notice. The Indemnitee shall promptly Notify the Indemnitor of any Claim.

(b) Selection of Counsel. The Indemnitor shall select counsel reasonably acceptable to the Indemnitee. Counsel to Indemnitor's insurance carrier that is providing coverage for a Claim shall be deemed reasonably satisfactory, except in the event of a potential or actual conflict of interest for such counsel regarding such representation or such counsel proves to be incompetent regarding such representation. Even though the Indemnitor shall defend the Claim, Indemnitee may, at its option and its own expense, engage separate counsel to advise it regarding the Claim and its defense. The Indemnitee's separate counsel may attend all proceedings and meetings. The Indemnitor's counsel shall actively consult with the Indemnitee's separate counsel.

(c) Cooperation. The Indemnitee shall reasonably cooperate with the Indemnitor's defense of the Indemnitee.

(d) Settlement. The Indemnitor may only settle a Claim with the consent of the Indemnitee. Any settlement shall procure a release of the Indemnitee from the subject Claims, shall not require the Indemnitee to make any payment to the claimant and shall provide that neither the Indemnitee nor the Indemnitor on behalf of Indemnitee admits any liability.

11. GENERAL PROVISIONS

11.1 Incorporation of Recitals. The Recitals of fact set forth preceding this Agreement are true and correct and are incorporated into this Agreement in their entirety by this reference.

11.2 Notices, Demands and Communications Between the Parties.

11.2.1 Delivery. Any and all Notices submitted by any Party to the other Party pursuant to or as required by this Agreement shall be proper, if in writing and dispatched by messenger for immediate personal delivery, nationally recognized overnight (one Business Day) courier (i.e., United Parcel Service, Federal Express, etc.) or by registered or certified United States mail, postage prepaid, return receipt requested, to the address of the recipient Party, as designated in Section 11.2.2. Notices may be sent in the same manner to such other addresses as either Party may from time to time designate by Notice in accordance with this Section 11.2. Notice shall be deemed received by the addressee, regardless of whether or when any return receipt is received by the sender or the date set forth on such return receipt, on the day that it is dispatched by messenger for immediate personal delivery, one Business Day after delivery to a nationally recognized overnight carrier or two (2) calendar days after it is placed in the United States mail in accordance with this Section 11.2.1. Any attorney representing a Party may give any Notice on behalf of such Party.

11.2.2 Addresses. The Notice addresses for the Parties, as of the Effective Date, are as follows:

To Developer: Habitat for Humanity of Orange County, Inc.
2200 S. Ritchey Street
Santa Ana, CA 92705
Attention: Troy Hendrickson

With Copy To: Jackson Tidus
2030 Main Street, 12th Floor
Irvine, CA 92614
Attention: Heather Weir

To Authority: City of Stanton Housing Authority
7600 Katella Blvd.
Stanton, CA
Attention: _____

With Copy to: Matthew Richardson
City Attorney, City of Stanton
18101 Von Karman Ave, Suite 1000
Irvine, CA 92612

11.3 Relationship of Parties. The Parties each intend and agree that Authority and Developer are independent contracting entities and do not intend by this Agreement to create any

partnership, joint venture, or similar business arrangement, relationship or association between them.

11.4 Warranty Against Payment of Consideration for Agreement. Developer represents and warrants to Authority that: (a) Developer has not employed or retained any Person to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees of Developer and Third Persons to whom fees are paid for professional services related to planning, design or construction of the Project or documentation of this Agreement; and (b) no gratuities, in the form of entertainment, gifts or otherwise have been or will be given by Developer or any of Developer's agents, employees or representatives to any elected or appointed official or employee of either Authority or the City in an attempt to secure this Agreement or favorable terms or conditions for this Agreement. Breach of the representations or warranties of this Section 11.4 shall entitle Authority to terminate this Agreement or cancel the Escrow (or both) upon seven (7) days' Notice to Developer and Escrow Agent. Upon any such termination of this Agreement, Developer shall immediately refund any payments made to or on behalf of Developer by Authority or the City pursuant to this Agreement or otherwise related to the Property, any Approval, any CEQA Document, or the Project, prior to the date of any such termination.

11.5 No Discrimination or Segregation. Developer covenants by and for itself and all Persons claiming under or through it that this Agreement is made and accepted upon and subject to the following conditions:

11.5.1 Standards. That there shall be no discrimination against or segregation of any Person or group of Persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the Property nor shall Developer or any Person claiming under or through Developer establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the Property.

11.5.2 Interpretation. Notwithstanding Section 11.5.1, with respect to familial status, Section 11.5.1 shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in Section 11.5.1 shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to Section 11.5.1.

11.6 Non-liability of Authority Officials and Employees. No member, official or employee of Authority shall be personally liable to Developer, or any successor in interest to Developer, in the event of any Default by Authority under this Agreement or for any amount that may become due to Developer or to Developer's successor, or on any obligations under the terms

of this Agreement, except to the extent resulting from the gross negligence or willful act of such member, officer or employee.

11.7 Inspection of Books and Records. Authority shall have the right at all reasonable times, at Authority's cost and expense, to inspect the books and records of Developer pertaining to the Property or the Project. Authority shall not disclose proprietary information of Developer to Third Persons, unless required by law or otherwise resulting from or related to the pursuit of any remedies by or the assertion of any rights of Authority under this Agreement.

11.8 Calculation of Time Periods. Unless otherwise specified, all references to time periods in this Agreement measured in days shall be to consecutive calendar days, all references to time periods in this Agreement measured in months shall be to consecutive calendar months and all references to time periods in this Agreement measured in years shall be to consecutive calendar years. Any reference to Business Days in this Agreement shall mean consecutive Business Days.

11.9 Principles of Interpretation. No inference in favor of or against any Party shall be drawn from the fact that such Party has drafted any part of this Agreement. The Parties have both participated substantially in the negotiation, drafting, and revision of this Agreement, with advice from legal and other counsel and advisers of their own selection. A word, term or phrase defined in the singular in this Agreement may be used in the plural, and vice versa, all in accordance with ordinary principles of English grammar, which shall govern all language in this Agreement. The words "**include**" and "**including**" in this Agreement shall be construed to be followed by the words: "**without limitation.**" Each collective noun in this Agreement shall be interpreted as if followed by the words "**(or any part of it),**" except where the context clearly requires otherwise. Every reference to any document, including this Agreement, refers to such document, as modified from time to time (excepting any modification that violates this Agreement), and includes all exhibits, schedules, addenda and riders to such document. The word "**or**" in this Agreement includes the word "**and.**" Every reference to a law, statute, regulation, order, form or similar governmental requirement refers to each such requirement as amended, modified, renumbered, superseded or succeeded, from time to time.

11.10 Governing Law. The procedural and substantive laws of the State shall govern the interpretation and enforcement of this Agreement, without application of conflicts or choice of laws principles. The Parties acknowledge and agree that this Agreement is entered into, is to be fully performed in and relates to real property located in the County of Orange, State of California. All legal actions arising from this Agreement shall be filed in the Superior Court of the State in and for the County or in the United States District Court with jurisdiction in the County.

11.11 Unavoidable Delay; Extension of Time of Performance.

11.11.1 Notice. Subject to any specific provisions of this Agreement stating that they are not subject to Unavoidable Delay or otherwise limiting or restricting the effects of an Unavoidable Delay, performance by either Party under this Agreement shall not be deemed or considered to be in Default, where any such Default is due to the occurrence of an Unavoidable Delay. Any Party claiming an Unavoidable Delay shall Notify the other Party: (a) within twenty

(20) days after such Party knows of any such Unavoidable Delay; and (b) within ten (10) days after such Unavoidable Delay ceases to exist. To be effective, any Notice of an Unavoidable Delay must describe the Unavoidable Delay in reasonable detail. The Party claiming an extension of time to perform due to an Unavoidable Delay shall exercise its commercially reasonable best efforts to cure the condition causing the Unavoidable Delay, within a reasonable time.

11.11.2 Assumption of Economic Risks. EACH PARTY EXPRESSLY AGREES THAT ADVERSE CHANGES IN ECONOMIC CONDITIONS, OF EITHER PARTY SPECIFICALLY OR THE ECONOMY GENERALLY, OR CHANGES IN MARKET CONDITIONS OR DEMAND OR CHANGES IN THE ECONOMIC ASSUMPTIONS OF EITHER PARTY THAT MAY HAVE PROVIDED A BASIS FOR ENTERING INTO THIS AGREEMENT SHALL NOT OPERATE TO EXCUSE OR DELAY THE PERFORMANCE OF EACH AND EVERY ONE OF EACH PARTY'S OBLIGATIONS AND COVENANTS ARISING UNDER THIS AGREEMENT. ANYTHING IN THIS AGREEMENT TO THE CONTRARY NOTWITHSTANDING, THE PARTIES EXPRESSLY ASSUME THE RISK OF UNFORESEEABLE CHANGES IN ECONOMIC CIRCUMSTANCES OR MARKET DEMAND OR CONDITIONS AND WAIVE, TO THE GREATEST EXTENT ALLOWED BY LAW, ANY DEFENSE, CLAIM, OR CAUSE OF ACTION BASED IN WHOLE OR IN PART ON ECONOMIC NECESSITY, IMPRACTICABILITY, CHANGED ECONOMIC CIRCUMSTANCES, FRUSTRATION OF PURPOSE, OR SIMILAR THEORIES. THE PARTIES AGREE THAT ADVERSE CHANGES IN ECONOMIC CONDITIONS, EITHER OF THE PARTY SPECIFICALLY OR THE ECONOMY GENERALLY, OR CHANGES IN MARKET CONDITIONS OR DEMANDS, SHALL NOT OPERATE TO EXCUSE OR DELAY THE STRICT OBSERVANCE OF EACH AND EVERY ONE OF THE OBLIGATIONS, COVENANTS, CONDITIONS AND REQUIREMENTS OF THIS AGREEMENT. THE PARTIES EXPRESSLY ASSUME THE RISK OF SUCH ADVERSE ECONOMIC OR MARKET CHANGES, WHETHER OR NOT FORESEEABLE AS OF THE EFFECTIVE DATE.

Initials of Authorized Authority
Representative

Initials of Authorized Developer
Representative

11.12 Tax Consequences. Developer acknowledges and agrees that Developer shall bear any and all responsibility, liability, costs, and expenses connected in any way with any tax consequences experienced by Developer related to this Agreement.

11.13 Real Estate Commissions. Each Party: (a) represents and warrants that it did not engage or deal with any broker or finder in connection with this Agreement and no Person is entitled to any commission or finder's fee regarding this Agreement on account of any agreement or arrangement made by such Party; and (b) shall Indemnify the other Party against any breach of the representation and warranty set forth in clause "(a)" of this Section 11.13.

11.14 No Third-Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any Person other than the Parties and their respective permitted successors and assigns, nor is anything in

this Agreement intended to relieve or discharge any obligation of any Third Person to any Party or give any Third Person any right of subrogation or action over or against any Party.

