

**AMENDED AND RESTATED
OWNER PARTICIPATION AND LOAN AGREEMENT**

by and between

THE CITY OF SAN LEANDRO

and

**ALAMEDA HOUSING ASSOCIATES, L.P.,
A CALIFORNIA LIMITED PARTNERSHIP**

(The Alameda at San Leandro Crossings)

June 18, 2012

Exhibits

- A Legal Description of Property
- A-1 Legal Description of Additional Property
- B Form of Memorandum of Owner Participation Agreement
- C Form of Certificate of Completion
- D Form of Regulatory Agreement
- E-1 Form of Amended and Restated Predevelopment Note
- E-2 Form of Construction/Permanent Note
- E-3 Form of Amended and Restated Assignment Agreement
- E-4 Predevelopment Budget (Remaining Balance)
- F Form of Deed of Trust
- G Financing Plan

THIS AMENDED AND RESTATED OWNER PARTICIPATION AND LOAN AGREEMENT (this "**Agreement**") is entered into effective as of June 18, 2012 ("**Effective Date**") by and between the City of San Leandro, a municipal corporation ("**City**") and Alameda Housing Associates, L.P., a California limited partnership ("**Developer**"). City and Developer are hereinafter collectively referred to as the "**Parties.**"

RECITALS

A. Pursuant to authority granted under Community Redevelopment Law (California Health and Safety Code Section 33000 *et seq.*), the Redevelopment Agency of the City of San Leandro ("**Agency**") had responsibility to implement the redevelopment plan adopted in 1967 by the City Council of the City of San Leandro ("**City Council**") by Ordinance No. 67-62 (as subsequently amended, the "**Redevelopment Plan**") for the Plaza Redevelopment Project (the "**Project Area**"), and in accordance with such authority, executed an Owner Participation and Loan Agreement with Developer, dated as of April 6, 2009 (the "**Original OPA**");

B. Pursuant to Resolution 2012-001 adopted by the City Council on January 9, 2012, the City: (i) agreed to serve as the Successor Agency to the Agency commencing upon dissolution of the Agency on February 1, 2012 pursuant to Assembly Bill x1 26 ("**AB26**"); and (ii) agreed, pursuant to Health and Safety Code Section 34176(a), to assume the housing rights, duties, powers and obligations associated with the housing activities of the Agency by operation of law upon dissolution of the Agency;

C. Pursuant to Resolution No. 2012-001, as of February 1, 2012, the City by operation of law, assumed all rights and obligations of the Agency under the Original OPA;

D. In accordance with AB26, the City, acting in its capacity as Successor Agency, prepared a Recognized Obligation Payment Schedule (ROPS) which includes the obligation to provide funding for the Project in the amount set forth in the Original OPA;

E. The Parties have agreed to execute this Agreement to reflect the fact that Developer will acquire a fee interest in the Property (as compared to a leasehold interest as set forth in the Original OPA), and that the Project will include both the original 100-unit Alameda as described in the Original OPA and an additional 100 dwelling units as described herein. This Agreement confirms the existing obligation to provide Project financing in the amount and in accordance with the terms and conditions set forth in the Original OPA.

F. Developer has or will acquire an exclusive right to negotiate the acquisition of the real property consisting of approximately 2.27 acres located in the City within a portion of the area surrounded by Carpentier Street to the east, an adjacent parcel to the north, San Leandro Boulevard to the west, and West Juana Street to the south, and more particularly described in Exhibit A attached hereto (the "**Property**"). Developer intends to acquire the Property and to redevelop it as a 200-unit multifamily residential project (the "**Project**") that will include apartments or townhouses that will be rented at affordable rents to low-, very low- and moderate-income households as more particularly described herein and in an Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants that shall be recorded against the Property and the Project.

G. Developer requested, and pursuant to the Original OPA, Agency agreed to provide predevelopment financing and a construction/permanent loan pursuant to the terms and conditions set forth herein and in the Original OPA for the purpose of providing partial financing for the development of the Project.

H. The purpose of this Agreement is to provide for the development of the Property as more particularly set forth herein and in the Original OPA. The City has determined that (i) development of the Property pursuant to this Agreement (a) is consistent with the Downtown San Leandro Transit-Oriented Development Strategy approved by the City Council in September 2007, and (b) will further the goals of the City by providing affordable housing, and (ii) the financing described herein is necessary to make the Project economically feasible and affordable to low-, very low-, and moderate-income households.

I. A material inducement to the execution of the Original OPA and this Agreement is the agreement by Developer to develop the Project within the time periods specified herein and in accordance with the provisions hereof, and the City would be unwilling to enter into this Agreement in the absence of an enforceable commitment by Developer to complete the Project in accordance with such provisions and within such time periods, subject to the terms and conditions set forth herein.

J. In connection with the predevelopment financing provided by Agency pursuant to the Original OPA, Developer has executed a promissory note (the "**Original Predevelopment Note**") and an assignment of plans, specifications and contracts (the "**Original Assignment Agreement**"), each dated as of June 25, 2009. Pursuant to Resolution No. 2012-001, the City has succeeded to the Agency's interest in the Original Predevelopment Note and the Original Assignment Agreement. In connection with this Agreement, Developer will execute (i) an Amended and Restated Predevelopment Note (the "**Amended and Restated Predevelopment Note**") reflecting Developer's obligation to repay the funds advanced to date pursuant to the Original OPA and the additional predevelopment funds to be advanced pursuant to this Agreement, and (ii) an Amended and Restated Assignment of Agreements, Plans and Specifications substantially in form attached hereto as Exhibit E-3 (the "**Amended and Restated Assignment Agreement**"). Upon Developer's acquisition of the Property, Developer shall execute (a) a secured promissory note (the "**Note**") which shall replace the Amended and Restated Predevelopment Note and shall be in the amount of the additional funds to be advanced for the construction/permanent loan together with the balance outstanding under the Amended and Restated Predevelopment Note, (b) a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing ("**Deed of Trust**") which shall provide City with a security interest in the Project and the Property, and (c) an Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants ("**Regulatory Agreement**") which shall require Project rents to be affordable to low-, very low-, and moderate-income households for a term of not less than fifty-five (55) years. The Deed of Trust and the Regulatory Agreement shall be recorded against the Property and the Project. This Agreement, the Amended and Restated Predevelopment Note, the Amended and Restated Assignment Agreement, the Note, the Deed of Trust, the Regulatory Agreement and the MOU described in Section 4.5.1(vi) below, are collectively hereinafter referred to as the "**City Documents.**"

K. The City, acting as the lead agency, reviewed and approved a mitigated negative declaration for the Project on July 20, 2009. On July 20, 2009, the City approved the Project Vesting Tentative Map and adopted a related Mitigation Monitoring Program. Prior to taking action on the Original Agreement, the Agency considered the approved mitigated negative declaration for the Project as required by Section 15096 of Title 14 of the California Code of Regulations. In addition, the Project was considered in connection with the Final Environmental Impact Report for the Downtown San Leandro Transit-Oriented Development Strategy certified by the City Council pursuant to Resolution 2007-111 adopted on September 4, 2007.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

ARTICLE I

DEFINITIONS

1. Definitions. The following terms shall have the meanings set forth in the Sections referenced below whenever used in this Agreement and the Exhibits attached hereto. Additional terms are defined in the Recitals and text of this Agreement.

“Amended and Restated Assignment Agreement” is defined in Recital J.

“Amended and Restated Predevelopment Note” is defined in Recital J.

“BRIDGE” is defined in Section 3.7.1.

“Certificate of Completion” is defined in Section 3.15.

“City” is defined in the preamble.

“City Council” is defined in Recital A.

“City Documents” is defined in Recital J.

“Claims” is defined in Section 3.17.

“Closing Date” is defined in Section 4.1.3.

“Conditions of Approval” is defined in Section 3.2.

“Construction Plans” is defined in Section 3.11.

“Deed of Trust” is defined in Recital J.

“Environmental Laws” is defined in Section 8.4.

“Financing Plan” is defined in Section 3.7.

“Hazardous Materials” is defined in Section 8.3.

“HCD” is defined in Section 3.7.1.

“HCD Documents” is defined in Section 3.7.1.

“IIG Grant” is defined in Section 3.23.

“Improvements” is defined in Section 3.2.

“Indemnitees” is defined in Section 3.17.

“Loan Funds” is defined in Section 4.1.

“Memorandum” is defined in Section 2.2.

“MOU” is defined in Section 4.5.1(vi).

“Note” is defined in Recital J.

“Official Records” means the Official Records of Alameda County.

“Original Assignment Agreement” is defined in Recital J.

“Original Predevelopment Note” is defined in Recital J.

“Partnership Agreement” is defined in Section 6.3.

“Permitted Exceptions” is defined in Section 4.5.

“Phase 1 Predevelopment Funds” is defined in Section 4.1.1.

“Phase 2 Predevelopment Funds” is defined in Section 4.1.1.

“Predevelopment Funds” means, collectively, the Phase 1 Predevelopment Funds and the Phase 2 Predevelopment Funds.

“Project” is defined in Recital F and further described in Section 3.2.

“Regulatory Agreement” is defined in Recital J.

“TOD Grant” is defined in Section 3.7.1.

“Title Policy” is defined in Section 4.5.

“Transfer” is defined in Section 6.2.

ARTICLE II

REPRESENTATIONS; EFFECTIVE DATE AND TERM

2.1 Developer's Representations. Developer represents and warrants to City as follows, and Developer covenants that until the expiration or earlier termination of this Agreement, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 2.1 not to be true, Developer shall immediately give written notice of such fact or condition to City. Developer acknowledges that City shall rely upon Developer's representations made herein notwithstanding any investigation made by or on behalf of City.

(i) Authority; General Partner. Developer is a limited partnership, duly organized and in good standing under the laws of the State of California. Developer's general partner is BRIDGE Norcal, LLC, a California limited liability company, duly organized and in good standing under the laws of the State of California, whose sole member, MCB Family Housing, Inc., a California nonprofit public benefit corporation, is tax-exempt under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Developer has the full right, power and authority to undertake all obligations of Developer as provided herein, and the execution, performance and delivery of this Agreement by Developer has been duly authorized by all requisite actions. The persons executing this Agreement on behalf of Developer have been duly authorized to do so. This Agreement and the other City Documents constitute valid and binding obligations of Developer, enforceable in accordance with their respective terms.

(ii) No Conflict. Developer's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Developer is a party or by which it is bound.

(iii) No Litigation or Other Proceeding. No litigation or other proceeding (whether administrative or otherwise) is outstanding or has been threatened which would prevent, hinder or delay the ability of Developer to perform its obligations under this Agreement.

(iv) No Developer Bankruptcy. Developer is not the subject of a bankruptcy or insolvency proceeding.

2.2 Effective Date; Memorandum. The obligations of Developer and City hereunder shall be effective as of the Effective Date. The Parties shall execute a Memorandum of this Agreement substantially in the form attached hereto as Exhibit B (the "**Memorandum**") which shall be recorded in the Official Records upon Developer's acquisition of the Property. The City will not withhold consent to reasonable requests for subordination of the Memorandum to deeds of trust, regulatory agreements and related documents provided for the benefit of Project lenders approved pursuant to the Financing Plan provided that the instruments effecting such subordination include reasonable protections to the City in the event of default.

ARTICLE III

DEVELOPMENT OF THE PROJECT

3.1 The Property. Developer represents and warrants that as of the Effective Date: (i) Developer has assumed or will assume an agreement with the Bay Area Rapid Transit District (“BART”) pursuant to which Developer will have the exclusive right to negotiate regarding acquisition of the Property, and (ii) the Property is subject to no covenant, condition, restriction or agreement that would prevent the development of the Project in accordance with this Agreement. If at any time the foregoing statements become untrue, the City shall have the right to terminate this Agreement upon written notice to Developer. In the event that Developer does not acquire the Property within thirty (30) months following the Effective Date, this Agreement shall terminate, and with the exception of those provisions that survive termination, this Agreement shall be of no further force or effect.

3.2 Scope of Development. After acquiring the Property, Developer shall develop the Project in accordance with the terms and conditions of this Agreement and in compliance with the terms and conditions of all approvals, entitlements and permits that the City or any other governmental body or agency with jurisdiction over the Project or the Property has granted or issued as of the date hereof or may hereafter grant or issue in connection with development of the Project, including without limitation, all mitigation measures imposed in connection with environmental review of the Project and all conditions of approval imposed in connection with any entitlements, approvals or permits (all of the foregoing approvals, entitlements, permits, mitigation measures and conditions of approval are hereafter collectively referred to as the “**Conditions of Approval**”).

The Project will consist of the design, development and construction on the Property of a 200-unit multi-family residential project that will include two (2) residential components: the “Alameda,” which will consist of 100 multi-family units, including four (4) dwelling units that will be accessible to persons with disabilities, and the “Cornerstone” which will consist of 100 multi-family units. The Project will also include common areas including a lobby, a multi-purpose room with kitchen, a landscaped outdoor courtyard, and a children’s play area; podium parking consisting of approximately 290 spaces; bicycle storage; laundry facilities; a management office; landscaping; and approximately 5000 square feet of ground floor retail space that may include a childcare facility. All of the foregoing, improvements, including the residential components are collectively hereinafter referred to as the “**Improvements.**”

Notwithstanding anything to the contrary contained herein, the construction of the Project is expressly conditioned upon compliance with CEQA. No physical activity, not otherwise exempt from CEQA, shall commence on the Property without CEQA compliance.