11.15 Developer Assumption of Risks of Legal Challenges. Developer assumes the risk of delays and damages that may result to Developer from any Third Person legal actions related to Authority's approval of this Agreement or any associated Approvals, even in the event that an error, omission or abuse of discretion by Authority is determined to have occurred. If a Third Person files a legal action regarding Authority's approval of this Agreement or any associated Approval (exclusive of legal actions alleging violation of Government Code Section 1090 by elected officials of Authority), Developer shall have the option to either: (1) cancel the Escrow and terminate this Agreement, in which case the Parties and the Escrow Agent shall proceed in accordance with Section 4.12; or (2) Indemnify Authority against such Third Person legal action, including all Legal Costs, monetary awards, sanctions, attorney fee awards, expert witness and consulting fees, and the expenses of any and all financial or performance obligations resulting from the disposition of the legal action; provided, however, that option "(1)" under this Section 11.15 shall only be available to Developer prior to the Close of Escrow. Should Developer fail to Notify Authority of Developer's election pursuant to this Section 11.15 at least fifteen (15) days before response to the legal action is required by Authority, Developer shall be deemed to have elected to terminate this Agreement pursuant to this Section 11.15. Authority shall reasonably cooperate with Developer in defense of Authority in any legal action subject to this Section 11.15, subject to Developer performing Developer's indemnity obligations for such legal action. Nothing contained in this Section 11.15 is intended to be nor shall be deemed or construed to be an express or implied admission that Authority may be liable to Developer or any other Person for damages or other relief regarding any alleged or established failure of Authority to comply with any Law. Any legal action that is subject to this Section 11.15 (including any appeal periods and the pendency of any appeals) shall constitute an Unavoidable Delay and the time periods for performance by either Party under this Agreement may be extended pursuant to the provisions of this Agreement regarding Unavoidable Delay.

11.16 Effect. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs, executors, administrators, legal representatives, successors and assigns.

11.17 Time Declared to be of the Essence. As to the performance of any obligation under this Agreement of which time is a component, the performance of such obligation within the time specified is of the essence.

11.18 Entire Agreement. This Agreement integrates all of the terms and conditions mentioned in this Agreement or incidental to this Agreement, and supersedes all negotiations or previous agreements between the Parties with respect to all or any portion of the Property and the development of the Project.

11.19 Waivers and Amendments. All waivers of the provisions of this Agreement must be in writing and signed by the authorized representative(s) of the Party making the waiver. All amendments to this Agreement must be in writing and signed by the authorized representative(s) of both Authority and Developer. Failure to insist on any one occasion upon strict compliance with any term, covenant, condition, restriction or agreement contained in this

Agreement shall not be deemed a waiver of such term, covenant, condition, restriction or agreement, nor shall any waiver or relinquishment of any rights or powers under this Agreement, at any one time or more times, be deemed a waiver or relinquishment of such right or power at any other time or times.

11.20 Prohibition Against Changes in Ownership, Management or Control of Developer or Assignment.

11.20.1 Developer Identity. Developer acknowledges and agrees that the qualifications and identity of Developer are of particular importance and concern to Authority. Developer further acknowledges and agrees that Authority has relied and is relying on the specific qualifications and identity of Developer and that Authority would not have entered into this Agreement but for the specific qualifications and identity of Developer. As a consequence, Transfers of Developer's rights or obligations under this Agreement or of all or any portion of the Property, except Transfers of ownership of Dwelling Units after issuance of a Completion Certificate for such Dwelling Unit, are only permitted with the prior written consent of Authority, which may be withheld or conditioned in Authority's sole and absolute discretion. Developer represents and warrants to Authority that it has not made and agrees that it will not create or permit to be made or created any Transfer, except in accordance with this Section 11.20, either voluntarily, involuntarily or by operation of law. Any Transfer made in contravention of this Section 11.20 shall be voidable at the election of Authority. Developer acknowledges and agrees that the restrictions on Transfers set forth in this Section 11.20 are reasonable.

11.20.2 Delivery of Transfer Documents. All instruments and other legal documents proposed to effect any proposed Transfer shall be submitted to Authority for review, at least thirty-five (35) calendar days prior to the proposed date of the Transfer, and the written approval, disapproval or conditions of Authority regarding the proposed Transfer shall be provided to Developer, within thirty (30) calendar days following Authority's receipt of all proposed Transfer documents.

11.21 Exhibit List. All of the exhibits attached to this Agreement are as follows:

Exhibit A	Property Legal Description
Exhibit B	Property Site Map
Exhibit C	Project Scope
Exhibit D	Developer Official Action
Exhibit E	Authority Quitclaim Deed
Exhibit F	Completion Certificate
Exhibit G	Regulatory Agreement

11.22 Executive Director Implementation. Authority shall implement this Agreement through its Executive Director. The Executive Director is hereby authorized by Authority to enter into agreements or sign documents referenced in this Agreement or reasonably required to implement this Agreement on behalf of Authority, issue approvals, interpretations or waivers and enter into certain amendments to this Agreement on behalf of Authority, to the extent that any such action(s) does/do not materially or substantially change the Project or

increase the monetary obligations of Authority by more than Fifty Thousand Dollars (\$50,000) in the aggregate. All other actions shall require the consideration and approval of Authority governing body, unless expressly provided otherwise by action of Authority governing body. Nothing in this Section 11.22 shall restrict the submission to Authority governing body of any matter within the Executive Director authority under this Section 11.22, in the Executive Director's sole and absolute discretion, to obtain Authority governing body's express and specific authorization on such matter. The specific intent of this Section 11.22 is to authorize certain actions on behalf of Authority by the Executive Director, but not to require that such actions be taken by the Executive Director, without consideration by Authority governing body.

11.23 Survival of Agreement. All of the provisions of this Agreement shall be applicable to any dispute between the Parties arising from this Agreement, whether prior to or following expiration or termination of this Agreement, until any such dispute is finally and completely resolved between the Parties, either by written settlement, entry of a non-appealable judgment or expiration of all applicable statutory limitations periods and all terms and conditions of this Agreement relating to dispute resolution, indemnification and limitations on damages or remedies shall survive any expiration or termination of this Agreement.

11.24 Counterparts. This Agreement shall be signed in three (3) originals each of which is deemed to be an original. This Agreement constitutes the entire understanding and Agreement of the Parties regarding the subject matter of this Agreement. Each exhibit is incorporated into this Agreement by reference.

11.25 Facsimile or Electronic Signatures. Signatures delivered by facsimile or electronic means shall be binding as originals upon the Party so signing and delivering; provided, however, that original signature(s) of each Party shall be required for each document to be recorded.

[Signatures on following page]

**SIGNATURE PAGE
TO
DISPOSITION AND DEVELOPMENT AGREEMENT
(Habitat for Humanity of Orange County, Inc.)**

IN WITNESS WHEREOF, the Parties have signed and entered into this Agreement by and through the signatures of their respective authorized representative(s) as follow:

AUTHORITY:	DEVELOPER:
CITY OF STANTON HOUSING AUTHORITY	HABITAT FOR HUMANITY OF ORANGE COUNTY, INC., a California non-profit religious corporation
By: _____ Executive Director	By: _____ Sharon Ellis, President / CEO
ATTEST:	
By: _____ Secretary	By: _____ Erica Berrios, Chief Accounting Officer

APPROVED AS TO FORM:

BEST BEST & KRIEGER LLP

Authority Attorney

**EXHIBIT A
TO
DISPOSITION AND DEVELOPMENT AGREEMENT
(Habitat for Humanity of Orange County, Inc.)**

Property Legal Description

**EXHIBIT B
TO
DISPOSITION AND DEVELOPMENT AGREEMENT
(Habitat for Humanity of Orange County, Inc.)**

Property Site Map

[Attached Behind This Page]

**EXHIBIT C
TO
DISPOSITION AND DEVELOPMENT AGREEMENT
(Habitat for Humanity of Orange County, Inc.)**

Project Scope

Six affordable moderate income, covenant restricted homes _____(design concept/unit mix/etc) in accordance with plans and specifications approved by Authority.

**EXHIBIT D
TO
DISPOSITION AND DEVELOPMENT AGREEMENT
(Habitat for Humanity of Orange County, Inc.)**

Developer Official Action

[Attached Behind This Page]

**Resolution of the Board of Directors of
HABITAT FOR HUMANITY OF ORANGE COUNTY, INC.**

At a meeting of the Board of Directors of Habitat for Humanity of Orange County, Inc., a California non-profit religious corporation (“**Corporation**”), duly held on [DATE], at which meeting a quorum of the Board of Directors were in attendance, the following resolutions were adopted:

WHEREAS, the Corporation is about to enter into that certain Disposition and Development Agreement (Habitat for Humanity of Orange County, Inc.) (“**Agreement**”), dated [DATE], with City of Stanton Housing Authority, a California public body, corporate and politic (“**Authority**”), to acquire that certain real property owned by Authority and located in the City of Stanton, County of Orange, State of California, as more specifically described in the Agreement; and

WHEREAS, the Board of Directors of the Corporation has reviewed the Agreement and all documents executed or to be executed in connection with the Agreement and considers the transaction to be in the best interest of the Corporation; and

WHEREAS, the Board of Directors wishes to prescribe appropriate escrow closing powers and authority to certain officers of the Corporation, as set forth below;

NOW, THEREFORE, BE IT RESOLVED that the Corporation enter into the Agreement and all documents previously presented to, reviewed, and approved by the Board of Directors of the Corporation in reference to the Agreement.

RESOLVED, FURTHER, that the President/Executive Director or Chief Financial Officer, together with any of the President/Executive Director, Chief Financial Officer, Senior Vice President, or Secretary of the Corporation are authorized to sign any and all documents relating to the purchase of real property located at _____, Stanton, California, on behalf of the Corporation and bind the Corporation to such documents.

RESOLVED, FURTHER, that Authority conferred by this Resolution shall be considered retroactive, and any and all acts authorized in this Resolution that were performed before the passage of this Resolution are approved and ratified. Authority conferred by this Resolution shall continue in full force and effect until Authority shall have received notice in writing, certified by the Secretary of the Corporation, of the revocation of this authority by a resolution duly adopted by the Board of Directors of the Corporation.

RESOLVED, FURTHER, that the activities covered by the authorities conferred in this Resolution constitute duly authorized activities of the Corporation; these authorities are now in full force and effect; and there is no provision in any document under which the Corporation is organized and/or that governs the Corporation’s continued existence limiting the power of the Board of Directors of the Corporation to grant such authority, and the activities covered by the authorities conferred in this Resolution are in conformity with the provisions of all such documents.

The undersigned, [NAME], Secretary of the Corporation, certifies that the foregoing is a true copy of the Resolution duly adopted by the Board of Directors of the Corporation at a meeting held on [DATE].

IN TESTIMONY WHEREOF, I have executed this Resolution and affixed the corporate seal of the Corporation as of [DATE].