3.3 Affordable Housing. Developer covenants and agrees for itself, and its successors and assigns, that upon Developer’s acquisition of the Property, the Property will be subjected to recorded covenants that will restrict use of the Property to development of a residential project that includes affordable housing, and that for a term of not less than fifty-five (55) years commencing upon the issuance of a final certificate of occupancy for the Project, not less than forty-nine (49) of the residential units in the Alameda component of the Project and not less than forty-nine (49) of the residential units in the Cornerstone component of the Project shall be rented at an affordable cost to households who qualify as Very Low-Income (as defined in the

Regulatory Agreement), and not less than an additional fifty (50) of the residential units in the Alameda component of the Project and not less than an additional fifty (50) of the residential units in the Cornerstone component of the Project shall be rented at an affordable cost to households whose income is less than or equal to ninety percent (90%) of Area Median Income (as defined in the Regulatory Agreement) in accordance with the terms hereof and the Regulatory Agreement which the Parties shall execute substantially in the form attached hereto as Exhibit D, and which shall be recorded in the Official Records upon Developer's acquisition of the Property. One unit in the Alameda component of the Project and one unit in the Cornerstone component of the Project may be reserved as managers' units, and will not be subject to income-eligibility requirements or rent restrictions.

3.3.1 Preference for San Leandro Residents and Employees. In order to ensure that there is an adequate supply of affordable housing within the City of San Leandro for residents and employees of businesses within the City, to the extent permitted by law and consistent with the program regulations for funding sources used for development of the Project, during initial lease up of the Project, Developer shall give a preference in the rental of the residential units in the Project to eligible households that include at least one member who lives or works in the City of San Leandro. Developer agrees to use targeted marketing to local residents and employees to increase awareness of the availability of units in the Project, including without limitation, advertising in local media such as the *San Leandro Times* and local-serving bilingual media and undertaking outreach to the San Leandro Unified School District, City employees and the San Leandro Chamber of Commerce.

3.4 Project Approvals. Developer acknowledges and agrees that execution of this Agreement by City does not constitute approval for the purpose of the issuance of building permits for the construction of the Project, does not limit in any manner the discretion of City in such approval process, and does not relieve Developer from the obligation to apply for and obtain all necessary entitlements, approvals, and permits for the construction of the Project, including without limitation, the approval of architectural plans, the issuance of any certificates regarding historic resources required in connection with the Project (if any), and the completion of any required environmental review.

Developer covenants that it shall: (i) obtain all necessary permits and approvals which may be required by City, or any other governmental agency having jurisdiction over the construction of the Project or the development of the Property, (ii) comply with all Conditions of Approval, (iii) comply with all mitigation measures imposed in connection with any environmental review of the Project, and (iv) not commence construction work on the Project prior to issuance of building permits required for such work.

City staff shall work cooperatively with Developer to assist in coordinating the expeditious processing and consideration of all permits, entitlements and approvals necessary for development of the Project.

3.5 Fees. Developer shall be solely responsible for, and shall promptly pay when due, all customary and usual fees and charges of City in connection with obtaining building permits and other approvals for the Project, including without limitation, those related to the processing and consideration of amendments, if any, to the current entitlements, any related approvals and

permits, environmental review, design review, architectural review, and any subsequent approvals for the Project or the development of the Property. The parties acknowledge that Developer intends to use certain State of California Proposition 1C funds to pay the cost of certain City, utility, and other fees.

3.6 Cost of Acquisition and Construction. Except as expressly set forth herein, Developer shall be solely responsible for all direct and indirect costs and expenses incurred in connection with the acquisition of the Property, the design, development and construction of the Project and compliance with the Conditions of Approval, including without limitation the installation and construction of all off-site or on-site improvements required by City in connection therewith, and none of such costs and expenses shall be the obligation of the City. The parties acknowledge that Developer intends to use certain State of California Proposition 1C funds to pay the cost of certain expenses related to acquisition and construction of the Project.

3.7 Financing Plan. As set forth in the attached Exhibit G, Developer has provided City with a preliminary financing plan for the Project (“**Financing Plan**”) which describes (i) the estimated costs of Project development, including acquisition costs, and hard and soft construction costs, (ii) an operating pro forma which describes projected revenue and expenses for the Project, and (iii) identification of sources of construction and permanent financing. Developer may update the Financing Plan throughout the term of this Agreement, provided that Developer shall provide prior written notice to the City of any proposed modifications. If the City fails to approve of any such modification within fifteen (15) days following City’s receipt of the proposed modifications, then the Financing Plan and the encumbrances which may be recorded against the Property in connection with the financing contemplated by the Financing Plan shall be deemed disapproved by the City. The City agrees not to unreasonably withhold consent to proposed modifications to the Financing Plan.

Consistent with the Financing Plan, Developer agrees to submit applications to the California Debt Limit Allocation Committee (“**CDLAC**”) for an allocation that will permit the issuance of tax-exempt bonds to finance the Project and to the California Tax Credit Allocation Committee (“**TCAC**”) for 4% federal and State low-income housing tax credits, as soon as reasonably practicable. With City approval, as an alternative to the foregoing, Developer may apply for an allocation of 9% federal low-income housing tax credits or for other sources of financing provided by the California Department of Housing and Community Development; provided however, Developer may apply for such financing without City approval if the use of such financing would not materially reduce the total financing sources for the Project, impair Developer’s ability to repay the Loan, or delay the development schedule contemplated by this Agreement.

Developer shall submit to the City copies of Developer’s applications for tax credits and tax-exempt financing for the Project concurrently with Developer’s submittal of such applications to TCAC and CDLAC, and as applicable, shall provide to City updates to the Financing Plan including updated schedules of sources and uses and updated development and operating pro formas, accompanied by evidence that all Project financing has been firmly committed by Developer, or lending institutions, subject only to commercially reasonable conditions.

Prior to commencement of Project construction, Developer will make an initial application for Federal Home Loan Bank Affordable Housing Program (“AHP”) funding for the Project, and will re-apply before or after commencement of construction of the Project if Developer does not receive an award from the first application.

3.7.1 Prop. 1C Transit Oriented Development Grant Funds. Pursuant to the Transit Oriented Development Housing Grant Program, established pursuant to Part 13 of Division 31 of the Health & Safety Code, commencing with Section 53560 (the “TOD Grant Program”), the State Department of Housing and Community Development (“HCD”) has agreed to provide a grant in the amount of up to \$10,320,000 (the “TOD Grant”) jointly to BRIDGE Housing Corporation, a California nonprofit public benefit corporation (“BRIDGE”) and City to finance the cost of certain capital improvements required for the Project. Developer pledges to comply with all requirements associated with the receipt and use of the TOD Grant and applicable to Developer or the Project, including without limitation, all terms and conditions set forth in that certain Standard Agreement executed or to be executed by and between HCD and City, the Disbursement Agreement to be executed by and among HCD, BRIDGE and City, and all other documents that HCD requires in connection therewith (collectively, the “HCD Documents”). If requested by Developer, City agrees to loan the TOD Grant funds to Developer pursuant to loan documents approved by HCD if required. Developer agrees to indemnify, defend (with counsel approved by City) and hold the Indemnitees harmless from and against any and all Claims arising in connection with any breach of any term or condition of the HCD Documents by Developer or any affiliate of Developer or any contractor, subcontractor, agent or employee of Developer or any affiliate of Developer. Developer’s indemnification obligations under this Section 3.7.1 shall not extend to Claims resulting solely from the gross negligence or willful misconduct of Indemnitees. The provisions of this Section 3.7.1 shall survive the issuance of a Certificate of Completion for the Project and the expiration or earlier termination of this Agreement and/or the HCD Documents. It is further agreed that City does not and shall not waive any rights against Developer that it may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or the deposit with City by Developer, of any of the insurance policies described in this Agreement.

3.8 Development Schedule. Developer shall commence and complete construction of the Project and shall satisfy all other obligations of Developer under this Agreement within the time periods set forth herein, as such time periods may be extended upon the mutual written consent of the Parties. Subject to force majeure, the availability of financing, and the City’s issuance of permits and approvals, Developer shall commence construction of the Project not later than thirty (30) months following the Effective Date. Developer shall commence construction work on the Project following issuance of building permits within the time periods allowable under such permits, and Developer shall diligently prosecute to completion the construction of the Project in order to allow City to issue a final certificate of occupancy within twenty-four (24) months following commencement of construction work and in no event later than fifty-four (54) months following the Effective Date. If Developer demonstrates a good faith effort to secure financing for the Project, but is unable to do so, the City may determine in its reasonable discretion that the time period for commencement of construction set forth in this Section 3.8 shall be extended by eighteen (18) months. Subject to force majeure, the availability

of financing, and the City's issuance of permits and approvals, Developer's failure to commence or complete construction of the Project in accordance with the time periods specified in this Section 3.8 shall be an Event of Developer Default hereunder.

3.9 Rights of Access. For the purpose of ensuring that the Project is developed in compliance with this Agreement, from and after the date that Developer acquires the Property, Developer shall permit representatives of the City to enter upon the Property to inspect the Project following 48 hours written notice (except in the case of emergency in which case such notice as may be practical under the circumstances shall be provided). Developer shall have the right to accompany any City representative performing an inspection of the Project.

3.10 City Disclaimer. Developer acknowledges that the City is under no obligation, and City neither undertakes nor assumes any responsibility or duty to Developer or to any third party, to in any manner review, supervise, or inspect the progress of construction or the operation of the Project. Developer and all third parties shall rely entirely upon its or their own supervision and inspection in determining the quality and suitability of the materials and work, the performance of architects, subcontractors, and material suppliers, and all other matters relating to the construction and operation of the Project. Any review or inspection undertaken by the City is solely for the purpose of determining whether Developer is properly discharging its obligations under this Agreement, and shall not be relied upon by Developer or any third party as a warranty or representation by the City as to the quality of the design or construction of the Improvements or otherwise.

3.11 Construction Plans. Prior to commencement of Project construction, Developer shall submit to City's Building Department detailed construction plans for the development of the Project (the "**Construction Plans**"). As used herein "**Construction Plans**" means all construction documents upon which Developer and Developer's contractors shall rely in constructing the Project (including the landscaping, parking, and common areas) and shall include, without limitation, the site development plan, final architectural drawings, landscaping, exterior lighting and signage plans and specifications, materials specifications, final elevations, and building plans and specifications. The Construction Plans shall be based upon the scope of development set forth herein and upon the approvals issued by the City for the Project, and shall not materially deviate therefrom without the express written consent of City.

3.12 Construction Pursuant to Plans. Developer shall develop the Project in accordance with the approved Construction Plans, the Conditions of Approval, and all other permits and approvals granted by the City pertaining to construction of the Project. Developer shall comply with all directions, rules and regulations of any fire marshal, health officer, building inspector or other officer of every governmental agency having jurisdiction over the Property or the Project. Each element of the work shall proceed only after procurement of each permit, license or other authorization that may be required for such element by any governmental agency having jurisdiction. All design and construction work on the Project shall be performed by licensed contractors, engineers or architects, as applicable.

3.13 Change in Construction Plans. If Developer desires to make any material change in the approved Construction Plans, Developer shall submit the proposed change in writing to

City in accordance with its standard review process. Nothing in this Section is intended to or shall be deemed to modify the City's standard plan review procedures.

3.14 Defects in Plans. City shall not be responsible to Developer or to any third party for any defect in the Construction Plans or for any structural or other defect in any work done pursuant to the Construction Plans. Subject to the last sentence of this Section 3.14, Developer shall indemnify, defend (with counsel approved by City) and hold harmless the Indemnitees from and against all Claims arising out of, or relating to, or alleged to arise from or relate to defects in the Construction Plans or defects in any work done pursuant to the Construction Plans whether or not any insurance policies shall have been determined to be applicable to any such Claims. Developer's indemnification obligations set forth in this Section shall survive the expiration or earlier termination of this Agreement and the recordation of a Certificate of Completion and shall be assumed by any successor to Developer's interest in this Agreement. It is further agreed that City does not, and shall not, waive any rights against Developer which they may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or Developer's deposit with City of any of the insurance policies described in this Agreement. Developer's indemnification obligations pursuant to this Section shall not extend to Claims to the extent arising due to the gross negligence or willful misconduct of the Indemnitees. Developer's indemnification obligations set forth in this Section shall not apply to any Construction Plans that are not used by or on behalf of Developer or any entity affiliated with Developer, including without limitation, a Controlled Affiliate or an entity controlled by or under common control with Developer. In addition, if City uses any of the Construction Plans (or permits a third party to use such Construction Plans), City agrees to release Developer from liability for Claims arising in connection with such use except to the extent any such Claim arises from the gross negligence or willful misconduct of Developer or Developer's employees, agents or representatives.

3.15 Certificate of Completion for Project. Promptly after completion of construction of the Project, issuance of a final Certificate of Occupancy by the City and the written request of Developer, the City will provide an instrument ("**Certificate of Completion**") so certifying, provided that at the time such certificate is requested all applicable components of the Project have been completed. The Certificate of Completion shall be conclusive evidence that Developer has satisfied its obligations regarding the development of the Property.

The Certificate of Completion shall be issued substantially in the form attached hereto as Exhibit C, and at Developer's option, shall be recorded in the Official Records. The Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any holder of a deed of trust or mortgage securing money loaned to finance the Project or any part thereof and shall not be deemed a notice of completion under the California Civil Code, nor shall such Certificate provide evidence that Developer has satisfied any obligation that survives the expiration of this Agreement, including without limitation, Developer's obligations pursuant to the Regulatory Agreement.

3.16 Equal Opportunity. During the construction of the Project, there shall be no discrimination on the basis of race, color, religion, creed, sex, sexual orientation, marital status, ancestry or national origin in the hiring, firing, promoting or demoting of any person engaged in

construction of the Project, and Developer shall direct its contractors and subcontractors to refrain from discrimination on such basis.

3.17 Prevailing Wage Requirements. To the full extent required by all applicable state and federal laws, rules and regulations, if any, Developer and its contractors and agents shall comply with California Labor Code Section 1720 *et seq.* and the regulations adopted pursuant thereto (“**Prevailing Wage Laws**”), and shall be responsible for carrying out the requirements of such provisions. If required by California law or City policy, Developer shall submit to City a plan for monitoring payment of prevailing wages and shall implement such plan at Developer’s expense.

Subject to the last sentence of this paragraph, Developer shall indemnify, defend (with counsel approved by City) and hold the City, and its elected and appointed officers, officials, employees, agents, consultants, and contractors (collectively, the “**Indemnitees**”) harmless from and against all liability, loss, cost, expense (including without limitation attorneys’ fees and costs of litigation), claim, demand, action, suit, judicial or administrative proceeding, penalty, deficiency, fine, order, and damage (all of the foregoing collectively “**Claims**”) which directly or indirectly, in whole or in part, are caused by, arise in connection with, result from, relate to, or are alleged to be caused by, arise in connection with, or relate to, the payment or requirement of payment of prevailing wages (including without limitation, all claims that may be made by contractors, subcontractors or other third party claimants pursuant to Labor Code Sections 1726 and 1781), the failure to comply with any state or federal labor laws, regulations or standards in connection with this Agreement, including but not limited to the Prevailing Wage Laws, or any act or omission of Developer related to this Agreement with respect to the payment or requirement of payment of prevailing wages, whether or not any insurance policies shall have been determined to be applicable to any such Claims. It is further agreed that City does not and shall not waive any rights against Developer which it may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or Developer’s deposit with City of any of the insurance policies described in this Agreement. The provisions of this Section 3.17 shall survive the expiration or earlier termination of this Agreement and the issuance of a Certificate of Completion for the Project and shall be assumed by any successor to Developer’s interest in this Agreement. Developer’s indemnification obligations set forth in this Section shall not apply to Claims to the extent arising from the gross negligence or willful misconduct of one or more of the Indemnitees. Developer’s indemnification obligations set forth in this Section shall only apply to work performed by or on behalf of Developer or any entity affiliated with Developer, including without limitation, a Controlled Affiliate or an entity controlled by or under common control with Developer.

3.18 Compliance with Laws. In connection with development and construction of the Project, Developer shall comply, and shall cause its contractors to comply with all applicable federal, state and local laws, rules, ordinances and regulations, including without limitation, all applicable federal and state labor laws and standards, applicable provisions of the California Public Contracts Code (if any), the City zoning and development standards, building, plumbing, mechanical and electrical codes, all other provisions of the City’s Municipal Code, and all applicable disabled and handicapped access requirements, including without limitation, applicable provisions of the Americans with Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, and the

Unruh Civil Rights Act, Civil Code Section 51, *et seq.* Developer shall indemnify, defend (with counsel approved by City) and hold harmless the Indemnitees from and against any and all Claims arising in connection with the breach of Developer's obligations set forth in this Section whether or not any insurance policies shall have been determined to be applicable to any such Claims. It is further agreed that City does not and shall not waive any rights against Developer which it may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or Developer's deposit with City of any of the insurance policies described in this Agreement. Developer's indemnification obligations set forth in this Section shall not apply to Claims to the extent arising from the gross negligence or willful misconduct of the Indemnitees. Developer's defense and indemnification obligations set forth in this Section 3.18 shall survive the expiration or earlier termination of this Agreement and the issuance of a Certificate of Completion for the Project.

3.19 Liens and Stop Notices. Until the expiration of the term of the Regulatory Agreement and full repayment of the Loan, if a claim of a lien or stop notice is given or recorded affecting the Project or the Property, Developer shall within thirty (30) days of such recording or service: (a) pay and discharge (or cause to be paid and discharged) the same; or (b) effect the release thereof by recording and delivering (or causing to be recorded and delivered) to the party entitled thereto a surety bond in sufficient form and amount; or (c) provide other assurance satisfactory to City that the claim of lien or stop notice will be paid or discharged. The provisions of this Section 3.19 shall apply from and after Developer's acquisition of the Property.

3.20 Right of City to Satisfy Liens on the Property. If Developer fails to satisfy or discharge any lien or stop notice on the Property pursuant to and within the time period set forth in Section 3.19 above, the City shall have the right, but not the obligation, to satisfy any such liens or stop notices at Developer's expense with prior written notice to Developer and all sums advanced by City for such purpose shall be part of the indebtedness secured by the Deed of Trust. In such event Developer shall be liable for and shall immediately reimburse City for such paid lien or stop notice. Alternatively, the City may require Developer to immediately deposit with City the amount necessary to satisfy such lien or claim pending resolution thereof. The City may use such deposit to satisfy any claim or lien that is adversely determined against Developer. Developer shall file a valid notice of cessation or notice of completion upon cessation of construction of the Improvements for a continuous period of thirty (30) days or more, and shall take all other reasonable steps to forestall the assertion of claims or liens against the Property or the Improvements. The City may (but has no obligation to), with prior written notice to Developer, record any notices of completion or cessation of labor, or any other notice that the City deems necessary or desirable to protect its interest in the Property and the Improvements.

3.21 Performance and Payment Bonds. Prior to commencement of construction work on the Project, Developer shall cause its general contractor to deliver to the City copies of payment bond(s) and performance bond(s) issued by a reputable insurance company licensed to do business in California, each in a penal sum of not less than one hundred percent (100%) of the scheduled cost of construction of the Project. The bonds shall name the City as co-obligee. In lieu of such performance and payment bonds, subject to City's approval of the form and substance thereof, Developer may submit evidence satisfactory to the City of the contractor's ability to commence and complete construction of the Project in the form of an irrevocable letter

of credit, pledge of cash deposit, certificate of deposit, or other marketable securities held by a broker or other financial institution, with signature authority of the City required for any withdrawal, or a completion guaranty in a form and from a guarantor acceptable to City. Such evidence must be submitted to City in approvable form in sufficient time to allow for City's review and approval prior to the scheduled construction start date.

3.22 Insurance Requirements. Developer shall maintain and shall cause its contractors to maintain all applicable insurance coverage specified in Article X.

3.23 HCD Requirements. As a condition precedent to the disbursement of the TOD Grant and the Infill Infrastructure Grant ("**IIG Grant**") that HCD is providing for the construction of certain improvements related to the Project, HCD may require the physical separation of a portion of the Project, so that a portion of the Project is constructed on that certain real property described in Exhibit A-1 (the "**Additional Property**"). If HCD requires a physical separation of the Project, the Parties will enter into an operating memorandum to reflect the manner in which this Agreement will apply to each portion of the Project. The operating memorandum shall provide, without limitation: (A) the improvements to be constructed on the Additional Property may, in the Developer's discretion, be independently financed, developed and owned by a Controlled Affiliate (including a Controlled Affiliate that is a limited partnership in which an affiliate of BRIDGE is the general partner) or another entity approved by the City in accordance with the provisions of Article VI; (B) if the improvements to be constructed on the Additional Property will be financed, developed or owned independently of the improvements constructed on the Property, then the following shall apply: (a) the rights and obligations of this Agreement pertaining to the Property shall be deemed to apply to the Additional Property, provided however, the operating memorandum shall specify that such terms and conditions shall apply separately to the applicable portion of Project, and to the Property and the Additional Property, as applicable; (b) there shall be no cross defaults as to the two portions of the Project; (c) if the City regulates the affordability of any units on the Additional Property, a separate Regulatory Agreement specifying the applicable restrictions shall be utilized for each portion of the Project; and (d) if any of the Loan Funds will be used for the improvements to be constructed on the Additional Property, a separate Note and Deed of Trust specifying the applicable amount of Loan Funds shall be utilized for each portion of the Project; and (C) the Project may include additional commercial or retail space, and may include a total of more than 200 residential units; provided however, the City will restrict a maximum of 98 units in the Project for occupancy by Very Low Income households and a maximum of 100 units in the Project for occupancy by households earning 90% of Area Median Income.

ARTICLE IV

FINANCIAL ASSISTANCE

4.1 Loan. In order to increase the affordability of the Project, pursuant to the Original OPA, Agency agreed to provide a loan to Developer in the maximum aggregate amount of Nine Million, One Hundred Thousand Dollars (\$9,100,000) ("**Loan Funds**") upon the terms and conditions and for the purposes set forth in the Original OPA. As more particularly set forth below, a portion of the Loan Funds have been previously disbursed to Developer for

predevelopment costs associated with the Project. As housing successor to the Agency, City shall disburse the remaining balance of the Loan Funds to Developer for the Project upon the terms and conditions set forth in this Agreement. The Parties acknowledge and agree that the sole sources of funds that City shall use to provide such financing shall be (i) funds formerly on deposit in the Low and Moderate-Income Housing Fund established by the Agency pursuant to Health and Safety Code Section 33334.3 and transferred to the City pursuant to AB26 (and the Developer shall receive first priority to receive such funds, over any other obligations that the City may have with respect to such funds), (ii) property tax revenue provided to fund the loan distributed from the Redevelopment Property Tax Trust Fund established by the Alameda County Auditor-Controller for the Successor Agency to the Agency pursuant to AB26, and (iii) program income (i.e., rental income, lease payments, and loan payments) derived from housing assets transferred to the City from the Agency upon dissolution of the Agency pursuant to AB26 (and the Developer shall receive first priority to receive such funds, over any other obligations that the City may have with respect to such funds), and that City general funds shall not be available for such purpose. In addition, the City shall cause the Successor Agency to the Agency to include the Loan on each Recognized Obligation Payment Schedule that it submits to the Oversight Board and the Department of Finance until such time as the Loan has been fully funded. In the event, the Oversight Board, the Department of Finance, the County, State Controller, or any other party objects to or rejects the Loan as an enforceable obligation payable from the above described funds, the City shall use diligent efforts to seek to such determination so that the Loan may be funded in full in accordance with the other terms and provisions of this Agreement. Moreover, nothing herein shall abrogate, waive, impair or in any other manner affect the rights of the City or Developer to bring a claim against the Oversight Board, Department of Finance, County State Controller, or any other party with respect to the payment of the Loan or any other provision of this Agreement.

4.1.1 Predevelopment Funds. The Original OPA permits Developer to use Loan Funds in an amount up to Two Million Two Hundred Thousand Dollars (\$2,200,000) (the “**Original Predevelopment Funds**”) for approved predevelopment activities prior to Developer’s acquisition of the Property. The Parties acknowledge that as of the Effective Date, Two Million, Ninety-Five Thousand, Seven Hundred Twenty-Three Dollars (\$2,095,723) of the Original Predevelopment Funds have been disbursed. Upon satisfaction of the conditions set forth in Section 4.5.1, additional funds (inclusive of the remaining balance of the Original Predevelopment Funds) in the amount of up to Seven Hundred Eighty-Seven Thousand Dollars (\$787,000) (the “**Phase 1 Predevelopment Funds**”) shall be disbursed for the purposes and in the amounts set forth in the budget attached hereto as Exhibit E-4 or as otherwise approved in writing by City. Upon satisfaction of the conditions set forth in Section 4.5.1.1, additional funds in the amount of up to Five Hundred Seventy-Eight Thousand, Five Hundred Dollars (\$578,500) (the “**Phase 2 Predevelopment Funds**”) shall be disbursed for the purposes and in the amounts set forth in the budget attached hereto as Exhibit E-4 or as otherwise approved in writing by City.

4.1.2 Predevelopment Note; Termination for Infeasibility.

(a) Predevelopment Note. Developer’s obligation to repay the Original Predevelopment Funds is evidenced by a promissory note in the amount of the Original Predevelopment Funds that Developer executed and delivered in connection with the Original OPA. The outstanding principal balance of the Original Predevelopment Note and the Amended

and Restated Predevelopment Note bear simple interest at the rate of three percent (3%) per annum commencing upon the date of disbursement. Payments of principal and interest under the Original Predevelopment Note and the Amended and Restated Predevelopment Note are deferred. Concurrently with execution of this Agreement, Developer shall execute and deliver to City an Amended and Restated Predevelopment Note substantially in the form attached as Exhibit E-1 which shall evidence Developer's obligation to repay to City the outstanding balance of the Original Predevelopment Note, the interest accrued thereon, the Phase 1 Predevelopment Funds, the Phase 2 Predevelopment Funds, and interest that will accrue on all of the foregoing. The Original Predevelopment Note will be cancelled upon execution and delivery of the Amended and Restated Predevelopment Note. Upon closing for the City construction/permanent loan for the Project, the Amended and Restated Predevelopment Note shall be cancelled, and Developer shall execute a new note which shall evidence Developer's obligation to repay both the balance payable under the Amended and Restated Predevelopment Note (including interest accrued as of such date) and the amount of the additional funds to be advanced by the City. Concurrently with the execution and delivery of the Original Predevelopment Note, Developer executed and delivered the Original Assignment Agreement. Concurrently with the execution of this Agreement, Developer shall execute and deliver an Amended and Restated Assignment Agreement substantially in the form attached hereto as Exhibit E-3.

(b) Termination for Infeasibility. Provided that Developer is not in default under this Agreement, Developer may terminate this Agreement under the circumstances set forth below by giving written notice of such termination to the City on or prior to the maturity date of the Amended and Restated Predevelopment Note:

(i) The Developer is unable to acquire the Property from BART despite Developer's good faith efforts;

(ii) The Developer does not receive the governmental approvals required for the development of the Project, despite the Developer's good faith efforts to obtain such approvals;

(iii) The cost to undertake remediation work with respect to Hazardous Materials or to address other physical conditions of the Property make development of the Project financially infeasible; or

(iv) The Developer does not receive commitments which guaranty disbursement of funds in accordance with the development schedule approved pursuant to Section 3.8, for all financing necessary to acquire and construct the Project despite the Developer's good faith efforts to obtain such financing.

Provided that Developer is not in default under this Agreement or any other City Document, upon Developer's delivery to City of all Assigned Documents (as defined in the Amended and Restated Assignment Agreement), the City shall forgive all funds owed under the Amended and Restated Predevelopment Note if Developer elects to terminate this Agreement pursuant to this Section 4.1.2(b).

4.1.3 Construction/Permanent Loan. The City's construction/permanent loan for the Project (the "**Loan**") shall be evidenced by a Secured Promissory Note in the amount of the Loan Funds (the "**Note**") dated as of the closing date for the Loan (the "**Closing Date**") and executed by Developer substantially in the form attached hereto as Exhibit E-2. The Note shall be secured by a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (the "**Deed of Trust**") executed by Developer as Trustor for the benefit of City substantially in the form attached hereto as Exhibit F and recorded against the Property.

Provided that Developer has complied with all conditions precedent to disbursement of the Loan set forth in Section 4.5.2, the proceeds of the Loan ("**Loan Proceeds**") shall be disbursed in accordance with Section 4.4 hereof. Developer shall be permitted to use the Loan Proceeds only for the purposes set forth in Section 4.4.