Date:

Name [Typed name]
Secretary

[Seal]

Name [Typed name]
Secretary

Name [Typed name]
Secretary

**EXHIBIT E
TO
DISPOSITION AND DEVELOPMENT AGREEMENT
(Habitat for Humanity of Orange County, Inc.)**

Authority Quitclaim Deed

[Attached Behind This Page]

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Stanton Housing Authority
7600 Katella Blvd.
Stanton, CA 90680
Attention: Jarad Hildenbrand, Executive
Director

APN _____

SPACE ABOVE THIS LINE FOR RECORDER'S USE

EXEMPT FROM RECORDING FEES – GOVERNMENT CODE SECTION 27383

CITY OF STANTON

QUITCLAIM DEED

(Habitat for Humanity of Orange County, Inc.)

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

CITY OF STANTON HOUSING AUTHORITY, a public body, corporate and politic
("Transferor"),

does hereby remise, release and forever quitclaim to

HABITAT FOR HUMANITY OF ORANGE COUNTY, INC., a California non-profit
religious corporation ("Transferee"), all right, title and interest of Transferor in that certain real
property in the City of Stanton, County of Orange, State of California, specifically described in
Exhibit "A" attached to this Quitclaim Deed ("Property") and made a part of this Quitclaim
Deed by this reference,

SUBJECT TO the following retained and reserved rights and interests in the Property in
favor of Transferor that shall run with the Property and bind Transferee and all successive
owners of all or any portion of the Property:

12. ASSOCIATED AGREEMENT.

12.1 Section 5.1 of that certain Disposition and Development Agreement (Habitat for Humanity of Orange County, Inc.), dated as of _____, entered into between Transferor and Transferee (“**DDA**”), which reads as follows:

5.1 Developer’s Covenant to Develop the Project. Developer covenants to and for the exclusive benefit of City that Developer shall commence, pursue and complete the development of the Project on the Property in accordance with the deadlines and other requirements of this Agreement and all applicable Laws and conditions of each Government. The covenants of this Section 5.1 shall run with the Property, until the earlier of: (1) the first date on which a Completion Certificate has been issued for each Dwelling Unit in the Project; or (2) the twentieth (20th) anniversary of the date of the Close of Escrow.

13. RESERVATION OF POWER OF TERMINATION REGARDING PROPERTY.

13.1 Reservation. Transferor hereby reserves a power of termination pursuant to Civil Code Sections 885.010, et seq., exercisable by Transferor, in its sole and absolute discretion, upon thirty (30) calendar days’ Notice to Transferee referencing this Section 13, to terminate the fee interest of Transferee in the Property or any improvements to the Property and revert such fee title in the Transferor and take possession of all or any portion of such real property and improvements, without compensation to Transferee, upon the occurrence of an “**Event of Default**” by Transferee under the DDA. Transferor shall not exercise such power of termination if Transferee cures the Event of Default within the thirty (30) day Notice period set forth in this Section 13.1. The power of termination reserved in this Section 13.1 shall terminate with respect to a legal parcel of land comprising a part of the Property on the date of issuance or deemed issuance of a Completion Certificate for the Dwelling Unit to be constructed on such parcel by the Transferee under the terms of the DDA. Such right to terminate, revert and re-enter shall be limited by and shall not defeat, render invalid or limit: (i) any mortgage or deed of trust permitted by the DDA; or (ii) any rights or interests provided in the DDA for the protection of the holders of such mortgages or deeds of trust.

13.2 Reconveyance to Transferor. Upon Transferor’s exercise of its power of termination reserved in this Section 13, Transferee shall convey fee title to all legal parcels of land comprising the Property regarding which Transferor’s reserved power under this Section 13 is in effect at the time of such exercise and all improvements on or to such Property to Transferor by grant deed, in accordance with Civil Code Section 1109, as such code section may hereafter be amended, renumbered, replaced or substituted. Such conveyance shall be duly acknowledged by Transferee and a notary public in a manner suitable for recordation with the County. Transferor may enforce its rights pursuant to this Section 13 by means of an injunctive relief or forfeiture of title action filed in any court of competent jurisdiction.

13.3 Disposition of Property. Upon the reversioning in Transferor of title to all or any portion of the Property, whether by grant deed or court decree, Transferor shall exercise its

reasonable good faith efforts to resell such Property at such Property's then fair reuse value, as soon and in such manner as Transferor shall find feasible, to a qualified and responsible Person or Persons who will assume Transferee's obligations to begin or complete or operate the Project, or for such other replacement development acceptable to Transferor, all in Transferor's sole and absolute discretion. Upon any such resale of all or a portion of the Property, the proceeds received by Transferor from such sale shall be applied, as follows:

13.3.1 First, to pay all amounts required to release/reconvey all security instruments recorded against such Property; and

13.3.2 Second, to reimburse Transferor for all actual internal and Third Person costs and expenses incurred by Transferor related to the Property, the Project or the DDA, including customary and reasonable fees or salaries to Third Person consultants (including Legal Costs) in connection with the recapture, management or resale of all or any portion of the Property; all taxes, assessments and utility charges paid by Transferor with respect to all or any portion of the Property; any payment made or necessary to be made to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations incurred by Transferee with respect to the Property or the construction of the Project; and amounts otherwise owing to Transferor from Transferee pursuant to the terms of the DDA or the Regulatory Agreement; and

13.3.3 Third, to the extent that any proceeds from such resale are, thereafter, available, to reimburse Transferee, the amount of the Third Person costs actually incurred and paid by Transferee regarding the construction of the Project, including costs of carry, taxes, and other items as set forth in a cost certification to be made by Transferee to Transferor, prior to any such reimbursement, which certification shall be subject to Transferor's reasonable approval; provided, however, that Transferee shall not be entitled to reimbursement for any expenses relating to any loans, liens or other encumbrances that are paid by Transferor pursuant to the provisions of Sections 13.3.1 or 13.3.2 of this Quitclaim Deed; and

13.3.4 Fourth, any portion of the proceeds from the resale of such Property remaining after the foregoing applications shall be retained by Transferor, as Transferor's sole and exclusive property.

13.4 Right of Re-Entry. IMMEDIATELY FOLLOWING THE THIRTY (30) DAY NOTICE PERIOD SPECIFIED IN SECTION 13.1, TRANSFEROR, ITS EMPLOYEES AND AGENTS SHALL HAVE THE RIGHT TO REENTER AND TAKE POSSESSION OF ALL OR ANY PORTION OF THE PROPERTY AND ANY IMPROVEMENTS ON OR TO THE PROPERTY, WITHOUT FURTHER NOTICE OR COMPENSATION TO TRANSFEE. BY INITIALING BELOW, TRANSFEE HEREBY EXPRESSLY WAIVES, TO THE MAXIMUM EXTENT ALLOWED BY LAW, ANY AND ALL RIGHTS THAT TRANSFEE MAY HAVE UNDER CALIFORNIA CIVIL CODE SECTION 791 AND CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 1162, AS THOSE STATUTES MAY BE AMENDED, REPLACED, RENUMBERED OR SUBSTITUTED, OR UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

Initials of Authorized
Transferee Representative

13.5 Transferee Acknowledgments. TRANSFEREE ACKNOWLEDGES AND AGREES THAT TRANSFEROR'S EXERCISE OF ITS POWER OF TERMINATION AND RIGHT OF REENTRY PURSUANT TO THIS SECTION 13 MAY WORK A FORFEITURE OF THE ESTATE IN THE PROPERTY CONVEYED TO TRANSFEREE THROUGH THIS QUITCLAIM DEED. TRANSFEREE HEREBY EXPRESSLY WAIVES, TO THE MAXIMUM EXTENT ALLOWED BY LAW, ANY AND ALL EQUITABLE AND LEGAL DEFENSES THAT TRANSFEREE MAY HAVE TO SUCH FORFEITURE, INCLUDING, BUT NOT LIMITED TO, THE DEFENSES OF LACHES, WAIVER, ESTOPPEL, SUBSTANTIAL PERFORMANCE OR COMPENSABLE DAMAGES. TRANSFEREE FURTHER EXPRESSLY WAIVES, TO THE MAXIMUM EXTENT ALLOWED BY LAW, ANY AND ALL RIGHTS AND DEFENSES THAT TRANSFEREE MAY HAVE UNDER CALIFORNIA CIVIL CODE SECTION 3275 OR ANY OTHER STATUTE OR COMMON LAW PRINCIPLE OF SIMILAR EFFECT. TRANSFEREE ACKNOWLEDGES THAT THE TERMS AND CONDITIONS OF THE DDA UNDER WHICH TRANSFEROR HAS MADE THIS QUITCLAIM DEED REFLECT THE POSSIBILITY OF FORFEITURE BY VIRTUE OF THE EXERCISE OF TRANSFEROR'S POWER OF TERMINATION PROVIDED IN THIS SECTION 13. TRANSFEREE FURTHER ACKNOWLEDGES THAT TRANSFEREE HAS RECEIVED INDEPENDENT AND ADEQUATE CONSIDERATION FOR TRANSFEREE'S WAIVER AND RELINQUISHMENT OF RIGHTS AND REMEDIES PURSUANT TO THIS SECTION 13.

Initials of Authorized
Transferee Representative

14. NO DISCRIMINATION OR SEGREGATION. Transferee, on behalf of itself and all persons claiming under or through Transferee, accepts this Quitclaim Deed upon and subject to the following conditions:

14.1 Standards. That there shall be no discrimination against or segregation of any Person or group of Persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the Property nor shall Developer or any Person claiming under or through Developer establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the Property.

14.2 Interpretation. Notwithstanding Section 14.1, with respect to familial status, Section 14.1 shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in Section 14.1 shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code,

relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to Section 14.1.

[Remainder of page intentionally left blank]

15. INCORPORATION OF DDA DEFINITIONS. Any terms indicated to be defined terms by initial capitalization in this Quitclaim Deed that are not specifically defined in this Quitclaim Deed shall have the meaning ascribed to the same term in the DDA.

Dated: _____

CITY OF STANTON HOUSING
AUTHORITY, a public body, corporate and
politic

By: _____
Executive Director

[SIGNATURE MUST BE NOTARY ACKNOWLEDGED FOR RECORDING]

Exhibit "A"
To
Quitclaim Deed
(Habitat for Humanity of Orange County, Inc.

Property Legal Description

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the above Quitclaim Deed from the **CITY OF STANTON HOUSING AUTHORITY**, a California public body, corporate and politic, to **HABITAT FOR HUMANITY OF ORANGE COUNTY, INC.**, a California non-profit religious corporation, is hereby accepted by the undersigned officer on behalf of Habitat for Humanity of Orange County, Inc. and Habitat for Humanity of Orange County, Inc. consents to recordation of such Quitclaim Deed in the official records of the County of Orange, California.