4.2 Interest Rate; Payment Dates; Maturity Date. The outstanding principal balance of the Note will bear interest at three percent (3%) simple annual interest commencing upon the date of disbursement. Annual payments shall be due and payable on a residual receipts basis in accordance with the formula set forth in the Note. The entire outstanding principal balance of the Loan together with accrued interest and all other sums due under the City Documents shall be payable in full on the earlier of: (i) the fifty-fifth (55th) anniversary of the date of issuance of the final certificate of occupancy for the Project, and (ii) the fifty-ninth (59th) anniversary of the Loan origination date. Notwithstanding the foregoing, the City shall have the right to accelerate the maturity date and declare all sums payable under the Note immediately due and payable upon the occurrence of an Event of Developer Default, including without limitation, Developer's failure to commence or complete construction of the Project within the times periods specified in Section 3.8.

4.3 Security. As security for repayment of the Note, Developer shall execute the Deed of Trust in favor of City as beneficiary pursuant to which City shall be provided a lien against the Property and the Improvements. The Deed of Trust shall be dated as of the Closing Date, shall be substantially in the form attached hereto as Exhibit F, and shall be recorded in the Official Records on the Closing Date. The Deed of Trust may be subordinated only to the Permitted Exceptions. Developer acknowledges that the Deed of Trust will secure Developer's performance of Developer's obligations pursuant to this Agreement and the Regulatory Agreement which may survive repayment of the Note, and that the Deed of Trust shall not be reconveyed prior to Developer's satisfaction of such obligations.

4.4 Use and Disbursement of Proceeds. The Loan Proceeds shall be used solely to fund specific development activities associated with the Project (in an amount and for only such development activities as are approved for funding by the City) and to fund acquisition of the Property and construction of the Project consistent with the approved Financing Plan, as it may be updated with City approval, and Project approvals.

4.5 Conditions to Disbursement of Predevelopment Funds and Loan Proceeds.

4.5.1 Conditions to Disbursement of Phase 1 Predevelopment Funds. City shall not be obligated to disburse the Phase 1 Predevelopment Funds prior to the satisfaction of all of the following conditions:

(i) Developer's execution and delivery to City of this Agreement, the Amended and Restated Note, and the Amended and Restated Assignment Agreement.

(ii) Developer's delivery to the City of evidence of liability insurance coverage in accordance with the requirements set forth herein.

(iii) Developer's delivery to City of each of the following: (i) certificate of good standing, certified by the Secretary of State indicating that Developer is properly organized and authorized to do business in the State of California, (ii) a certified resolution indicating that Developer has authorized the transactions contemplated by this Agreement and that the persons executing the City Documents on behalf of Developer have been duly authorized to do so, (iii) certified copy of Developer's LP-1, (iv) a copy of Developer's executed partnership agreement, certified as accurate and complete by an authorized officer of Developer's general partner's sole member; and (v) certified copies of Developer's general partner's LLC-1 and operating agreement; and (vi) verification of Developer's general partner's sole member's tax-exempt status.

(iv) No material adverse change as determined by City in its reasonable judgment shall have occurred in the condition of the Property or in the financial or other condition of Developer since the date of this Agreement.

(v) City's receipt of a written requisition from Developer specifying the amount and use of the requested funds, accompanied by copies of third-party invoices for services rendered in connection with the Project (accompanied by or to be followed by evidence of payment of such invoices, as applicable), and such other documentation as City shall reasonably require, including without limitation, executed consents to the extent required by the Amended and Restated Assignment Agreement.

(vi) The delivery to City of a fully-executed Memorandum of Understanding ("MOU") in form approved by City, that describes the respective rights and responsibilities of City, BRIDGE and Developer pursuant to the HCD Documents.

(vii) The delivery to City of a fully-executed Indemnity Agreement in form approved by City, pursuant to which BRIDGE will indemnify the City against liability arising in connection with any default by BRIDGE or Developer in connection with the MOU or the HCD Documents.

(viii) The delivery to City of fully-executed copies of (a) an amendment to that certain Exclusive Negotiating Agreement dated as of February 4, 2008 and executed by and among BART, City and Westlake Development Partners, LLC, a Delaware limited liability company ("Westlake") (as subsequently amended, the "BART ENA") which amendment shall extend the term of the BART ENA, and (b) an assignment of Westlake's rights under the BART ENA to Developer.

(ix) The delivery to City of fully-executed copies of the Standard Agreements and Disbursement Agreements for the IIG Grant and for the TOD Grant.

(x) The delivery to City of a fully-executed copy of an exclusive negotiating agreement or letter of intent that provides Developer with exclusive rights to negotiate regarding the acquisition of all property owned by Westlake (or Westlake affiliates) necessary for development of the Project (the “**Westlake ENA**”).

4.5.1.1 Conditions to Disbursement of Phase 2 Predevelopment Funds. City shall not be obligated to disburse any of the Phase 2 Predevelopment Funds prior to the satisfaction of all of the conditions set forth in Section 4.5.1 and all of the following additional conditions:

(i) The delivery to City of a fully-executed copy of a purchase and sale agreement obligating Westlake (or its affiliates, as applicable) to convey to Developer all property owned by Westlake (or Westlake affiliates) necessary for development of the Project.

(ii) The delivery to City of a fully-executed copy of an option agreement or other agreement obligating BART to convey to Developer all property owned by BART necessary for development of the Project.

(iii) Completion of approved schematic designs for BART replacement parking.

(iv) Developer’s acquisition of the “Triangle” parcel or completion of an alternative parking design that makes such acquisition unnecessary.

(v) Delivery to City of a fully-executed infrastructure improvement agreement, if applicable.

(vi) Delivery to City of a fully-executed inclusionary housing credit agreement, if applicable.

(vii) Completion of design drawings and pricing for offsite infrastructure improvements and replacement parking.

(viii) Initiation of preparation of construction drawings for offsite infrastructure improvements and replacement parking.

(vii) Completion of design drawings and pricing for the Improvements.

(viii) Initiation of preparation of construction drawings for the Improvements.

(ix) Initiation of street vacation and mapping process necessary for completion of the Project.

(x) No material adverse change as determined by City in its reasonable judgment shall have occurred in the condition of the Property or in the financial or other condition of Developer since the date of this Agreement.

(xi) City’s receipt of a written requisition from Developer specifying the amount and use of the requested funds, accompanied by copies of third-party invoices for services rendered in connection with the Project (accompanied by or to be followed by evidence

of payment of such invoices, as applicable), and such other documentation as City shall reasonably require, including without limitation, executed consents to the extent required by the Amended and Restated Assignment Agreement.

4.5.2 Conditions to Disbursement of Construction/Permanent Loan Proceeds.

City's obligation to fund the Loan and disburse the Loan Proceeds is conditioned upon the satisfaction of all of the following conditions:

(i) Developer's execution and delivery to City of the Note, the Deed of Trust, the Memorandum, and the Regulatory Agreement.

(ii) Developer's acquisition of a fee interest in all property necessary for development of the Project, and recordation of the Memorandum, the Deed of Trust and the Regulatory Agreement in the Official Records.

(iii) The issuance by an insurer satisfactory to City of an A.L.T.A. lender's policy of title insurance ("**Title Policy**") for the benefit of City in the amount of the Loan, insuring that the lien of the Deed of Trust and the Regulatory Agreement are subject only to deeds of trust, regulatory agreements and related documents provided for the benefit of Project lenders approved pursuant to the Financing Plan and such other defects, liens, conditions, encumbrances, restrictions, easements and exceptions as City may approve in writing (collectively, the "**Permitted Exceptions**"), and containing such endorsements as City may reasonably require, with the cost of such Title Policy to be paid by Developer.

(iv) Developer's delivery to the City of evidence of property and liability insurance coverage in accordance with the requirements set forth herein.

(v) Developer's delivery to City of evidence reasonably satisfactory to City that there are no mechanics' liens or stop notices related to the Property or the Project, and Developer's provision to City of full waivers or releases of lien claims if required by City.

(vi) Developer's delivery to City of certified copies of updated versions of any documents listed in Section 4.5.1 (iii) which have been amended since the date of delivery to the City.

(vii) No material adverse change as determined by City in its reasonable judgment shall have occurred in the condition of the Property or in the financial or other condition of Developer since the date of this Agreement.

(viii) (a) Developer's delivery to City of evidence reasonably satisfactory to City that Developer has obtained all necessary entitlements, permits (including without limitation building permits), licenses, and approvals required to develop the Project, or that the receipt of such permits is subject only to such conditions as City shall reasonably approve; (b) City shall have approved the final plans and specifications for the Project; (c) Developer's construction financing for the Project shall have closed or shall close concurrently with City's disbursement of funds for construction, and Developer shall have delivered to City evidence reasonably

satisfactory to City that Developer has secured binding commitments, subject only to commercially reasonable conditions, for all Project construction and permanent financing; and (d) Developer's delivery to City and City approval of all of the following: (1) any modifications to the Project construction and operating budgets previously approved by City; (2) performance bonds or other assurance of completion reasonably acceptable to City pursuant to the requirements set forth in Section 3.21; (3) any modification to the construction schedule; and (4) copies of such other documents related to the financing of the Project as City may reasonably request.

4.6 No Obligation to Disburse Proceeds Upon Default. Notwithstanding any other provision of this Agreement, the City shall have no obligation to disburse or authorize the disbursement of any portion of the Predevelopment Funds or the Loan Proceeds following:

(i) the failure of any of Developer's representations and warranties made in this Agreement or in connection with the Predevelopment Funds or the Loan to be true and correct in all material respects;

(ii) the termination of this Agreement by mutual agreement of the Parties;

(iii) [Reserved.]

(iv) the occurrence of an Event of Developer Default under any City Document which remains uncured beyond any applicable cure period, or the existence of any condition, event or act which upon the giving of notice or the passage of time or both would constitute an Event of Developer Default under any City Document.

4.7 Prepayment; Acceleration.

(a) Prepayment. Developer shall have the right to prepay the Loan, the Original Predevelopment Note, and the Amended and Restated Predevelopment Note at any time and from time to time, without penalty or premium, provided that any prepayment of principal must be accompanied by interest accrued but unpaid to the date of prepayment. Prepayments shall be applied first to accrued but unpaid interest and then to principal. Any such prepayment shall have no effect upon Developer's obligations under the Regulatory Agreement which shall survive for the full term of the Regulatory Agreement.

(b) Due On Sale or Encumbrance. Unless City agrees otherwise in writing, the entire unpaid principal balance and all interest and other sums accrued under the Note shall be due and payable upon the Transfer absent the prior written consent of City of all or any part of the Property or the Project except as otherwise permitted pursuant to this Agreement.

4.8 Nonrecourse. Except as expressly provided in Section 3.9 of the Original Predevelopment Note, Section 3.9 of the Amended and Restated Predevelopment Note and Section 3.9 of the Note, the Original Predevelopment Note, the Amended and Restated Predevelopment Note and the Note shall be non-recourse to Developer.

ARTICLE V

USE OF THE PROPERTY

5.1 Use; Affordable Housing. Developer covenants and agrees for itself and its successors and assigns that upon Developer's acquisition thereof, the Property shall be used for the development and operation of a multi-family residential project which shall also include ground floor retail space that may include a childcare center, in accordance with the terms and conditions of this Agreement and the Regulatory Agreement.

5.2 Maintenance. Developer shall at its own expense, maintain the Property, the Improvements and related landscaping and common areas in good physical condition, in good repair, and in decent, safe, sanitary, habitable and tenantable living conditions in conformity with all applicable state, federal, and local laws, ordinances, codes, and regulations. Without limiting the foregoing, Developer agrees to maintain the Project and the Property (including without limitation, the residential units, common areas, landscaping, driveways, parking areas, and walkways) in a condition free of all waste, nuisance, debris, unmaintained landscaping, graffiti, disrepair, abandoned vehicles/appliances, and illegal activity, and shall take all reasonable steps to prevent the same from occurring on the Property or at the Project. Developer shall prevent and/or rectify any physical deterioration of the Property and the Project and shall make all repairs, renewals and replacements necessary to keep the Property and the improvements located thereon in good condition and repair. Developer shall provide adequate security for occupants of the Project. The provisions of this Section 5.2 shall apply from and after Developer's acquisition of the Property.

5.3 Taxes and Assessments. From and after Developer's acquisition of the Property, Developer shall pay all real and personal property taxes, assessments and charges and all franchise, income, payroll, withholding, sales, and other taxes assessed against the Property or the Improvements and payable by Developer, at such times and in such manner as to prevent any penalty from accruing, or any lien or charge from attaching to the Property or the Improvements; provided, however, that Developer shall have the right to contest in good faith, any such taxes, assessments, or charges. In the event the Developer exercises its right to contest any tax, assessment, or charge, the Developer, on final determination of the proceeding or contest, shall immediately pay or discharge any decision or judgment rendered against it, together with all costs, charges and interest.

5.4 Obligation to Refrain from Discrimination. From and after Developer's acquisition of the Property, Developer shall not restrict the rental, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property or the Improvements, or any portion thereof, on the basis of race, color, religion, creed, sex, sexual orientation, disability, marital status, ancestry, or national origin of any person. Developer covenants for itself and all persons claiming under or through it, and this Agreement is made and accepted upon and subject to the condition that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property or part thereof, nor shall Developer or any person claiming under or through Developer establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in, of, or for the Property or the Improvements or part thereof. Developer shall include

such provision in all deeds, leases, contracts and other instruments executed by Developer, and shall enforce the same diligently and in good faith.

All deeds, leases or contracts made or entered into by Developer, its successors or assigns, as to any portion of the Property or the Improvements shall contain the following language:

(a) In Deeds, the following language shall appear:

“(1) Grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through it, that there shall be no discrimination against or segregation of a person or of a group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property herein conveyed nor shall the grantee or any person claiming under or through the grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the property herein conveyed. The foregoing covenant shall run with the land.

“(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (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 paragraph (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 paragraph (1).”