Habitat for Humanity of Orange County, Inc.,
a California non-profit religious corporation

By: _____
Sharon Ellis, President / CEO

By: _____
Erica Berrios, Chief Accounting Officer

**EXHIBIT F
TO
DISPOSITION AND DEVELOPMENT AGREEMENT
(Habitat for Humanity of Orange County, Inc.)**

Completion Certificate

[Attached Behind This Page]

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

SPACE ABOVE THIS LINE FOR RECORDER'S USE
EXEMPT FROM RECORDING FEES – GOVT. CODE § 27383

CITY OF STANTON HOUSING AUTHORITY

COMPLETION CERTIFICATE

**Disposition and Development Agreement
(Habitat for Humanity of Orange County, Inc.)**

In his or her capacity as Executive Director of the City of Stanton Housing Authority, the undersigned certifies that: (1) City of Stanton Housing Authority, a public body, corporate and politic (“Authority”), and Habitat for Humanity of Orange County, Inc., a California non-profit religious corporation (“Developer”), are parties to that certain Disposition and Development Agreement (Habitat for Humanity of Orange County, Inc.), dated as of _____ (“Agreement”); and (2) the portion of the Project described in the Agreement as the Dwelling Unit required to be constructed pursuant to the Agreement on that certain real property specifically described in the legal description attached to this Completion Certificate as Exhibit “A” (“New Home”) is complete in accordance with the provisions of the Agreement.

This Completion Certificate constitutes conclusive evidence that the Developer’s obligation under the Agreement to construct the New Home on the Property has been satisfied, including any and all buildings, parking areas, landscaping areas and related improvements necessary to support or meet any requirements applicable to the New Home and its use and occupancy, exclusive of any Punchlist Work. Notwithstanding any other provision of this Completion Certificate, the operating, use, maintenance, non-discrimination, non-segregation, construction and other terms, provisions, covenants, conditions, restrictions and agreements set forth in the Agreement, other than those specifically requiring construction of the New Home on the Property, shall continue in full force and effect and Authority may enforce any and all such terms, provisions, covenants, conditions, restrictions or agreements in accordance with the Agreement. Nothing contained in this Completion Certificate shall waive or modify any term, provision, covenant, condition, restriction or agreement contained in any other document. The Agreement is an official record of the Authority and a copy of the Agreement may be inspected in the offices of the Authority located at 7800 Katella Ave., Stanton, California 90680, during the regular business hours of the Authority. All terms indicated to be defined terms in this Completion Certificate by initial capitalization, but not specifically defined in this Completion Certificate, shall have the meaning ascribed to the same term in the Agreement.

ISSUED as of [**TO BE DETERMINED**].

Executive Director

**EXHIBIT G
TO
DISPOSITION AND DEVELOPMENT AGREEMENT
(Habitat for Humanity of Orange County, Inc.)**

REGULATORY AGREEMENT

Declaration of Conditions, Covenants and Restrictions

[Attached Behind This Page]

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Stanton Housing Authority
7600 Katella Blvd.
Stanton, CA 90680
Attn: Executive Director

SPACE ABOVE THIS LINE FOR RECORDER'S USE
EXEMPT FROM RECORDING FEES – GOVT. CODE § 27383

CITY OF STANTON HOUSING AUTHORITY

**DECLARATION OF AFFORDABLE HOUSING COVENANTS, CONDITIONS AND
RESTRICTIONS
(_____)**

THIS DECLARATION OF AFFORDABLE HOUSING COVENANTS, CONDITIONS AND RESTRICTIONS (this “**Declaration**”) is dated as of [INSERT DATE] (“**Effective Date**”), and is made by and between the CITY OF STANTON HOUSING AUTHORITY, a public body, corporate and politic (“**Authority**”), and HABITAT FOR HUMANITY OF ORANGE COUNTY, INC., a California non-profit religious corporation (“**Developer**”), with reference to the following recited facts (each, a “**Recital**”).

RECITALS

A. Developer purchased that certain real property specifically defined as the “**Property**” in Section 1.26 of this Declaration from Authority pursuant to that certain Disposition and Development Agreement (Habitat for Humanity of Orange County, Inc.), dated as of _____, between Authority and Developer (“**DDA**”);

B. The Developer is obligated under the terms of the DDA to construct six (6) New Homes (as defined in Section 1 of this Declaration) on the Property, as more specifically described in the DDA (“**Project**”), and convey each New Home to a moderate income household at an affordable housing cost, all for the purpose of increasing and improving the supply of affordable owner-occupied housing in the City;

C. This Declaration is intended to restrict the use of the Property for forty-five (45) years following the date of the original conveyance of all of the New Homes to moderate income households at an affordable housing cost for occupancy by moderate income households as their primary residences;

NOW, THEREFORE, IN CONSIDERATION OF THE PROMISES, COVENANTS AND UNDERTAKINGS SET FORTH IN THIS DECLARATION AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, DEVELOPER AND AUTHORITY COVENANT, DECLARE AND AGREE FOR THEMSELVES, THEIR SUCCESSORS AND ASSIGNS, AS FOLLOWS:

1. DEFINITIONS.

As used in this Declaration, the following words, phrases and terms shall have the meaning as provided in the initial paragraph of this Declaration, in the Recitals or in this Section 1, unless the specific context of usage of a particular word, phrase or term requires otherwise:

1.1 Affordable Housing Cost. An “affordable housing cost” as defined in Health and Safety Code Section 50052.5 and accompanying regulations of the California Department of Housing and Community Development.

1.2 Affordability Period. The time period beginning on the Effective Date and ending on the forty-fifth (45th) anniversary of the Completion Date.

1.3 Authority. City of Stanton Housing Authority, California, a California public body, corporate and politic.

1.4 Certificate of Occupancy. A Certificate of Occupancy as defined in the Uniform Building Code, 2007 Edition, published by the International Conference of Building Officials, as may be amended from time to time, as adopted by the City.

1.5 City. The City of Stanton, California, a municipal corporation.

1.6 Completion Date. The first date on which all of the New Homes are owned and occupied by Qualifying Households at an Affordable Housing Cost.

1.7 Default. Any Monetary Default or Non-Monetary Default.

1.8 Default Interest. Interest at an annual rate equal to the lesser of: (a) eight percent (8%) per annum; or (b) the Usury Limit.

1.9 Developer Transfer Notice. Defined in Section 2.7.1.

1.10 Event of Default. The occurrence of any one or more of the following:

1.10.1 Monetary Default. A Monetary Default that continues for ten (10) calendar days after Notice to the defaulting Party from Authority, specifying in reasonable detail the amount of money not paid and the nature and calculation of each such payment;

1.10.2 Non-Monetary Default. Any Non-Monetary Default that is not cured within thirty (30) days after Notice to the defaulting Party from Authority describing the Non-Monetary Default in reasonable detail, or, in the case of a Non-Monetary Default that cannot with reasonable diligence be cured within thirty (30) days after the effective date of such Notice, if the defaulting Party does not do all of the following: (a) within thirty (30) days after Notice of such Non-Monetary Default, advise Authority of the intention of the defaulting Party to take all reasonable steps to cure such Non-Monetary Default; (b) duly commence such cure within such period, and then diligently prosecute such cure to completion; and (c) complete such cure within a reasonable time under the circumstances.

1.11 First Purchase Money Deed of Trust. A deed of trust recorded against the Owner's title to its New Home securing repayment of such Owner's then current First Purchase Money Loan.

1.12 First Purchase Money Loan. A loan from a Federal or State chartered bank, savings and loan or credit union to the then current Owner of a New Home, the proceeds of which were entirely used by such Owner to acquire title to the subject New Home, in conjunction with the proceeds of each Second Purchase Money Loan to such Owner.

1.13 First Purchaser. First transferee of a New Home from Developer.

1.14 Maintenance Deficiency. The occurrence of an adverse condition on any area of the specified property in contravention of the Maintenance Standard.

1.15 Maintenance Standard. Maintenance of the specified property in good condition and repair and a neat, clean and orderly condition, including, without limitation, maintenance, repair, reconstruction and replacement of any and all asphalt, concrete, landscaping, utility systems, irrigation systems, drainage facilities or systems, grading, subsidence, retaining walls or similar support structures, foundations, ornamentation, and all other improvements on or to the specified property, now existing or made in the future by or with the consent of the Person specified as having the obligation to maintain the specified property, as necessary to maintain the appearance and character of the specified property, including all of the following: (i) maintaining the surfaces in a level, smooth and evenly covered condition; (ii) removing all papers, mud, sand, debris, filth and refuse and sweeping areas to the extent reasonably necessary to keep areas in a clean and orderly condition; (iii) removing or covering graffiti with the type of surface covering originally used on the affected area, (iv) installing, operating, keeping in repair and replacing where necessary, such artificial lighting facilities as shall be reasonably required; (v) maintaining, mowing, weeding, trimming and watering all landscaped areas and making such replacements of plants and other landscaping material as necessary to maintain the appearance and character of the landscaping; (vi) properly maintaining windows, structural elements, and painted exterior surface areas of improvements in a clean and presentable manner; (vii) keeping outdoor areas free of accumulated debris, appliances, inoperable motor vehicles or motor vehicle parts, or free of storage of lumber, building materials or equipment; (viii) parking of any commercial motor vehicle in excess of 10,000 pounds gross weight anywhere at the specified property on other than on a temporary basis; and (ix) the use of garage areas for purposes other than the parking of motor vehicles and the storage of personal possessions of the owners or occupants of the specified property.

1.16 Moderate Income Household. An individual or family with an income that does not exceed the maximum allowable income of a moderate income household pursuant to Health and Safety Code Section 50093 and associated regulations of the California Department of Housing and Community Development.

1.17 Monetary Default. Any failure by Developer or Owner, as applicable, to pay or deposit, when and as this Declaration requires, any amount of money, any bond or surety or evidence of any insurance coverage required to be provided under this Declaration, whether to or with Authority or a Third Person.

1.18 New Home. Each separate residential dwelling unit in the Project, whether in the form of a single-family residence, town-home, condominium or another form, and the associated legal parcel of the Property on which the dwelling unit is located.

1.19 Non-Monetary Default. Any or all of the following, excepting any such failure constituting a Monetary Default: (a) failure of a Party to perform any of its obligations under this Declaration; (b) failure of a Party to comply with any affirmative or negative covenant or material restriction or prohibition in this Declaration; or (c) occurrence of any other event or circumstance that, with the passage of time or giving of Notice, or both, or neither, would constitute a breach of this Declaration by a Party.

1.20 Notice. Any consent, demand, designation, election, notice, or request relating to this Declaration, including any Notice of Default. All Notices must be in writing.

1.21 Notice of Default. Any Notice claiming or giving Notice of a Default or alleged Default.

1.22 Owner. Each Qualifying Household purchaser of a New Home in compliance with this Declaration.

1.23 Parties. Collectively, Authority, Developer and after acquisition of a New Home, such New Home's Owner.

1.24 Party. Individually, either Authority, Developer or, after acquisition of a New Home, such New Home's Owner, as applicable.

1.25 Person. Any association, corporation, governmental entity or Authority, individual, joint venture, joint-stock company, limited liability company, partnership, trust, unincorporated organization or other entity of any kind.

1.26 Property. That certain real property located within the City of Stanton, County of Orange, State of California, specifically described in the legal description attached as Exhibit "A" to this Declaration, which is incorporated into this Declaration by this reference.

1.27 Purchase Money Deeds of Trust. Collectively, the First Purchase Money Deed of Trust made by a particular applicable Owner, the Second Purchase Money Deed of Trust made by such Owner and, if applicable, the Third Purchase Money Deed of Trust made by such Owner. Individually, a First Purchase Money Deed of Trust, a Second Purchase Money Deed of Trust or a Third Purchase Money Deed of Trust may be referred to in this Agreement as a "Purchase Money Deed of Trust."

1.28 Purchase Price. The amount paid by the then current Owner of the subject New Home to acquire title to the New Home from the Developer or the previous Owner of the New Home, plus any associated Sale Costs paid by the then current Owner.

1.29 Qualifying Household. A Moderate Income Household.

1.30 Record, recorded, recording or recordation. Recordation of the referenced document in the official records of the County.

1.31 Resale. Transfer of a New Home by its Owner.

1.32 Resale Purchaser. Transferee of a New Home from the New Home's immediately prior Owner.

1.33 Resale Transfer Notice. Defined in Section 3.8.1.

1.34 Sale Costs. All of the following related to a Transfer of a New Home: (a) the seller's portion of any closing costs; (b) the actual cost of necessary health and safety related repairs to the New Home; and (c) costs of obtaining homeowners association documents (if any).

1.35 Transfer. Regarding any property, right or obligation means any of the following, whether by operation of law or otherwise, whether voluntary or involuntary, and whether direct or indirect, any assignment, conveyance, grant, hypothecation, mortgage, pledge, sale, or other transfer, whether direct or indirect, of all or any part of such property, right or obligation, or of any legal, beneficial, or equitable interest or estate in such property, right or obligation or any part of it (including the grant of any easement, lien, or other encumbrance) or any change in the occupancy of the Property from being occupied by Owner as Owner's principal residence to being rented by Owner to any other person, exclusive of any of the following (provided that Authority has received written notice of such occurrence) relating to the Property: (a) a mere change in form of ownership with no material change in beneficial ownership and constitutes a tax-free transaction under United States income tax law and the State of California real estate transfer tax; (b) a conveyance only to member(s) of the immediate family(ies) of the transferor(s) or trusts for their benefit; or (c) a collateral conveyance pursuant to a Purchase Money Deed of Trust.

1.36 Unavoidable Delay. A delay in a Party performing any obligation under this Declaration, except payment or deposit of money, arising from or on account of any cause whatsoever beyond the Party's reasonable control, including strikes, labor troubles or other union activities, casualty, war, acts of terrorism, riots, litigation, governmental action or inaction, regional natural disasters or inability to obtain required materials. Unavoidable Delay shall not include delay caused by a Party's financial condition, illiquidity, or insolvency.

1.37 Usury Limit. The highest rate of interest, if any, that Law allows under the circumstances.

2. DEVELOPER COVENANTS

2.1 Acknowledgment of Potential Impact of Declaration. Developer acknowledges and agrees that Authority has informed Developer that this Declaration imposes certain restrictions on the occupancy and resale of the Property during the Affordability Period. Developer agrees that Authority may record this Declaration against the Property in the official records of the County of Orange, California.

Initials of Authorized
Developer Representative

2.2 Reservation of Property for Affordable Housing. Developer, on behalf of itself and each successor or assign of Developer, including each Owner, covenants and agrees that throughout the Affordability Period: (a) the Property, including each New Home, shall be reserved and restricted for ownership and residential use and occupancy as the primary residence of a Qualifying Household at an Affordable Housing Cost; (b) neither Developer nor any Owner shall lease, sublease or rent all or any portion of the Property, including each New Home, to any Person, except as expressly provided in Section 3.9; (c) neither Developer nor any Owner shall Transfer all or any portion of the Property, including each New Home, to any Person who is not a Qualifying Household; (d) neither Developer nor any Owner shall Transfer all or any portion of the Property, including each New Home, to a Qualifying Household for more than an Affordable Housing Cost for such Qualifying Household; and (e) neither Developer nor any Owner shall Transfer all or any portion of the Property, including each New Home, to a Qualifying Household for a use other than such Qualifying Household's primary residence. Additionally, Developer covenants and agrees that, at all times during the Affordability Period, six (6) of the New Homes will be reserved for ownership and occupancy by Moderate Income Households. Notwithstanding anything to the contrary herein, this Declaration shall automatically and permanently terminate as to a New Home upon foreclosure, deed-in-lieu of foreclosure or assignment to the United States Department of Housing and Urban Development of any mortgage or deed of trust on a New Home that is insured by the Federal Housing Administration.

2.3 Developer Covenant to Build Project. Developer covenants that Developer shall commence, pursue and complete the development of the Project in accordance with the requirements of the DDA. The covenants of this Section 2.3 shall run with the land of the Property until the earlier of: (1) the first date on which a final Certificate of Occupancy has been issued by the City for each of the New Homes in the Project; or (2) the twentieth (20th) anniversary of the Effective Date.

2.4 Developer Covenant Regarding No Discrimination or Segregation. Developer covenants by and for itself and all Persons claiming under or through Developer that there shall be no discrimination against or segregation of any Person or group of Persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the Property nor shall Developer or any Person claiming under or through Developer establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the Property. Notwithstanding the first sentence of this Section 2.4, with respect to familial status, this Section 2.4 shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in this Section 2.4 shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating

to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to this Section 2.4.

2.5 Authority Right to Inspect Project and Property. Developer agrees that Authority shall have the right of reasonable access to the Property, without the payment of charges or fees, during normal construction hours, during the period of construction of the Project. Any and all Authority representatives who enter the Property shall identify themselves at the construction management office or, if none, to the apparent on-site construction supervisor on the Property, upon their entrance onto the Property, and shall at all times be accompanied by a representative of Developer, while on the Property. Developer shall make a representative of Developer available for this purpose at all times during normal construction hours, upon reasonable advance Notice from Authority. If in Authority's reasonable judgment it is necessary, Developer agrees that Authority shall have the further right, from time to time, at its own cost, to retain a consultant or consultants to inspect the Project and verify compliance by Developer with the provisions of this Agreement. Developer acknowledges and agrees that any such Authority inspections are for the sole purpose of protecting Authority's rights under this Declaration and the DDA, are made solely for Authority's benefit, may be superficial and general in nature, are for the purposes of informing Authority of the progress of the Project and the conformity of the Project with the terms and conditions of this Declaration and the DDA, and Developer shall not be entitled to rely on any such inspection(s) as constituting Authority's approval, satisfaction or acceptance of any materials, workmanship, conformity of the Project with this Declaration, the DDA or otherwise. Developer agrees to make its own regular inspections of the work of construction of the Project to determine that the progress and quality of the Project and all other requirements of the work of construction of the Project are being performed in a manner satisfactory to Developer.

2.6 Developer Property Maintenance. Developer, for itself, its successors and assigns, covenants and agrees that:

2.6.1 Maintenance Obligation. All portions of the Property owned or controlled by Developer shall be continuously maintained by Developer, at Developer's sole cost and expense, in accordance with the Maintenance Standard.

2.6.2 Authority Remedies. During the continuance of a Maintenance Deficiency regarding any portion of the Property owned or controlled by Developer, Authority may send Notice to Developer of the Maintenance Deficiency. If Developer fails to cure or commence and diligently pursue to cure the Maintenance Deficiency within thirty (30) calendar days following receipt of Notice of the Maintenance Deficiency, Authority may conduct a public hearing, following transmittal of Notice of the public hearing to Developer, at least, ten (10) days prior to the scheduled date of such public hearing, to verify whether a Maintenance Deficiency regarding the Property exists. If, upon the conclusion of the public hearing, Authority finds that a Maintenance Deficiency exists and remains uncured, Authority shall have the right to enter the affected portion of the Property and perform all acts necessary to cure the Maintenance Deficiency or to take any other action at law or in equity that may then be available to Authority to accomplish the abatement of the Maintenance Deficiency. Any sum expended by Authority

for the abatement of a Maintenance Deficiency pursuant to this Section 2.6.2 shall be reimbursed to Authority by Developer within thirty (30) calendar days after Notice to Developer requesting payment. If any amount becoming due to Authority under this Section 2.6.2 is not paid within thirty (30) calendar days after Notice to Developer requesting payment, Developer shall also pay Default Interest on such amount, until such amount is paid in full.

2.7 First Sale of Completed New Homes by Developer.

2.7.1 Authority Notice. Developer, for itself, its successors and assigns, hereby covenants and agrees that Developer shall not Transfer a New Home (or any interest in a New Home), without first giving Notice to Authority (each, a “**Developer Transfer Notice**”) and obtaining the written concurrence of Authority that the proposed Transfer complies with this Declaration. Within fifteen (15) days following the receipt of a Developer Transfer Notice, Authority shall deliver to Developer a written concurrence or objection to the Transfer of the New Home. Each Developer Transfer Notice shall include all of the following information:

(a) the identity of the proposed First Purchaser, including the identity of all persons in the household of the proposed First Purchaser proposing to reside in the New Home;

(b) all of the documentation described in Section 3.4 regarding the household of the proposed First Purchaser;

(c) the proposed sale price of the New Home payable by the proposed First Purchaser, including the terms of the First Purchase Money Loan, the Second Purchase Money Loan and, if applicable, the Third Purchase Money Loan to be obtained by the proposed First Purchaser, the estimated amount of Sale Costs, real estate broker fees and other costs or charges payable by the proposed First Purchaser to acquire ownership of the New Home;

(d) the name, address, and telephone number of the escrow agent proposed to conduct the escrow for the Transfer of the New Home from Developer to the proposed First Purchaser;

(e) a written acknowledgment and agreement from the proposed First Purchaser for the benefit of Authority that the ownership and occupancy of the subject New Home is subject to this Declaration; and

(f) such other information as Authority may reasonably request.

2.7.2 First Purchaser Qualifications. Developer acknowledges and agrees that, in accordance with Section 2.2, each proposed First Purchaser of a New Home must be a Qualifying Household, the proposed sale price of a New Home to a First Purchaser must be an Affordable Housing Cost for such First Purchaser and the First Purchaser must occupy the New Home as its principal residence. Developer, further agrees that Authority shall have the right and reasonable opportunity, prior to each conveyance of a New Home to a First Purchaser, to verify that each proposed sale of a New Home will be to a Qualifying Household at an Affordable Housing Cost for such Qualifying Household, that the First Purchaser intends to occupy the New

Home as its principal residence after acquiring title to the New Home and that the sale of the New Home to the First Purchaser is consistent with achieving the income level mix for the Project required under Section 2.2.