(b) In Leases, the following language shall appear:

“(1) The lessee herein covenants by and for the lessee and lessee’s heirs, personal representatives and assigns, and all persons claiming under the lessee or through the lessee, that this lease is made subject to the condition that there shall be no discrimination against or segregation of any person or of a group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry or disability in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the property herein leased nor shall the lessee or any person claiming under or through the lessee 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 herein leased.

“(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (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 paragraph (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 paragraph (1).”

(c) In Contracts, the following language shall appear:

“There shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property nor shall the transferee or any person claiming under or through the transferee establish or permit any such practice or practices of discrimination or segregation with reference to selection, location, number, use or occupancy of tenants, lessee, subtenants, sublessees or vendees of the land.”

ARTICLE VI

LIMITATIONS ON CHANGE IN OWNERSHIP, MANAGEMENT AND CONTROL OF DEVELOPER

6.1 Change Pursuant to this Agreement. Developer and its principals have represented that they possess the necessary expertise, skill and ability to carry out the development of the Project on the Property pursuant to this Agreement. The qualifications, experience, financial capacity and expertise of Developer and its principals are of particular concern to the City. It is because of these qualifications, experience, financial capacity and expertise that the City has entered into this Agreement with Developer. No voluntary or involuntary successor, assignee or transferee of Developer shall acquire any rights or powers under this Agreement, except as expressly provided herein.

6.2 Prohibition on Transfer. Prior to the expiration of the term of the Regulatory Agreement, Developer shall not, except as expressly permitted by this Agreement, directly or indirectly, voluntarily, involuntarily or by operation of law make or attempt any total or partial sale, transfer, conveyance, assignment or lease (collectively, “**Transfer**”) of the whole or any part of the Property, the Project, the Improvements, or this Agreement, without the prior written approval of City, which approval shall not be unreasonably withheld. (The provisions concerning Transfer of the Property, the Project and the Improvements shall apply commencing upon Developer’s acquisition of the Property.) Any such attempt to assign this Agreement without the City’s consent shall be null and void and shall confer no rights or privileges upon the purported assignee. In addition to the foregoing, prior to the expiration of the term of the Regulatory Agreement, except as expressly permitted by this Agreement, Developer shall not undergo any significant change of ownership without the prior written approval of City. For purposes of this Agreement, a “significant change of ownership” shall mean a transfer of the

beneficial interest of more than twenty-five percent (25%) in aggregate of the present ownership and /or control of Developer, taking all transfers into account on a cumulative basis; provided however, neither the admission of an investor limited partner, nor the transfer by the investor limited partner to subsequent limited partners shall be restricted by this provision.

6.3 Permitted Transfers. Notwithstanding any contrary provision hereof, the prohibitions set forth in this Article shall not be deemed to prevent: (i) the granting of easements or permits to facilitate development of the Property; (ii) the dedication of any property required pursuant to this Agreement; (iii) the lease of individual residences to tenants for occupancy as their principal residence in accordance with the Regulatory Agreement or the lease of any commercial or retail space to individual tenants; (iv) assignments creating security interests for the purpose of financing the acquisition, construction or permanent financing of the Project or the Property in accordance with the approved Financing Plan as it may be updated with City approval, and subject to the requirements of Article VII, or Transfers directly resulting from the foreclosure of, or granting of a deed in lieu of foreclosure of, such a security interest; (v) a Transfer to an entity which is under the direct control of BRIDGE (“**Controlled Affiliate**”); (vi) the admission of limited partners and any transfer of limited partnership interests in accordance with Developer’s agreement of limited partnership (the “**Partnership Agreement**”), provided that the Partnership Agreement and/or the instrument of Transfer provides for development and operation of the Property and Project in a manner consistent with this Agreement; (vii) the removal of the general partner by the investor limited partner for a default under the Partnership Agreement, provided the replacement general partner is reasonably satisfactory to City; or (viii) the transfer of the General Partner’s interest to a nonprofit entity that is tax-exempt under Section 501(c)(3) of the Internal Revenue Code of 1986 as amended, provided such replacement general partner is reasonably satisfactory to City.

6.4 Requirements for Proposed Transfers. The City may, in the exercise of its sole discretion, consent to a proposed Transfer of this Agreement, the Improvements, the Property or portion thereof if all of the following requirements are met (provided however, the requirements of this Section 6.4 shall not apply to Transfers described in clauses (i) through (viii) of Section 6.3):

(i) The proposed transferee demonstrates to the City’s satisfaction that it has the qualifications, experience and financial resources necessary and adequate as may be reasonably determined by the City to competently complete construction of the Project and to otherwise fulfill the obligations undertaken by the Developer under this Agreement.

(ii) The Developer and the proposed transferee shall submit for City review and approval all instruments and other legal documents proposed to effect any Transfer of this Agreement, the Improvements, the Property or interest therein together with such documentation of the proposed transferee’s qualifications and development capacity as the City may reasonably request.

(iii) The proposed transferee shall expressly assume all of the rights and obligations of the Developer under this Agreement and the City Documents arising after the effective date of the Transfer and all obligations of Developer arising prior to the effective date of the Transfer (unless Developer expressly remains responsible for such obligations) and shall

agree to be subject to and assume all of Developer's obligations pursuant to the Conditions of Approval and all other conditions, and restrictions set forth in this Agreement and the Regulatory Agreement.

(iv) The Transfer shall be effectuated pursuant to a written instrument satisfactory to the City in form recordable in the Official Records.

City consent shall not be required for Transfers described in clauses (i), (ii), (iii) and (vi) of Section 6.3 or for foreclosures described in clause (iv) of Section 6.3. The City shall not withhold consent to Transfers described in clauses (iv), (v), (vii) or (viii) of Section 6.3 provided that the conditions described in such clauses are satisfied, as applicable. Consent to any proposed Transfer may be given by the City Manager unless the City Manager, in his or her discretion, refers the matter of approval to the City Council. If a proposed Transfer has not been approved by City in writing within thirty (30) days following City's receipt of written request by Developer, it shall be deemed rejected.

6.5 Effect of Transfer without City Consent.

6.5.1 In the absence of specific written agreement by the City, no Transfer by Developer shall be deemed to relieve the Developer or any other party from any obligation under this Agreement.

6.5.2 Without limiting any other remedy City may have under this Agreement, or under law or equity, it shall be an Event of Developer Default hereunder entitling City to terminate this Agreement if without the prior written approval of the City, Developer assigns or Transfers this Agreement, the Improvements, or the Property prior to the City's issuance of a Certificate of Completion. This Section 6.5.2 shall not apply to Transfers described in clauses (i) through (viii) of Section 6.3.

6.6 Recovery of City Costs. Developer shall reimburse City for all City costs, including but not limited to reasonable attorneys' fees, incurred in reviewing instruments and other legal documents proposed to affect a Transfer under this Agreement and in reviewing the qualifications and financial resources of a proposed successor, assignee, or transferee within ten (10) days following City's delivery to Developer of an invoice detailing such costs.

ARTICLE VII

SECURITY FINANCING AND RIGHTS OF MORTGAGEES

7.1 Mortgages and Deeds of Trust for Development. Mortgages and deeds of trust, or any other reasonable security instrument are permitted to be placed upon the Property or the Improvements only for the purpose of securing loans for the purpose of financing the acquisition of the Property, the design and construction of the Improvements, and other expenditures reasonably necessary for development of the Property pursuant to this Agreement. Developer shall not enter into any conveyance for such financing that is not contemplated in the Financing Plan as it may be updated with City approval, without the prior written approval of City's Executive Director or his or her designee. As used herein, the terms "mortgage" and "deed of

trust” shall mean any security instrument used in financing real estate acquisition, construction and land development.

7.1.1 Memorandum and Regulatory Agreement to be Senior to Mortgages. The City agrees that pursuant to Health and Safety Code Section 33334.14(a)(4), City will not withhold consent to reasonable requests for subordination of the Deed of Trust and Regulatory Agreement to deeds of trust provided for the benefit of lenders identified in the Financing Plan as it may be updated with City approval, provided that the instruments effecting such subordination include reasonable protections to the City in the event of default consistent with the requirements of Health and Safety Code Section 33334.14(a)(4).

7.2 Holder Not Obligated to Construct. The holder of any mortgage, deed of trust authorized by this Agreement shall not be obligated to complete construction of the Improvements or to guarantee such completion. Nothing in this Agreement shall be deemed to permit or authorize any such holder to devote the Property or any portion thereof to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

7.3 Notice of Default and Right to Cure. Whenever City delivers any notice of default hereunder, City shall concurrently deliver a copy of such notice to each holder of record of any mortgage or deed of trust secured by the Property or the Improvements, provided that City has been provided with the address for delivery of such notice. City shall have no liability to any such holder for any failure by the City to provide such notice to such holder. Each such holder shall have the right, but not the obligation, at its option, to cure or remedy any such default or breach within the cure period provided to Developer extended by and additional sixty (60) days. In the event that possession of the Property or the Improvements (or any portion thereof) is required to effectuate such cure or remedy, the holder shall be deemed to have timely cured or remedied the default if it commences the proceedings necessary to obtain possession of the Property or Improvements, as applicable, within sixty (60) days after receipt of the City’s notice, diligently pursues such proceedings to completion, and after obtaining possession, diligently completes such cure or remedy. A holder who chooses to exercise its right to cure or remedy a default or breach shall first notify City of its intent to exercise such right prior to commencing to cure or remedy such default or breach. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction of the Project (beyond the extent necessary to conserve or protect the same) without first having expressly assumed in writing Developer’s obligations to City under this Agreement. The holder in that event must agree to complete, in the manner provided in this Agreement, the Project and the Improvements and submit evidence reasonably satisfactory to City that it has the development capability on staff or retainer and the financial capacity necessary to perform such obligations. Any such holder properly completing the Project pursuant to this Section shall assume all rights and obligations of Developer under this Agreement and shall be entitled to a Certificate of Completion upon compliance with the requirements of this Agreement.

7.4 Intentionally omitted.

7.5 City Right to Cure Defaults. In the event of a breach or default by Developer under a mortgage or deed of trust secured by the Property or the Improvements, City may cure

the default, without acceleration of the subject loan, following prior notice thereof to the holder of such instrument and Developer. In such event, Developer shall be liable for, and City shall be entitled to reimbursement from Developer for all costs and expenses incurred by City associated with and attributable to the curing of the default or breach and such sum shall constitute a part of the indebtedness secured by the City Deed of Trust.

7.6 Holder to be Notified. Developer agrees to use best efforts to ensure that each term contained herein dealing with security financing and rights of holders shall be either inserted into the relevant deed of trust or mortgage or acknowledged by the holder prior to its creating any security right or interest in the Property or the Improvements.

7.7 Modifications to Agreement. City shall not unreasonably withhold its consent to modifications of this Agreement requested by Project lenders or investors provided such modifications do not alter City's substantive rights and obligations under this Agreement.

7.8 Estoppel Certificates. Either Party shall, at any time, and from time to time, within fifteen (15) days after receipt of written request from the other Party, execute and deliver to such Party a written statement certifying that, to the knowledge of the certifying Party: (i) this Agreement is in full force and effect and a binding obligation of the Parties (if such be the case), (ii) this Agreement has not been amended or modified, or if so amended, identifying the amendments, and (iii) the requesting Party is not in default in the performance of its obligations under this Agreement, or if in default, describing the nature of any such defaults.

ARTICLE VIII

ENVIRONMENTAL MATTERS

8.1 No City Liability; Developer's Covenants. City shall not be responsible for the cost of any soil, groundwater or other environmental remediation or other response activities for any Hazardous Materials existing or occurring in, on, under or about the Improvements, the Property or any portion thereof. From and after Developer's acquisition of the Property, upon receipt of any notice regarding the presence, release or discharge of Hazardous Materials in, on or under the Improvements, the Property, or any portion thereof, Developer agrees to timely initiate and diligently pursue and complete all appropriate response, remediation and removal actions for the presence, release or discharge of such Hazardous Materials within such deadlines as specified by applicable Environmental Laws. Developer hereby covenants and agrees that commencing upon Developer's acquisition of the Property:

(i) Developer shall not knowingly permit the Project or the Property or any portion of either to be a site for the use, generation, treatment, manufacture, storage, disposal or transportation of Hazardous Materials or otherwise knowingly permit the presence or release of Hazardous Materials in, on, under, about or from the Project or the Property with the exception of cleaning supplies and other materials customarily used in construction, operation or maintenance of residential property and any retail or commercial uses developed as part of the Project, and used, stored and disposed of in compliance with Hazardous Materials Laws, and

(ii) Developer shall keep and maintain the Project and the Property and each portion thereof in compliance with, and shall not cause or permit the Project or the Property or any portion of either to be in violation of, any Hazardous Materials Laws.

8.2 Environmental Indemnification. Subject to the last sentence of this Section, commencing upon Developer's acquisition of the Property, Developer shall indemnify, defend (with counsel approved by City) and hold the Indemnitees harmless from and against any and all Claims including without limitation any expenses associated with the investigation, assessment, monitoring, response, removal, treatment, abatement or remediation of Hazardous Materials and administrative, enforcement or judicial proceedings resulting, arising, or based directly or indirectly in whole or in part, upon (i) the presence, release, use, generation, discharge, storage or disposal or the alleged presence, release, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from, the Property, or (ii) the failure of Developer, Developer's employees, agents, contractors, subcontractors, or any person acting on behalf of any of the foregoing to comply with Hazardous Materials Laws or the covenants set forth in Section 8.1. The foregoing indemnity shall further apply to any residual contamination in, on, under or about the Property or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the generation, use, handling, treatment, storage, transport or disposal of any such Hazardous Materials, and irrespective of whether any of such activities were or will be undertaken in accordance with Hazardous Materials Laws. The provisions of this Section 8.2 shall survive the issuance of a Certificate of Completion for the Project and the expiration or earlier termination of this Agreement. Developer's indemnification obligations set forth in this Section shall also apply to Claims arising directly or indirectly as a result of the actions or omissions of Developer or Developer's employees, agents, contractors, subcontractors, or any person acting on behalf of any of the foregoing relating to activity on the Property prior to Developer's acquisition of the Property.