2.7.3 Effect of First Sale on Developer Obligations. Upon conveyance of a New Home to a First Purchaser in compliance with this Declaration, Developer's obligations under Sections 2.3 and 2.6 shall be satisfied regarding the subject New Home and the subject New Home shall be subject to all of the covenants of Section 3, in addition to being subject to all of the other covenants, conditions, restrictions and agreements of this Declaration.

2.8 Developer Repurchase and Resale of New Homes. Pursuant to a separate written agreement between Developer and an Owner, Developer may obtain a right of first refusal to purchase a New Home from such Owner, if the Owner decides to sell the New Home. Nothing in this Declaration is intended to prohibit Developer's exercise of any such right of first refusal; provided, however, that Developer shall, as soon as reasonably possible, sell each New Home purchased by Developer by exercise of such right of first refusal to a Qualifying Household (consistent with the income level requirements of Section 3.8.3), at a resale price that is an Affordable Housing Cost for such Qualifying Household and the Qualifying Household must occupy the New Home as its principal residence. Developer agrees to give Notice to Authority of Developer's intended purchase and resale of each New Home and, when available, deliver to Authority all of the information required by Section 3.8.1 regarding the proposed resale of the subject New Home. Developer agrees that it will not exercise its right of first refusal to purchase a New Home, without first giving Authority Notice, at least thirty (30) days in advance of the closing of the Developer's purchase of the New Home. Developer acknowledges and agrees that all of the covenants of Section 3, other than application of income and occupancy requirements to the Developer itself, shall apply to Developer (as an Owner) during any time that Developer owns a New Home following Developer's first sale of the subject New Home, as described in Section 2.7. Developer further agrees that Developer will not resell any New Home without first giving Notice to Authority and obtaining the written concurrence of Authority that each proposed Transfer complies with this Declaration. Within thirty (30) days following the receipt of a Notice from Developer of Developer's intended resale of a New Home, including all of the information required by Section 3.8.1 regarding the proposed resale of the subject New Home, Authority shall deliver to Developer a written concurrence or objection to the Transfer of the New Home.

3. OWNER COVENANTS

3.1 Owner Covenants of Qualification to Own New Home. Each Owner hereby covenants, represents and warrants to Authority that as of the date on which such Owner is accepted by Developer into Developer's program for construction and acquisition of the New Homes, the total household income for such Owner does not exceed the maximum household income permitted for a Qualifying Household. Each Owner hereby further covenants, represents and warrants to Authority that, as of the date on which such Owner acquires title to its New Home: (a) Owner shall promptly occupy the New Home after the date on which such Owner acquires title to its New Home as Owner's principal place of residence; (b) Owner has not entered into any arrangement to, and shall not sell, lease, rent, transfer or assign the New Home

to any Third Person during the Affordability Period, except as expressly allowed by this Declaration for resale to a Qualifying Household at an Affordable Housing Cost; (c) Owner has no present intention to lease or rent any room or sublet or rent a portion of the New Home to any relative of the Owner or to any Third Person; and (d) the aggregate sum payable each month by Owner following Owner's acquisition of title to its New Home towards principal and interest on such Owner's First Purchase Money Loan, Second Purchase Money Loan and Third Purchase Money Loan (if any), any loan insurance fees associated with such loans, property taxes and assessments, fire and casualty insurance covering replacement value of property improvements, property maintenance and repairs, a reasonable allowance for utilities, including garbage collection, sewer, water, electricity, gas, and other heating, cooking and refrigeration fuels, but exclusive of telephone service, and home owner association fees, all in relation to the New Home, does not exceed an Affordable Housing Cost for the Owner's household.

3.2 Owner Voluntary Submission to Declaration. Each Owner acknowledges that, without the assistance of Developer and Authority, the Owner would not have been able to acquire its New Home. Therefore, each Owner agrees that all of the covenants, conditions and restrictions created by this Declaration are: (a) required to increase and preserve housing available to Qualifying Households in the City; (b) reasonable in light of their purposes; and (c) approved in every respect by Owner. Each Owner acknowledges that in acquiring its New Home, the sole and exclusive benefit sought by Owner was decent and affordable shelter and Owner has received such benefit. Each Owner further acknowledges that ownership of its New Home is not intended to give Owner a business opportunity or right, expectation or entitlement to any profits from any sale of its New Home. Therefore, each Owner agrees not to challenge the covenants, conditions or restrictions of this Declaration or any right of Developer or Authority created under this Declaration and acknowledges and agrees that the covenants, conditions or restrictions of this Declaration are not an unreasonable restraint on any right of Owner to Transfer all or any part of such Owner's New Home.

3.3 Residency Verification. Each Owner for itself, its heirs, successors and assigns, covenants and agrees that Authority shall have the right and reasonable opportunity, at least once every twelve (12) months, to verify Owner's continued occupancy of such Owner's New Home as its principal place of residence and Owner agrees to cooperate in providing evidence of such residency.

3.4 Occupant Income Information. Each Owner covenants and agrees to provide any or all of the following information or documentation to Authority, upon request by Authority: (1) an income tax return and copy of each W2 Wage and Earnings Statement for the most recently concluded income tax year for each adult Person in the Owner's household; (2) an income verification form from the current employer(s) of adult Person's in the Owner's Household; (3) an income verification form from the United States Social Security Administration or the California Department of Social Services for each Person in the Owner's household who receives assistance from either of such agencies (if any); or (4) for each adult Person in the Owner's household who is unemployed or has no such income tax return, another form of independent income verification.

3.5 Household Income Changes. Each New Home will continue to be treated as occupied by a Qualifying Household, even if during Owner's residency, Owner's household ceases to be a Qualifying Household, as long as Owner's household was a Qualifying Household on the date Owner acquired title to its New Home. No resident of a New Home shall be denied continued occupancy of the New Home solely because the income of the individual or household increases (or family size decreases) in a manner that causes the individual or household to cease being a Qualifying Household, as long as the income of the individual or household did not exceed the maximum income allowable for a Qualifying Household on the date such individual or household acquired title to its New Home.

3.6 Inspections. Each Owner covenants and agrees to permit Authority to inspect Owner's New Home, from time-to-time, for purposes of verifying compliance with this Declaration, upon seven (7) days prior written notice to Owner.

3.7 Owner Covenant Regarding No Discrimination or Segregation. Each Owner covenants by and for itself and all Persons claiming under or through such Owner that there shall be no discrimination against or segregation of any Person or group of Persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of Owner's New Home nor shall Owner or any Person claiming under or through Owner establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in Owner's New Home. Notwithstanding the first sentence of this Section 3.7, with respect to familial status, this Section 3.7 shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in this Section 3.7 shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to this Section 3.7.

3.8 Resale of a New Home by Owner.

3.8.1 Authority Notice. Each Owner, for itself, its successors and assigns, hereby covenants and agrees that such Owner shall not Transfer its New Home (or any interest in its New Home), other than a collateral transfer under a Purchase Money Deed of Trust for the benefit of the beneficiary of such Purchase Money Deed of Trust, without first giving Notice to Authority (each, a "**Resale Transfer Notice**") and obtaining the written concurrence of Authority that the proposed Transfer complies with this Declaration. Within thirty (30) days following the receipt of a Resale Transfer Notice, Authority shall deliver to Owner a written concurrence or objection to the Transfer of the New Home. Each Resale Transfer Notice shall include all of the following information:

(a) the identity of the proposed Resale Purchaser, including the identity of all persons in the household of the proposed Resale Purchaser proposing to reside in the New Home;

(b) all of the documentation described in Section 3.4 regarding the household of the proposed Resale Purchaser;

(c) the proposed resale price of the New Home payable by the proposed Resale Purchaser, including the terms of the First Purchase Money Loan, the Second Purchase Money Loan and, if applicable, the Third Purchase Money Loan to be assumed or obtained by the proposed Resale Purchaser, the estimated amount of Sale Costs, real estate broker fees and other resale costs or charges payable by the Owner or the proposed Resale Purchaser regarding the Resale of the subject New Home;

(d) the name, address, and telephone number of the escrow agent proposed to conduct the escrow for the Transfer of the New Home from the Owner to the proposed Resale Purchaser;

(e) a written acknowledgment and agreement from the proposed Resale Purchaser for the benefit of Authority that the ownership and occupancy of the subject New Home is subject to this Declaration; and

(f) such other information as Authority may reasonably request.

3.8.2 Resale Purchaser Qualifications. Owner acknowledges and agrees that, in accordance with Section 2.2, all Resale Purchasers of a New Home must be a Qualifying Household (consistent with the income level requirements of Section 3.8.3), the proposed resale price of a New Home must be an Affordable Housing Cost for such Resale Purchaser and the Resale Purchaser must occupy the New Home as its principal residence. Each Owner agrees that Authority shall have the right and reasonable opportunity, prior to each Resale of a New Home, to verify that each proposed Resale of a New Home will be to a Qualifying Household (with the income level required under Section 3.8.3) at an Affordable Housing Cost for such Qualifying Household and that the Resale Purchaser intends to occupy the New Home as its principal residence after acquiring title to the New Home.

3.8.3 Maintenance of Affordability Level. Each New Home shall, at all times during the Affordability Period, remain affordable to the income level of the Moderate Income Household, as defined in Health and Safety Code and associated regulations of the California Department of Housing and Community Development) to which the New Home is originally Transferred by Developer, such that each Resale Purchaser of a New Home must have an income within the qualifying limits for such income level.

3.9 Temporary Rentals. Developer may determine that extenuating circumstances justify the temporary rental of a New Home by its Owner, as when such Owner must temporarily relocate to another area of the country, but will return to occupy the New Home as such Owner's primary residence within less than twelve (12) months. However, even if Developer allows temporary rental of a New Home, the tenant must be a Qualifying Household at the income level applicable to the New Home pursuant to Section 3.8.3 and the rent must not exceed an Affordable Housing Cost for such tenant. Developer shall provide Authority with ten (10) days written notice of Habitat's intention to approve a temporary rental, and Authority shall have the right to approve or deny such temporary rental, which approval shall not be unreasonably

withheld. Authority may impose conditions upon the Owner and the tenant as a condition to consenting to temporary rental of a New Home, in the sole and absolute discretion of Authority.

3.10 Owner New Home Maintenance. Each Owner, for itself, its successors and assigns, covenant and agree that:

3.10.1 Owner Obligation. The Owner's New Home shall be continuously maintained by the Owner, at Owner's sole cost and expense, in accordance with the Maintenance Standard.