8.2.1 No Limitation. Developer hereby acknowledges and agrees that Developer's duties, obligations and liabilities under this Agreement, including, without limitation, under Section 8.2 above, are in no way limited or otherwise affected by any information the City may have concerning the Property and/or the presence in, on, under or about the Property of any Hazardous Materials, whether the City obtained such information from the Developer or from its own investigations. It is further agreed that City does not and shall not waive any rights against Developer that it may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or the deposit with City by Developer, of any of the insurance policies described in this Agreement.

8.3 Hazardous Materials. As used herein, the term "**Hazardous Materials**" means any substance, material or waste which is or becomes regulated by any federal, state or local governmental authority, and includes without limitation (i) petroleum or oil or gas or any direct or indirect product or by-product thereof; (ii) asbestos and any material containing asbestos; (iii) any substance, material or waste regulated by or listed (directly or by reference) as a "hazardous substance", "hazardous material", "hazardous waste", "toxic waste", "toxic pollutant", "toxic substance", "solid waste" or "pollutant or contaminant" in or pursuant to, or similarly identified as hazardous to human health or the environment in or pursuant to, the Toxic Substances Control Act [15 U.S.C. Section 2601, *et seq.*]; the Comprehensive Environmental Response,

Compensation and Liability Act [42 U.S.C. Section 9601, *et seq.*], the Hazardous Materials Transportation Authorization Act [49 U.S.C. Section 5101, *et seq.*], the Resource Conservation and Recovery Act [42 U.S.C. Section 6901, *et seq.*], the Federal Water Pollution Control Act [33 U.S.C. Section 1251], the Clean Air Act [42 U.S.C. Section 7401, *et seq.*], the California Underground Storage of Hazardous Substances Act [California Health and Safety Code Section 25280, *et seq.*], the California Hazardous Substances Account Act [California Health and Safety Code Section 25300, *et seq.*], the California Hazardous Waste Act [California Health and Safety Code Section 25100, *et seq.*], the California Safe Drinking Water and Toxic Enforcement Act [California Health and Safety Code Section 25249.5, *et seq.*], and the Porter-Cologne Water Quality Control Act [California Water Code Section 13000, *et seq.*], as they now exist or are hereafter amended, together with any regulations promulgated thereunder; (iv) any substance, material or waste which is defined as such or regulated by any “Superfund” or “Superlien” law, or any Environmental Law; or (v) any other substance, material, chemical, waste or pollutant identified as hazardous or toxic and regulated under any other federal, state or local environmental law, including without limitation, asbestos, polychlorinated biphenyls, petroleum, natural gas and synthetic fuel products and by-products.

8.4 Environmental Laws. As used herein, the term “**Environmental Laws**” means all federal, state or local statutes, ordinances, rules, regulations, orders, decrees, judgments or common law doctrines, and provisions and conditions of permits, licenses and other operating authorizations regulating, or relating to, or imposing liability or standards of conduct concerning (i) pollution or protection of the environment, including natural resources; (ii) exposure of persons, including employees and agents, to Hazardous Materials (as defined above) or other products, raw materials, chemicals or other substances; (iii) protection of the public health or welfare from the effects of by-products, wastes, emissions, discharges or releases of chemical substances from industrial or commercial activities; (iv) the manufacture, use or introduction into commerce of chemical substances, including without limitation, their manufacture, formulation, labeling, distribution, transportation, handling, storage and disposal; or (iv) the use, release or disposal of toxic or hazardous substances or Hazardous Materials or the remediation of air, surface waters, groundwaters or soil, as now or may at any later time be in effect, including but not limited to the Toxic Substances Control Act [15 U.S.C. Section 2601, *et seq.*]; the Comprehensive Environmental Response, Compensation and Liability Act [42 U.S.C. Section 9601, *et seq.*], the Hazardous Materials Transportation Authorization Act [49 U.S.C. Section 5101, *et seq.*], the Resource Conservation and Recovery Act [42 U.S.C. Section 6901, *et seq.*], the Federal Water Pollution Control Act [33 U.S.C. Section 1251], the Clean Air Act [42 U.S.C. Section 7401, *et seq.*], the California Underground Storage of Hazardous Substances Act [California Health and Safety Code Section 25280, *et seq.*], the California Hazardous Substances Account Act [California Health and Safety Code Section 25300, *et seq.*], the California Hazardous Waste Act [California Health and Safety Code Section 25100, *et seq.*], the California Safe Drinking Water and Toxic Enforcement Act [California Health and Safety Code Section 25249.5, *et seq.*], and the Porter-Cologne Water Quality Control Act [California Water Code Section 13000, *et seq.*], as each of the foregoing now exist or are hereafter amended, together with any regulations promulgated thereunder.

ARTICLE IX

DEFAULTS, REMEDIES AND TERMINATION

9.1 Event of Developer Default. The following events shall constitute an event of default on the part of Developer (“**Event of Developer Default**”):

(a) Subject to force majeure, the availability of financing and City’s issuance of permits and approvals, Developer fails to commence or complete construction of the Project within the times set forth in Section 3.8, or subject to force majeure, abandons or suspends construction of the Project prior to completion for a period of sixty (60) days or more;

(b) Developer fails to pay when due the principal and interest (if any) payable under the Note and such failure continues for ten (10) days after City notifies Developer thereof in writing;

(c) A Transfer occurs, either voluntarily or involuntarily, in violation of Article VI;

(d) Developer fails to maintain insurance as required pursuant to this Agreement, and Developer fails to cure such default within ten (10) days;

(e) Subject to Developer’s right to contest the following charges pursuant to Section 5.3, if Developer fails to pay prior to delinquency taxes or assessments due on the Property or the Project or fails to pay when due any other charge that may result in a lien on the Property or the Project, and Developer fails to cure such default within thirty (30) days of date of delinquency, but in all events upon the imposition of any such tax or other lien;

(f) Following Developer’s acquisition of the Property, a default arises under any loan secured by a mortgage, deed of trust or other security instrument recorded against the Property, the Improvements, or Developer’s interest therein, and remains uncured beyond any applicable cure period such that the holder of such security instrument has the right to accelerate repayment of such loan;

(g) Any representation or warranty contained in this Agreement or in any application, financial statement, certificate or report submitted to the City in connection with this Agreement or Developer’s request for the Loan proves to have been incorrect in any material and adverse respect when made and continues to be materially adverse to the City;

(h) If, pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors (“**Bankruptcy Law**”), Developer or any general partner thereof (i) commences a voluntary case or proceeding; (ii) consents to the entry of an order for relief against Developer or any general partner thereof in an involuntary case; (iii) consents to the appointment of a trustee, receiver, assignee, liquidator or similar official for Developer or any general partner thereof; (iv) makes an assignment for the benefit of its creditors; or (v) admits in writing its inability to pay its debts as they become due;

(i) A court of competent jurisdiction shall have made or entered any decree or order (1) adjudging the Developer to be bankrupt or insolvent, (2) approving as properly filed a petition seeking reorganization of the Developer or seeking any arrangement for Developer under bankruptcy law or any other applicable debtor’s relief law or statute of the United States or any state or other jurisdiction, (3) appointing a receiver, trustee, liquidator, or assignee of the

Developer in bankruptcy or insolvency or for any of its properties, or (4) directing the winding up or liquidation of the Developer;

(j) Developer shall have assigned its assets for the benefit of its creditors (other than pursuant to a mortgage loan) or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon shall have been returned or released within sixty (60) days after such event (unless a lesser time period is permitted for cure under any other mortgage on the Property or the Improvements, in which event such lesser time period shall apply under this subsection as well) or prior to any sooner sale pursuant to such sequestration, attachment, or execution;

(k) The Developer shall have voluntarily suspended its business or Developer shall have been dissolved or terminated;

(l) An event of default arises under any City Document and remains uncured beyond any applicable cure period; or

(m) Developer defaults in the performance of any term, provision, covenant or agreement contained in this Agreement other than an obligation enumerated in this Section 9.1 and unless a shorter cure period is specified for such default, the default continues for ten (10) days in the event of a monetary default or sixty (60) days in the event of a nonmonetary default after the date upon which City shall have given written notice of the default to Developer; provided however, if the default is of a nature that it cannot be cured within sixty (60) days, an Event of Developer Default shall not arise hereunder if Developer commences to cure the default within sixty (60) days and thereafter prosecutes the curing of such default with due diligence and in good faith to completion and in no event later than 120 days after receipt of notice of the default .

9.2 City Default. An event of default on the part of City (“**Event of City Default**”) shall arise hereunder if City fails to keep, observe, or perform any of its covenants, duties, or obligations under this Agreement, and the default continues for a period of thirty (30) days after written notice thereof from Developer to City, or in the case of a default which cannot with due diligence be cured within thirty (30) days, City fails to commence to cure the default within thirty (30) days of such notice and thereafter fails to prosecute the curing of such default with due diligence and in good faith to completion.

9.3 City’s Right to Terminate Agreement. If an Event of Developer Default shall occur and be continuing beyond any applicable cure period, then City shall, in addition to other rights available to it under law or this Agreement, have the right to terminate this Agreement. If City makes such election, City shall give written notice to Developer and to any mortgagee entitled to such notice specifying the nature of the default and stating that this Agreement shall expire and terminate on the date specified in such notice, and upon the date specified in the notice, this Agreement and all rights of Developer under this Agreement, shall expire and terminate.

9.4 City’s Remedies and Rights Upon an Event of Developer Default. Upon the occurrence of an Event of Developer Default and the expiration of any applicable cure period,

City shall have all remedies available to it under this Agreement or under law or equity, including, but not limited to the following, and City may, at its election, without notice to or demand upon Developer, except for notices or demands required by law or expressly required pursuant to the City Documents, exercise one or more of the following remedies:

- (a) Accelerate and declare the balance of the Amended and Restated Predevelopment Note and the Note and interest accrued thereon immediately due and payable;
- (b) Seek specific performance to enforce the terms of the City Documents;
- (c) Foreclose pursuant to the Deed of Trust;
- (d) Pursue any and all other remedies available under this Agreement or under law or equity to enforce the terms of the City Documents and City's rights thereunder.

9.5 Developer's Remedies Upon an Event of City Default. Upon the occurrence of an Event of City Default, in addition to pursuing any other remedy allowed at law or in equity or otherwise provided in this Agreement, Developer may bring an action for equitable relief seeking the specific performance of the terms and conditions of this Agreement, and/or enjoining, abating, or preventing any violation of such terms and conditions, and/or seeking to obtain any other remedy consistent with the purpose of this Agreement.

9.6 Remedies Cumulative; No Consequential Damages. Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties are cumulative, and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different time, of any other rights or remedies for the same or any other default by the other Party. Notwithstanding anything to the contrary set forth herein, a Party's right to recover damages in the event of a default shall be limited to actual damages and shall exclude consequential damages.

9.7 Inaction Not a Waiver of Default. No failure or delay by either Party in asserting any of its rights and remedies as to any default shall operate as a waiver of such default or of any such rights or remedies, nor deprive either Party of its rights to institute and maintain any action or proceeding which it may deem necessary to protect, assert or enforce any such rights or remedies in the same or any subsequent default.

9.8 Rights of Limited Partners. Provided that City has been given the address for such notices, whenever City delivers any notice of default hereunder, City shall concurrently deliver a copy of such notice to Developer's limited partner(s) in accordance with Section 11.3. The limited partner(s) shall have the same right as Developer to cure or remedy any default hereunder within the cure period provided to Developer, extended by an additional sixty (60) days.

ARTICLE X

INDEMNITY AND INSURANCE.

10.1 Indemnity. Developer shall indemnify, defend (with counsel approved by City) and hold Indemnitees harmless from and against any and all Claims, including without limitation, Claims arising directly or indirectly, in whole or in part, as a result of or in connection with Developer's or Developer's contractors, subcontractors, agents or employees development, construction, improvement, operation, ownership or maintenance of the Project or the Property, or any part thereof or otherwise arising out of or in connection with Developer's performance under this Agreement. Developer's indemnification obligations under this Section 10.1 shall not extend to Claims resulting solely from the gross negligence or willful misconduct of one or more Indemnitees. The provisions of this Section 10.1 shall survive the issuance of a Certificate of Completion for the Project and the expiration or earlier termination of this Agreement. It is further agreed that City does not and shall not waive any rights against Developer that it may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or the deposit with City by Developer, of any of the insurance policies described in this Agreement.

10.2 Liability and Workers Compensation Insurance.

(a) Prior to initiating work on the Project and continuing through the issuance of the Certificate of Completion, Developer and all contractors working on behalf of Developer on the Project shall maintain a commercial general liability policy in the amount of One Million Dollars (\$1,000,000) each occurrence, Two Million Dollars (\$2,000,000) annual aggregate, together with Three Million Dollars (\$3,000,000) excess liability coverage, or such other policy limits as City may require in its reasonable discretion, including coverage for bodily injury, property damage, products, completed operations and contractual liability coverage. Such policy or policies shall be written on an occurrence basis and shall name the Indemnitees as additional insureds.

(b) Until issuance of the Certificate of Completion, Developer and all contractors working on behalf of Developer shall maintain a comprehensive automobile liability coverage in the amount of One Million Dollars (\$1,000,000), combined single limit including coverage for owned and non-owned vehicles and shall furnish or cause to be furnished to City evidence satisfactory to City that Developer and any contractor with whom Developer has contracted for the performance of work on the Property or otherwise pursuant to this Agreement carries workers' compensation insurance as required by law. Automobile liability policies shall name the Indemnitees as additional insureds.

(c) Upon commencement of construction work and continuing until issuance of a Certificate of Completion, Developer and all contractors working on behalf of Developer shall maintain a policy of builder's all-risk insurance in an amount not less than the full insurable cost of the Project on a replacement cost basis naming City as loss payee. Such insurance shall include coverage for risks of direct physical loss or damage, excluding the perils of earthquake, flood, and earth movement.

(d) Upon completion of construction, Developer shall maintain property insurance covering all risks of loss (other than earthquake and flood) for 100% of the replacement value of the Project with deductible, if any, in an amount acceptable to City, naming City as loss payee.

(e) Companies writing the insurance required hereunder shall be authorized to issue insurance policies in the State of California. Insurance shall be placed with insurers with a current A.M. Best's rating of no less than A: VII. The Commercial General Liability and comprehensive automobile policies required hereunder shall name the Indemnitees as additional insureds. Builder's Risk and property insurance shall name City as loss payee as its interests may appear.

(f) Prior to commencement of construction work, Developer shall furnish City with certificates of insurance in form acceptable to City evidencing the required insurance coverage and duly executed endorsements evidencing such additional insured status. The certificates shall contain a statement of obligation on the part of the carrier to notify City of any material adverse change, cancellation, termination or non-renewal of the coverage at least thirty (30) days in advance of the effective date of any such material adverse change, cancellation, termination or non-renewal.

(g) If any insurance policy or coverage required hereunder is canceled or reduced, Developer shall, within twenty-one (21) days after receipt of notice of such cancellation or reduction in coverage, but in no event later than the effective date of cancellation or reduction, file with City a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies. Upon failure to so file such certificate, City may, without further notice and at its option, procure such insurance coverage at Developer's expense, and Developer shall promptly reimburse City for such expense upon receipt of billing from City.

(h) Coverage provided by Developer shall be primary insurance and shall not be contributing with any insurance, or self-insurance maintained by City, and the policies shall so provide. The insurance policies shall contain a waiver of subrogation for the benefit of the City. Developer shall furnish the required certificates and endorsements to City prior to the commencement of construction of the Project, and shall provide City with certified copies of the required insurance policies upon request of City.

ARTICLE XI

MISCELLANEOUS PROVISIONS

11.1 No Brokers. Each Party warrants and represents to the other that no person or entity can properly claim a right to a real estate commission, brokerage fee, finder's fee, or other compensation with respect to the transactions contemplated by this Agreement. Each Party agrees to defend, indemnify and hold harmless the other Party from any claims, expenses, costs or liabilities arising in connection with a breach of this warranty and representation. The terms of this Section shall survive the expiration or earlier termination of this Agreement.

11.2 Enforced Delay; Extension of Times of Performance. Subject to the limitations set forth below, performance by either Party shall not be deemed to be in default, and all performance and other dates specified in this Agreement shall be extended where delays are due to: war, insurrection, strikes, lockouts, riots, floods, earthquakes, fires, casualties, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, governmental

restrictions or priority, litigation, including court delays, unusually severe weather, acts or omissions of the other Party, acts or failures to act of the City or any other public or governmental agency or entity (other than the acts or failures to act of City which shall not excuse performance by City), or any other cause beyond the affected Party's reasonable control. An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the Party claiming such extension is sent to the other Party within thirty (30) days of the commencement of the cause and such extension is not rejected in writing by the other Party within ten (10) days of receipt of the notice. Neither Party shall unreasonably withhold consent to an extension of time pursuant to this Section.

Times of performance under this Agreement may also be extended in writing by the mutual agreement of Developer and City (acting in the discretion of its City Manager unless he or she determines in his or her discretion to refer such matter to the City Council). City and Developer acknowledge that adverse changes in economic conditions, either of the affected Party specifically or the economy generally, changes in market conditions or demand, and/or inability to obtain financing to complete the work of Improvements shall not constitute grounds of enforced delay pursuant to this Section. Each Party expressly assumes the risk of such adverse economic or market changes and/or financial inability, whether or not foreseeable as of the Effective Date.

11.3 Notices. Except as otherwise specified in this Agreement, all notices to be sent pursuant to this Agreement shall be made in writing, and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other Parties in accordance with this Section. All such notices shall be sent by:

- (i) personal delivery, in which case notice is effective upon delivery;
- (ii) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered on receipt if delivery is confirmed by a return receipt; or
- (iii) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service.

City: City of San Leandro
835 East 14th Street
San Leandro, CA 94577
Attention: City Manager
Facsimile: (510) 577-6007

Developer: Alameda Housing Associates, L.P.
345 Spear Street, Suite 700
San Francisco, CA 94105
Attn: President
Facsimile: (415) 495-4898

11.4 Attorneys' Fees. If either Party fails to perform any of its obligations under this Agreement, or if any dispute arises between the Parties concerning the meaning or interpretation of any provision hereof, then the prevailing Party in any proceeding in connection with such dispute shall be entitled to the costs and expenses it incurs on account thereof and in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees and disbursements.

11.5 Waivers; Modification. No waiver of any breach of any covenant or provision of this Agreement shall be deemed a waiver of any other covenant or provision hereof, and no waiver shall be valid unless in writing and executed by the waiving Party. An extension of time for performance of any obligation or act shall not be deemed an extension of the time for performance of any other obligation or act, and no extension shall be valid unless in writing and executed by the Party granting the extension. This Agreement may be amended or modified only by a written instrument executed by the Parties.

11.6 Binding on Successors. Subject to the restrictions on Transfers set forth in Article VI, this Agreement shall bind and inure to the benefit of the Parties and their respective permitted successors and assigns. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any permitted successor and assign of such Party who has acquired an interest in compliance with this Agreement or under law.

11.7 Survival. All representations made by Developer hereunder and Developer's obligations pursuant to Sections 3.14, 3.17, 3.18, 3.7.1, 8.2, 10.1, and 11.1 shall survive the expiration or termination of this Agreement and the issuance and recordation of a Certificate of Completion.

11.8 Construction. The section headings and captions used herein are solely for convenience and shall not be used to interpret this Agreement. The Parties acknowledge that this Agreement is the product of negotiation and compromise on the part of both Parties, and the Parties agree, that since both Parties have participated in the negotiation and drafting of this Agreement, this Agreement shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

11.9 Action or Approval. Whenever action and/or approval by City is required under this Agreement, the City Manager or his or her designee may act on and/or approve such matter unless specifically provided otherwise, or unless the City Manager determines in his or her discretion that such action or approval requires referral to the City Council for consideration.

11.10 Entire Agreement. This Agreement, including Exhibits A through G attached hereto and incorporated herein by this reference, together with the other City Documents contains the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all prior written or oral agreements, understandings, representations or statements between the Parties with respect to the subject matter hereof, including without limitation, any commitment letter issued by City with respect to City financing for the Project.

11.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one instrument. The

signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto having additional signature pages executed by the other Party. Any executed counterpart of this Agreement may be delivered to the other Party by facsimile and shall be deemed as binding as if an originally signed counterpart was delivered.

11.12 Severability. If any term, provision, or condition of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect unless an essential purpose of this Agreement is defeated by such invalidity or unenforceability.

11.13 No Third Party Beneficiaries. Nothing contained in this Agreement is intended to or shall be deemed to confer upon any person, other than the Parties and their respective successors and assigns, any rights or remedies hereunder.

11.14 Parties Not Co-Venturers. Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another.

11.15 Non-Liability of Officials, Employees and Agents. No officer, official, employee or agent of City shall be personally liable to Developer or its successors in interest in the event of any default or breach by City or for any amount which may become due to Developer or its successors in interest pursuant to this Agreement.

11.16 Time of the Essence; Calculation of Time Periods. Time is of the essence for each condition, term, obligation and provision of this Agreement. Unless otherwise specified, in computing any period of time described in this Agreement, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is not a business day, in which event the period shall run until the next business day. The final day of any such period shall be deemed to end at 5:00 p.m., local time at the Property. For purposes of this Agreement, a "business day" means a day that is not a Saturday, Sunday, a federal holiday or a state holiday under the laws of California.

11.17 Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of laws. Any action to enforce or interpret this Agreement shall be filed in the Superior Court of Alameda County, California or in the Federal District Court for the Northern District of California.

SIGNATURES ON FOLLOWING PAGE.

IN WITNESS WHEREOF, the Parties have entered into this Agreement effective as of the date first written above.

CITY

CITY OF SAN LEANDRO,
a municipal corporation

By: _____
Chris Zapata, City Manager

ATTEST:

By: _____
Marian Handa, City Clerk

APPROVED AS TO FORM:

By: _____
Jayne Williams, City Attorney

DEVELOPER

Alameda Housing Associates, L.P.,
a California limited partnership

By: BRIDGE Norcal, LLC, a California limited liability company

Its: General Partner

By: MCB Family Housing, Inc., a California nonprofit public benefit corporation

Its: Sole Member

By: _____

Name: _____

Title: _____

Exhibit A

LEGAL DESCRIPTION OF PROPERTY

(Attach legal description.)

Exhibit A-1

LEGAL DESCRIPTION OF ADDITIONAL PROPERTY

(Attach legal description.)

Exhibit B

FORM OF MEMORANDUM OF OWNER PARTICIPATION AGREEMENT

(Attach form of Memorandum.)

Exhibit C

FORM OF CERTIFICATE OF COMPLETION

(Attach form of Certificate.)

Exhibit D

FORM OF REGULATORY AGREEMENT

(Attach form of Regulatory Agreement.)

Exhibit E-1

AMENDED AND RESTATED PREDEVELOPMENT NOTE

(Attach form of Amended and Restated Predevelopment Note.)

Exhibit E-2

FORM OF CONSTRUCTION/PERMANENT NOTE

(Attach form of Construction/Permanent Note.)

Exhibit E-3

AMENDED AND RESTATED ASSIGNMENT AGREEMENT

(Attach form of Amended and Restated Assignment Agreement.)

Exhibit E-4

PREDEVELOPMENT BUDGET

(Attach budget for remaining balance of Predevelopment Funds.)

Exhibit F

FORM OF DEED OF TRUST
(Attach form of Deed of Trust.)

Exhibit G

FINANCING PLAN
(Attach Financing Plan.)

Exhibit A

LEGAL DESCRIPTION OF PROPERTY
(Attach legal description.)

LEGAL DESCRIPTION

Real property in the City of SAN LEANDRO, County of ALAMEDA, State of CALIFORNIA, described as follows:

PARCEL ONE;

LOTS A, B, C, D, E, F, G, H, I, J, K, L, M AND N, IN BLOCK 30, AS SHOWN ON THE "MAP OF THE TOWN OF SAN LEANDRO, COUNTY SEAT OF ALAMEDA COUNTY", FILED FEBRUARY 27, 1855 AND RECORDED JUNE 14, 1870 IN BOOK 1 OF MAPS, PAGE 19 AND RECORDED NOVEMBER 24, 1873 IN BOOK 2 OF MAPS, PAGE 43 OF OFFICIAL RECORDS.

PARCEL TWO:

WEST JOAQUIN AVENUE, FORMERLY HEPBURN STREET, LYING BETWEEN THE EXTENSIONS SOUTHEASTERLY OF THE NORTHEASTERN LINE OF SAN LEANDRO BOULEVARD, FORMERLY ESTUDILLO STREET, AND OF THE SOUTHWESTERN LINE OF CARPENTER STREET, AS SAID STREETS ARE SHOWN ON THE "MAP OF THE TOWN OF SAN LEANDRO, COUNTY SEAT OF ALAMEDA COUNTY", RECORDED NOVEMBER 24, 1873 IN BOOK 2 OF MAPS, PAGE 43 OF OFFICIAL RECORDS.

APN: 075-0039-007-05

Exhibit A-1

LEGAL DESCRIPTION OF ADDITIONAL PROPERTY
(Attach legal description.)

LEGAL DESCRIPTION OF ADDITIONAL PROPERTY

Portions of Lot 2 as identified on the Vesting Tentative Map Tract #8010.

Exhibit B

**FORM OF MEMORANDUM OF OWNER PARTICIPATION
AGREEMENT**

(Attach form of Memorandum.)

Recording Requested by
and when Recorded, return to:

City of San Leandro
835 East 14th Street
San Leandro, CA 94577
Attention: City Manager

EXEMPT FROM RECORDING FEES PER
GOVERNMENT CODE §§6103, 27383

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

MEMORANDUM OF OWNER PARTICIPATION AND LOAN AGREEMENT

This Memorandum of Owner Participation and Loan Agreement (this "**Memorandum**") dated as of _____, 20__, is entered into by and between the City of San Leandro, a municipal corporation ("**City**") and Alameda Housing Associates, L.P., a California limited partnership ("**Developer**"). City and Developer are hereinafter collectively referred to as the "**Parties**."

1. The Parties have entered into that certain Amended and Restated Owner Participation and Loan Agreement dated as of June 18, 2012 (the "**OPA**"), pursuant to which Developer has agreed to develop certain real property (the "**Property**") located within the Project Area and more particularly described in Exhibit A attached hereto and incorporated herein by this reference.
2. Among other conditions, the OPA provides that by not later than fifty-four (54) months following the Effective Date of the OPA, Developer shall have completed construction of an affordable housing project on the Property in which not fewer than ninety-eight (98) of the units will be rented to eligible households who qualify as Very Low Income (as defined in the Regulatory Agreement described below) and not less than an additional one hundred (100) of the units will be rented to eligible households whose income are less than or equal to ninety percent (90%) of Area Median Income pursuant to the terms of the OPA and a Regulatory Agreement and Declaration of Restrictive Covenants executed by the Parties ("**Regulatory Agreement**") which shall be recorded in Official Records of Alameda County substantially concurrently herewith.
3. The OPA further provides that (i) except as permitted by the OPA, Developer shall not voluntarily or involuntarily make or attempt any total or partial sale, transfer, conveyance, assignment or lease of the whole or any part of Developer's interest in the Property or the improvements located thereon without the prior written approval of the City; and (ii) any transferee of all or part of the Property shall be subject to and shall expressly assume all of the covenants, obligations and restrictions of the OPA which pertain to the portion of the Property transferred, including without limitation, the provisions of the Regulatory Agreement.
4. The Parties have executed and recorded this instrument to give notice of the OPA and the respective rights of the Parties thereunder. Copies of the unrecorded OPA are available at the offices of the City, 835 East 14th Street, San Leandro, California, 94577 and such document is incorporated by reference in its entirety in this Memorandum. This

Memorandum is solely for recording purposes and shall not be construed to alter, modify, amend or supplement the OPA. In the event of any inconsistency between this Memorandum and the OPA, the OPA shall control.