3.10.2 Authority Remedies. During the continuance of a Maintenance Deficiency regarding a New Home, Authority may send Notice to the Owner of such New Home of the Maintenance Deficiency. If such Owner fails to cure or commence and diligently pursue to cure the Maintenance Deficiency within thirty (30) calendar days following receipt of Notice of the Maintenance Deficiency, Authority may conduct a public hearing, following transmittal of Notice of the public hearing to such Owner, at least, ten (10) days prior to the scheduled date of such public hearing, to verify whether a Maintenance Deficiency exists regarding the Owner's New Home. If, upon the conclusion of the public hearing, Authority finds that a Maintenance Deficiency exists regarding such Owner's New Home and remains uncured, Authority shall have the right to enter the New Home and perform all acts necessary to cure the Maintenance Deficiency or to take any other action at law or in equity that may then be available to Authority to accomplish the abatement of the Maintenance Deficiency. Any sum expended by Authority for the abatement of a Maintenance Deficiency pursuant to this Section 3.10.2 shall be reimbursed to Authority by the subject Owner within thirty (30) calendar days after Notice to such Owner requesting payment. If any amount becoming due to Authority under this Section 3.10.2 is not paid within thirty (30) calendar days after Notice to such Owner requesting payment, such Owner shall also pay Default Interest on such amount, until such amount is paid in full.

3.11 Only Purchase Money Encumbrances. Owner shall only be allowed to encumber its New Home with Purchase Money Deeds of Trust. Encumbering the title to a New Home with other than Purchase Money Deeds of Trust is prohibited and shall constitute a Monetary Default under this Declaration. The sum of the outstanding balances of the Owner's then current First Purchase Money Loan, Second Purchase Money Loan and Third Purchase Money Loan (if any) shall never exceed the Purchase Price paid by such Owner to acquire the subject New Home. Owner acknowledges and agrees by accepting a Transfer of a New Home subject to this Declaration that Authority has a substantial interest in promoting stability of ownership of New Homes and that the restriction on encumbrance in this Section 3.11 is reasonable and calculated to avoid potential foreclosure and sale of the New Home.

3.12 Refinancing. Owner shall be entitled to enter into a refinancing transaction, which meets all of the following requirements: (a) the transaction represents a refinancing of either or all of the Owner's then current First Purchase Money Loan or Second Purchase Money Loan or Third Purchase Money Loan; (b) the refinancing loan bears for its entire term a fixed annual percentage rate that is lower than the annual percentage rate of the loan being refinanced; (c) the entirety of the gross proceeds of the refinancing loan, less reasonable and customary costs of processing the refinancing loan, obtaining appraisals, and the like not exceeding six percent

(6%) of the refinancing loan amount, are used to refinance the entire balance of either or all of the Owner's then current First Purchase Money Loan, Second Purchase Money Loan or Third Purchase Money Loan, as applicable (no "cash out" to Owner and the New Home is completely released from the lien of the then current Purchase Money Deed of Trust securing the loan or loans being refinanced); (d) the refinancing loan does not provide Owner with the ability to obtain cash advances or other "cash out" options; and (e) Owner's monthly principal and interest expenses or loan term are reduced relative to the same elements of the loan being refinanced. Owner's then current Purchase Money Loan. A refinancing loan obtained by Owner that satisfies all of the requirements of this Section 3.12 shall be considered the Owner's then current First Purchase Money Loan, Second Purchase Money Loan or Third Purchase Money Loan, as applicable, and the deed of trust securing such refinancing loan shall be considered the then current First Purchase Money Deed of Trust, Second Purchase Money Deed of Trust or Third Purchase Money Deed of Trust, as applicable.

4. COVENANTS RUN WITH THE LAND. The Parties hereby declare their mutual specific intent that the covenants, conditions, restrictions, reservations and agreements set forth in this Declaration are part of a plan for the promotion and preservation of affordable housing within the territorial jurisdiction of the City and that each shall be deemed covenants running with the land of the Property, including each New Home, binding upon each successor-in-interest of Developer, including each Owner, for the duration of the Affordability Period. Regardless of classification or characterization, each of the covenants, conditions, restrictions and agreements contained in this Declaration touch and concern the land of the Property, including each New Home, and each of them is expressly declared to be for the benefit and in favor of Authority for the duration of the Affordability Period, regardless of whether or not Authority is or remains an owner of any land or interest in land to which such covenants, conditions, restrictions or agreements relate. Authority, in the event of any Default or breach of this Declaration, has the right to exercise all of the rights and remedies, and to maintain any actions at law or suits in equity or other proper proceedings, to enforce the curing of such Default or breach, as provided in this Declaration, at law or in equity. Each and every contract, deed or other instrument hereafter executed covering or conveying all or any portion of the Property or any interest in the Property, including each New Home, shall incorporate all of the provisions of this Declaration, either expressly or by reference, and any contract, deed or other instrument transferring any estate or interest in the Property, including each New Home, shall conclusively be deemed to have been executed, delivered and accepted subject to the agreements, covenants, conditions, reservations, and restrictions of this Declaration, regardless of whether such agreements, covenants, conditions, reservations and restrictions are set forth in or referenced such contract, deed or other instrument.

5. AUTHORITY REMEDIES. If an Event of Default occurs, Authority shall have the right to exercise any or all of the remedies described in this Section 5, all cumulative (so exercise of one remedy shall not preclude exercise of another remedy), in addition to such other remedies as may be available at law or in equity or under any other provisions of this Declaration.

5.1 Suits Before End of Affordability Period. Authority may sue the defaulting Party for damages or other relief, from time to time, at Authority's election, without terminating this Declaration, including by mandamus or other suit, action or proceeding at law or in equity,

to require the defaulting Party to perform the covenants or agreements or observe the conditions or restrictions of this Declaration, or enjoin any acts or things that may be unlawful or in violation of the rights of Authority under this Declaration; or by other action at law or in equity, as necessary or convenient to enforce the covenants, agreements, conditions or restrictions of this Declaration.

5.2 Receipt of Moneys. No receipt of money by Authority from any Person after any Notice of Default to a Party shall affect any Notice previously given to such Party, or waive Authority's right to enforce payment or deposit of any amount payable or later falling due, or Authority's right to enter the Property, including each New Home, it being agreed that after service of Notice of Default or the commencement of suit or proceedings, or after final order or judgment, Authority may demand, receive, and collect any moneys due or thereafter falling due, without in any manner affecting such Notice, proceeding, order, suit or judgment, all such moneys collected being deemed payments on account of the applicable Party's liability to Authority.

5.3 No Waiver. No failure by Authority to insist upon strict performance of any condition, covenant, agreement, restriction or reservation of this Declaration or to exercise any right or remedy upon a Default, and no acceptance of full or partial payment of any amount due or becoming due to Authority during the continuance of any such Default, shall waive any such Default or such condition, covenant, agreement, restriction or reservation. No obligation of a Party under this Declaration shall be modified and no Default shall be waived, except by a written instrument signed by Authority. No waiver of any Default shall modify this Declaration. Each and every covenant, agreement, condition, restriction and reservation of this Declaration shall continue in full force and effect with respect to any other then-existing or subsequent Default of such condition, covenant, agreement, restriction or reservation of this Declaration.

5.4 Damages. Authority may recover from each other Party all damages Authority incurs by reason of such Party's Default and reimbursement of Authority's reasonable out of pocket costs, including reasonable attorney fees. Authority may recover such damages at any time after another Party's Default, including after the expiration of the Affordability Period. Notwithstanding any applicable law to the contrary, Authority need not commence separate actions to enforce another Party's obligations for each amount or payment not paid, or each month's accrual of damages and costs for the other Party's Default, but may bring and prosecute a single combined action for all such damages and costs.

5.5 Injunction of Breaches. Whether or not an Event of Default has occurred, the City may obtain a court order enjoining each other Party from continuing any Default or from committing any threatened Default.

5.6 Specific Enforcement. Developer and each Owner agree that specific enforcement of their respective non-monetary obligations under this Declaration is one of the reasons that Authority entered into this Declaration and that, if Developer or Owner Defaults or breaches in performance or failure to perform any such obligation, potential monetary damages to Authority, as well as to prospective Qualifying Households, would be difficult, if not impossible, to evaluate and quantify. Therefore, in addition to any other relief to which Authority may be entitled as a consequence of a Default by Developer or Owner under this

Declaration, Developer and each Owner agree to the imposition of the remedy of specific performance against Developer or any Owner under this Declaration.

5.7 Enforcement. Authority or the City, as successor in interest to Authority, shall have the power to enforce this Declaration and no other Person shall have any right or power to enforce any provision of this Declaration on behalf of Authority or the City or to compel Authority or the City to enforce any provision of this Declaration against Developer, Owner or the Property, except to the extent required by Health and Safety Code Section 33334.3(f)(7).

6. GENERAL PROVISIONS

6.1 Relationship of Parties. Nothing contained in this Declaration shall be interpreted or understood by any of the Parties, or by any Third Person, as creating the relationship of employer and employee, principal and agent, limited or general partnership, or joint venture between or among Authority, Developer or any Owner.

6.2 Governing Law. This Declaration shall be governed by the laws of the State of California, without application of conflicts or choice of laws principles.

6.3 Amendment. This Declaration may be amended only by a written instrument signed by Authority and each other Party then owning an estate in the Property.

6.4 Principles of Interpretation. No inference in favor of or against any Party shall be drawn from the fact that such Party has drafted any part of this Declaration. The Parties have participated substantially in the negotiation, drafting, and revision of this Declaration, with advice from counsel and other advisers of their own selection. A term defined in the singular in this Declaration may be used in the plural, and vice versa, all in accordance with ordinary principles of English grammar, which govern all language in this Declaration. The words “include” and “including” in this Declaration shall be construed to be followed by the words: “without limitation.” Each collective noun in this Declaration shall be interpreted as if followed by the words “(or any part of it),” except where the context clearly requires otherwise. Every reference to any document, including this Declaration, refers to such document as modified from time to time (except, at Authority’s option, any modification that violates this Declaration), and includes all exhibits, schedules, and riders to such document. The word “or” in this Declaration includes the word “and.” Every reference to a law, statute, regulation, order, form or similar governmental requirement refers to each such requirement as amended, modified, renumbered, superseded or succeeded, from time to time.

6.5 Attorney’s Fees. In the event that a Party brings an action to enforce this Declaration or otherwise arising out of this Declaration, the prevailing Party in such action shall be entitled to recover from the other Party reasonable attorney fees to be fixed by the court in which a judgment is entered, as well as the costs of such suit. For the purposes of this Declaration, the words “reasonable attorney fees” in the case of Authority, include the salaries, costs and overhead of the lawyers employed in the Office of the City Attorney of the City who are legal counsel to Authority in such an action, as allocated on an hourly basis.

6.6 Severability. If any term or provision of this Declaration or its application to any Person or circumstance shall to any extent be invalid or unenforceable, then the remainder of this Declaration, or the application of such term or provision to Persons or circumstances, other than those as to which it is invalid or unenforceable, shall not be affected by such invalidity. All remaining provisions of this Declaration shall be valid and be enforced to the fullest extent applicable law allows.

6.7 Time is of the Essence. Time is of the essence with respect to the performance of each term, provision, covenant, condition, restriction, reservation or agreement contained in this Declaration.

6.8 Unavoidable Delay; Extension of Time of Performance. Performance by a Party under this Declaration shall not be deemed or considered to be in Default, where any such Default is due to the occurrence of an Unavoidable Delay.

6.9 Titles and Headings for Reference Only. The titles and headings of the articles, paragraphs and sections of this Declaration are for convenience and reference only and are not to be considered a part of this Declaration and shall not in any way interpret, modify or restrict the meaning of any term, provision, covenant, condition, restriction, reservation or agreement contained in this Declaration.

6.10 Notices.

6.10.1 Delivery. Any and all Notices sent by a Party to another Party pursuant to or as required by this Declaration shall be proper, if in writing and transmitted to the address of the recipient Party designated in Section 6.10.2, by one or more of the following methods: (a) messenger for immediate personal delivery; (b) a nationally recognized overnight (one Business Day) delivery service (i.e., Federal Express, United Parcel Service, etc.); or (c) registered or certified United States mail, postage prepaid, return receipt requested. Such Notices may be sent in the same manner to such other address as a Party may from time to time designate by Notice, in accordance with this Section 6.10. Any such Notice shall be deemed to be received by the addressee, regardless of whether or when any return receipt is received by the sender or the date set forth on such return receipt, on the day that it is delivered by personal delivery, on the date of delivery by a nationally recognized overnight courier service or three (3) calendar days after it is placed in the United States mail, as provided in this Section 6.10. Rejection, other refusal to accept or the inability to deliver a Notice because of a changed address of which no notice was given, shall be deemed receipt of the Notice. Any attorney representing a Party may give any Notice on behalf of such Party.

6.10.2 Addresses. The following are the authorized addresses for the submission of Notices to the Parties, as of the Effective Date:

If to Authority: City of Stanton Housing Authority
7600 Katella Blvd.
Stanton, CA 90680
Attention: Executive Director

If to Developer: Habitat for Humanity of Orange County, Inc.
 2200 S. Ritchey Street
 Santa Ana, CA 92705
 Attention: Troy Hendrickson

6.11 Entire Agreement. This Declaration may be signed in counterpart originals, each of which shall be deemed to be an original, and all of which together shall constitute one and the same instrument. This Declaration and the DDA constitute the entire understanding and integrate all of the terms, conditions, covenants, restrictions, reservations, terms, provisions and agreements of the Parties regarding the Property, including each New Home, and supersede all negotiations or previous agreements between the Parties with respect to all or any part of the Property, including each New Home. None of the terms, conditions, covenants, restrictions, reservations, terms, provisions or agreements set forth in this Declaration or the DDA shall be deemed to be merged with any deed conveying title to any estate or interest in the Property, including each New Home.

[Signatures on following page]

**SIGNATURE PAGE
TO
DECLARATION OF AFFORDABLE HOUSING COVENANTS, CONDITIONS AND
RESTRICTIONS
(_____)**

IN WITNESS WHEREOF, Authority and Developer have caused this Declaration to be signed by themselves or on their behalf by their duly authorized representatives, as set forth below:

AUTHORITY:

CITY OF STANTON HOUSING
AUTHORITY, a public body, corporate and
politic

By: _____
Executive Director

DEVELOPER:

HABITAT FOR HUMANITY OF ORANGE
COUNTY, INC., a California non-profit
religious corporation

By: _____
Sharon Ellis, President / CEO

By: _____
Erica Berrios, Chief Accounting Officer

[SIGNATURES MUST BE NOTARY ACKNOWLEDGED FOR RECORDING]

EXHIBIT "A"
TO
DECLARATION OF
AFFORDABLE HOUSING COVENANTS, CONDITIONS AND RESTRICTIONS

Property Legal Description

INFORMATION SUMMARY (33433 REPORT)
FOR THE
DISPOSITION AND DEVELOPMENT AGREEMENT
BETWEEN
CITY OF STANTON HOUSING AUTHORITY
AND
HABITAT FOR HUMANITY OF ORANGE COUNTY, INC.

Introduction:

This summary is provided pursuant to Section 33433 of the California Health and Safety Code. It sets forth certain details of the proposed Disposition and Development Agreement (“Agreement”) between the following parties:

1. The City of Stanton Housing Authority, a California public body, corporate and politic (“Authority”); and
2. Habitat for Humanity of Orange County, Inc., a California non-profit religious corporation (“Developer”).

The purpose of the Agreement is to effectuate the proposed development of a six-unit affordable housing project (“Project”) on the properties located at 10522 Flower Avenue, Stanton, California (APN 079-331-12) and 7922 Cerritos Avenue, Stanton, California (APN 079-331-13) (“Properties”).

The basic disposition terms embodied in the Agreement can be summarized as follows:

1. The Authority will sell the Properties to Developer for \$210,000.
2. The Developer shall construct six affordable housing units at the Project site.

Background:

On November 13, 2018, the Authority authorized staff to negotiate the terms of a Disposition and Development Agreement with Developer for certain City-owned parcels.

Staff has negotiated with Developer the terms of the proposed Agreement. The Agreement calls for the construction of six homes affordable for moderate income households with a 45-year restriction, located on the two parcels described above. Specifically, the project includes the development of three (3) duplex buildings for a total of six (6) additional affordable units. The units will be for sale condominiums available to qualified purchasers. The two (2) existing lots (7922 Cerritos Ave. and 10522 Flower Ave.) will be consolidated into a single parcel for condominium use. The assumed floor plans would consist of three (3) bedroom, two-and-a-half (2 ½) bath with square footages of approximately 1,450 sq. ft.

Pursuant to Section 33433, this report shall contain the following:

1. A copy of the proposed Agreement (attached hereto as Exhibit 1); and
2. A summary which describes and specifies all the following:
 - a. The cost of the Agreement to the City;
 - b. The estimated value of the Properties, determined at the highest and best uses as permitted; and
 - c. The estimated value of the Properties, determined at the use and with the conditions, covenants and development costs required by the Agreement;
 - d. The purchase price of the Properties and an explanation of the difference between the purchase price and the fair market value of the Properties, if any; and
 - e. An explanation of the reasons the Agreement will assist in the elimination of blight in the Project area.

Summary of Required Points

2a. Cost of the Agreement to the City including land costs, relocation and improvements:

Pursuant to the terms of the Agreement, the Authority will sell the Properties to the Developer for the purchase price of \$210,000. The cost to the Authority is determined based on the following information:

1. Land Acquisition Costs: None. The properties are currently owned by the Authority.

The Authority-owned property at 10522 Flower Avenue was acquired by the Stanton Redevelopment Agency on April 25, 2007 for a purchase price of \$480,000. It was subsequently transferred from Stanton Redevelopment Agency to City of Stanton on January 25, 2012, and from City of Stanton to Authority on July 11, 2012.

The Authority-owned property at 7922 Cerritos Avenue was acquired by the Stanton Redevelopment Agency on January 28, 2005 for a purchase price of \$690,000. It was subsequently transferred from Stanton Redevelopment Agency to Authority on June 21, 2011.

2. Clearance Costs: \$360,000.
3. Relocation Costs: None. The lots are currently vacant.
4. Improvement Costs: None. All public improvements required for the proposed Developer Improvements are the obligation of the Developer.
5. Finance Costs: None.

2b. Estimated value of interest to be conveyed at the highest and best use permitted under the redevelopment plan:

Section 33433 of the California Health and Safety Code requires the Authority to identify the value of the interests being conveyed at the highest use allowed by the Properties' zoning and the requirements imposed by the redevelopment plan. The valuation must be based on the assumption that near-term development is required, but the valuation does not take into consideration any extraordinary use, quality and/or income restrictions that are being imposed on the development by the Authority.

The estimated value analysis for vacant land which assumes all existing buildings have been cleared and the site assembled into a single ownership with entitlements for mixed used development is \$570,000. This value is based upon an independent appraisal of the Properties prepared on February 13, 2019.

2c. The estimated value of the Properties, determined at the use and with the conditions, covenants and development costs required by the Agreement:

Analysis of the "estimated value of interest" must take into account the fair market value of cleared vacant land of the interest to be conveyed. As noted, the fair market value for cleared land is \$570,000. This amount assumes that the land may be entitled for the proposed development, title is free of any encumbrances other than those identified in the appraisal of February 13, 2019 and that the Properties are free of any form of contamination or any other negative environmental influence.

Pursuant to the terms of the Agreement, the Developer will purchase the properties for \$210,000.

2d. The purchase price of the Properties and an explanation of the difference between the purchase price and the fair market value of the Property:

The purchase price of the Properties is \$210,000. This is less than the fair market value of the Properties. Developer needs to buy Properties at such a discount to make the affordable housing project feasible.

2e. Explanation as to the reason why the Agreement will assist the elimination of blight:

The sale of these Properties pursuant to the Agreement will help to eliminate blight by converting a surface parking lot into residential development.

Additionally, the Agreement requires the Developer to provide an affordable housing project restricted to moderate-income households on the Properties. In accordance with Health and Safety Code Section 33433, the conveyance of property that results in the provision of housing for low or moderate income persons satisfies the blight elimination criteria imposed by Section 33433. (See Health & Saf. Code § 33433(b).) Thus, the Project fulfills the blight elimination requirement.

Exhibit 1 Draft Proposed Agreement

EXHIBIT 1

PROPOSED DISPOSITION AND DEVELOPMENT AGREEMENT
BETWEEN
CITY OF STANTON HOUSING AUTHORITY
AND
HABITAT FOR HUMANITY OF ORANGE COUNTY, INC.

[Attached behind this cover page]



City of Stanton

COMMUNITY DEVELOPMENT

To: City Manager and City Clerk
From: Planning Division
Date: October 1, 2019
Re: Temporary Noncommercial Sign Ordinance

At the September 24th City Council meeting, Mayor Shawver requested a discussion on the Stanton Municipal Code (SMC) related to temporary noncommercial signs. Accordingly, Staff has prepared this memo to provide an overview of the ordinance.

At a public hearing on June 25, 2019, the City Council adopted Ordinance No. 1090 which amended Chapter 20.325 of the SMC regarding temporary noncommercial signs to be displayed on private property during an election period. The revisions to the City's sign ordinance included number of signs, modifications to sign size requirements, location of signs, and include special enforcement regulations during an election period.

The Ordinance added the following regulations to Chapter 20.325:

- 1.) Number of signs allowed – a maximum of six (6) signs per property in the single family zones (RE and RL) and a maximum of ten (10) signs per property within all other zones
- 2.) Size requirements – six (6) square feet maximum per sign
- 3.) Mechanism for enforcement of noncompliance – the ordinance includes a 72-hour period for the owner of the sign to remove any temporary noncommercial sign that is not in compliance with the regulations of Chapter 20.325. If the sign owner does not the within the 72-hour time period, the ordinance gives the City the authority to remove such illegal signage and/or otherwise enforce its Code, which may include, without limitation, imposing administrative, civil, and/or criminal penalties.

The goal of Ordinance No. 1090 was to ensure the ordinance is easy to follow, and that there is a clear period for compliance and enforcement. The 72-hour compliance period would ensure that compliance is maintained throughout the whole election cycle. At the conclusion of the public hearing, the Council voted unanimously to approve the ordinance.