5. This Memorandum shall be interpreted and enforced in accordance with California law without regard to principles of conflict of laws. This Memorandum may be executed in counterparts.

6. The OPA shall bind and inure to the benefit of the Parties and their respective successors and assigns.

SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum as of the date first set forth above.

CITY

CITY OF SAN LEANDRO
A MUNICIPAL CORPORATION

By: _____
Chris Zapata, City Manager

ATTEST:

By: _____
Marian Handa, City Clerk

APPROVED AS TO FORM:

By: _____
Jayne Williams, City Attorney

DEVELOPER

Alameda Housing Associates, L.P.,
a California limited partnership

By: BRIDGE Norcal, LLC, a California limited liability company

Its: General Partner

By: MCB Family Housing, Inc., a California nonprofit public benefit corporation

Its: Sole Member

By: _____

Name: _____

Title: _____

SIGNATURES MUST BE NOTARIZED.

Exhibit A

PROPERTY

(Attach legal description.)

STATE OF CALIFORNIA)
)
COUNTY OF ALAMEDA)

On _____, 20__, before me, _____, (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____ (Seal)

STATE OF CALIFORNIA)
)
COUNTY OF ALAMEDA)

On _____, 20__, before me, _____, (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____ (Seal)

Exhibit C

FORM OF CERTIFICATE OF COMPLETION
(Attach form of Certificate.)

Recording requested by
and when recorded mail to:

City of San Leandro
835 East 14th Street
San Leandro, CA 94577
Attn: City Manager

EXEMPT FROM RECORDING FEES PER
GOVERNMENT CODE §§6103, 27383

Space above this line for Recorder's use.

CERTIFICATE OF COMPLETION

This Certificate of Completion (this "**Certificate**") is made by the City of San Leandro, a municipal corporation ("**City**") effective as of _____, 20__.

RECITALS

A. City and Alameda Housing Associates, L.P., a California limited partnership ("**Owner**") entered into that certain Amended and Restated Owner Participation and Loan Agreement (the "**OPA**") dated as of June 18, 2012 concerning the redevelopment of certain real property located in the City of San Leandro, California and more particularly described in Exhibit A attached hereto (the "**Property**"). A Memorandum of the OPA was recorded in the Official Records of Alameda County ("**Official Records**") as Instrument No. _____, Book _____, Page _____. Capitalized terms used herein without definition shall have the meaning ascribed to such terms in the OPA.

B. Pursuant to Section 3.15 of the OPA, the City is required to furnish the Owner or its successors with a Certificate of Completion upon completion of development of the Project in accordance with the OPA.

C. The City has determined that the development of the Project has been satisfactorily completed in accordance with the OPA.

NOW, THEREFORE, City hereby certifies as follows:

1. Development of the Project has been satisfactorily completed in conformance with the OPA.

2. All use, maintenance and nondiscrimination covenants contained in the OPA shall remain in effect and enforceable in accordance with the OPA. This Certificate does not constitute evidence of Owner's compliance with those covenants in the OPA that survive the issuance of this Certificate, including without limitation, compliance with the Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants entered into pursuant to the OPA and recorded in the Official Records as Instrument No. ___ Book ___, Page ___.

Exhibit A

PROPERTY
(Attach legal description.)

Exhibit D

FORM OF REGULATORY AGREEMENT
(Attach form of Regulatory Agreement.)

**RECORDING REQUESTED BY
AND WHEN RECORDED, RETURN TO:**

City of San Leandro
835 East 14th Street
San Leandro, CA 94577
Attention: Executive Director

EXEMPT FROM RECORDING FEES PER
GOVERNMENT CODE §§6103, 27383

Space above this line for Recorder's use.

**AFFORDABLE HOUSING REGULATORY AGREEMENT
AND
DECLARATION OF RESTRICTIVE COVENANTS**

by and between

CITY OF SAN LEANDRO

and

**ALAMEDA HOUSING ASSOCIATES, L.P.,
A CALIFORNIA LIMITED PARTNERSHIP**

This Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants (this "**Agreement**") is entered into effective as of _____, 20__ ("Effective Date") by and between the City of San Leandro, a municipal corporation, ("**City**") and Alameda Housing Associates, L.P., a California limited partnership ("**Owner**"). City and Owner are hereinafter collectively referred to as the "**Parties**."

RECITALS

A. Owner has acquired or has the contractual right to acquire that certain real property consisting of approximately 2.27 acres located in the City of San Leandro ("**City**") within a portion of the area surrounded by Carpentier Street to the east, an adjacent parcel to the north, San Leandro Boulevard to the west, and West Juana Street to the south, and more particularly described in Exhibit A attached hereto (the "**Property**").

B. Owner intends to construct, own and operate a 200-unit multi-family residential project (the "**Project**") on the Property in accordance with that certain Amended and Restated Owner Participation and Loan Agreement (the "**OPA**") dated as of June 18, 2012 and executed by and between Owner and City, a memorandum of which shall be recorded substantially concurrently herewith in the Official Records of Alameda County ("**Official Records**").

C. The OPA provides that for a period of not less than fifty-five (55) years not less than 98 of the residential units in the Project shall be rented at an affordable cost to households who qualify as Very Low-Income, and not less than an additional 100 of the residential units in the Project shall be rented at an affordable cost to households whose income is less than or equal to ninety percent (90%) of Area Median Income.

D. Subject to the conditions set forth in the OPA, City has agreed to provide to Owner a loan in the amount of Nine Million One Hundred Thousand Dollars (\$9,100,000) (the "**Loan**") in order to provide financing for the development of the Project. The Loan is evidenced by a Secured Promissory Note (the "**Note**") executed by Owner and dated as of the date hereof, and is secured by a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing ("**Deed of Trust**") dated as of the date hereof and executed by Owner for the benefit of City. The Deed of Trust will be recorded in the Official Records substantially concurrently herewith.

E. As a condition to its agreement to provide the Loan to Owner, City requires the Property to be subject to the terms, conditions and restrictions set forth herein to satisfy, to the extent applicable, the requirements of Community Redevelopment Law (California Health and Safety Code Section 33000, *et seq.*) regarding restrictions on affordability of residential rental units assisted with funds from the low- and moderate-income housing fund established by the former Redevelopment Agency of the City of San Leandro and the housing production obligation under Health and Safety Code Section 33413(b)(2).

F. The Parties have agreed to enter into and record this Agreement in order to satisfy the conditions described in the foregoing Recitals. The purpose of this Agreement is to regulate and restrict the occupancy and rents of the Project's Restricted Units for the benefit of the Project occupants. The Parties intend the covenants set forth in this Agreement to run with the land and to be binding upon Owner and Owner's successors and assigns for the full term of this Agreement.

NOW THEREFORE, in consideration of the foregoing, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows.

1. Definitions. The following terms have the meanings set forth in this Section wherever used in this Agreement or the attached exhibits.

"Actual Household Size" means the actual number of persons in the applicable household.

"Adjusted for Family Size Appropriate for the Unit" shall be determined consistent with Section 50052.5(h) of the California Health and Safety Code and applicable federal rules (if any).

"Affordable Rent" means the following amounts, less a utility allowance and such other adjustments as required pursuant to Section 6918 of the Regulations: (i) for units that are restricted for rental to households with incomes of not more than Very Low-Income ("**Very Low-Income Units**"), a monthly rent that does not exceed one-twelfth of thirty percent (30%) of fifty percent (50%) of Area Median Income, Adjusted for Family Size Appropriate for the Unit, and (ii) for units that are restricted for rental to households with incomes of not more than ninety percent (90%) of AMI ("**90% Units**"), a monthly rent that does not exceed one-twelfth of thirty percent (30%) of ninety percent (90%) of Area Median Income, Adjusted for Family Size Appropriate for the Unit.

"Area Median Income" or "AMI" means the median income for Alameda County, California, adjusted for Actual Household Size, as determined by the U.S. Department of Housing and Urban Development ("**HUD**") pursuant to Section 8 of the United States Housing Act of 1937 and as published from time to time by the State of California Department of Housing and Community Development ("**HCD**") in Section 6932 of Title 25 of the California Code of Regulations or successor provision published pursuant to California Health and Safety Code Section 50093(c).

"Claims" is defined in Section 10.

"Eligible Household" means a household for which gross household income upon initial occupancy does not exceed the maximum income level for a Restricted Unit as specified in Section 2.1 and Exhibit B.

"Indemnitees" is defined in Section 10.

"Regulations" means Title 25 of the California Code of Regulations.

"Restricted Unit" means a dwelling unit which is reserved for occupancy at an Affordable Rent by a household of not more than a specified household income in accordance with and as set forth in Sections 2.1 and 2.2 and Exhibit B.

"Very Low-Income" means an annual gross household income that is less than or equal to the qualifying limits for households of Very Low-Income, adjusted for actual household size, as determined periodically by HUD on the basis of gross annual household income, and published by HCD in the Regulations for Alameda County. If HUD ceases to make such determination, "Very Low-Income" shall be defined as not greater than fifty percent (50%) of Area Median Income adjusted for household size, as published by HCD in the Regulations. If both HCD and HUD cease to make such determinations, City in its reasonable discretion may designate another definition of "Very Low-Income" used by any other federal or state agency so long as such definition is no more restrictive than that set forth herein.

2. Use and Affordability Restrictions. Owner hereby covenants and agrees, for itself and its successors and assigns, that the Property shall be used solely for the operation of a multifamily rental housing development that may include commercial and retail space, in compliance with the OPA and the requirements set forth herein. Owner represents and warrants that it has not entered into any agreement that would restrict or compromise its ability to comply with the occupancy and affordability restrictions set forth in this Agreement, and Owner covenants that it shall not enter into any agreement that is inconsistent with such restrictions without the express written consent of City.

2.1 Affordability Requirements. For a term of fifty-five (55) years commencing upon the date of issuance of a final certificate of occupancy for the Project not less than ninety-eight (98) of the residential units in the Project shall be both Rent Restricted (as defined below) and occupied (or if vacant, available for occupancy) by Eligible Households who qualify as Very Low-Income, and not less than an additional one hundred (100) of the residential units in the Project shall be both Rent Restricted and occupied (or if vacant, available for occupancy) by Eligible Households whose income is less than or equal to ninety percent (90%) of Area Median Income.

In the event that recertification of tenant incomes indicates that the number of Restricted Units actually occupied by Eligible Households falls below the number reserved for each income group as specified in this Section, Owner shall rectify the condition by renting the next available dwelling unit(s) in the Project to Eligible Household(s) until the required income mix is achieved. A dwelling unit shall qualify as **"Rent Restricted"** if the gross rent charged for such unit does not exceed the Affordable Rent for the applicable household income category as set forth in Exhibit B, subject to Section 2.2.1.

Notwithstanding anything to the contrary contained in this Agreement, if other lenders, investors or regulatory agencies restrict a greater number of units than restricted by this Agreement or require stricter household eligibility or affordability

requirements than those imposed hereby, the requirements of such other lenders, investors or regulatory agencies shall prevail.

2.2 Rents for Restricted Units. Rents for Restricted Units shall be limited to Affordable Rents for households of the applicable income limit in accordance with Section 2.1 and Exhibit B. A household which at initial occupancy qualifies as Very Low-Income or whose household income is less than or equal to 90% of AMI, shall be treated as continuing to be of such income category so long as the household's gross income does not exceed 140% of the applicable income limit. In the event the gross household income of a household that qualified as Very Low-Income or whose household income is less than or equal to 90% of AMI at initial occupancy exceeds the applicable income limit for a unit, that unit will continue to be considered as satisfying the applicable income limit if the unit remains Rent-Restricted, subject to Section 2.2.1.

2.2.1 If upon recertification of tenant incomes, Owner determines that a Very Low Income tenant's household income has increased and exceeds the qualifying income for a Very Low Income Unit but does not exceed the maximum qualifying income for a 90% Unit, then, upon expiration of the tenant's lease:

- (i) Such tenant's unit shall be considered a 90% Unit;
- (ii) Upon sixty (60) days' written notice to the tenant, such tenant's rent may be increased to the lesser of (a) an Affordable Rent for a 90% Unit, (b) the maximum rent permitted pursuant to Health and Safety Code Section 50053(b), and (c) the fair market rent for the unit; and
- (iii) Owner shall rent the next available unit at an Affordable Rent to a household whose gross household income does not exceed Very Low Income.

If upon recertification of tenant incomes, Owner determines that a Very Low Income or a 90% AMI tenant's household income has increased and exceeds the qualifying income for a 90% Unit, then, upon expiration of the tenant's lease:

- (i) Such tenant's unit shall be considered a 90% Unit;
- (ii) Upon sixty (60) days' written notice to the tenant, such tenant's rent may be increased to the lesser of: (a) thirty percent (30%) of the tenant's actual household income; and (b) the fair market rent for the unit; and
- (iii) Owner shall rent the next available unit at an Affordable Rent to a household whose gross household income does not exceed Very Low Income or 90% of AMI, as necessary to comply with Section 2.1.

2.2.2 Notice of Affordability Restrictions on Transfer of Property. Owner and City shall execute a Notice of Affordability Restrictions on Transfer of Property substantially in the form attached hereto as Exhibit D, and shall cause such notice to be recorded substantially concurrently with the recordation of this Agreement.

2.3 Unit Sizes, Design and Location. The Restricted Units shall be of comparable design quality as unrestricted units in the Project, but may have reduced interior amenities. Tenants of Restricted Units shall have access to all common facilities of the Project equal to that of tenants of Project Units that are not Restricted Units. The Restricted Units shall be allocated among affordability categories as set forth in Exhibit B.

2.4 Manager's Unit. Two (2) dwelling units in the Project may be used as resident managers' units, and shall be exempt from the occupancy and rent restrictions set forth in this Agreement.

2.5 No Condominium Conversion. Owner shall not convert the Project to condominium or cooperative ownership or sell condominium or cooperative rights to the Project or any part thereof during the term of this Agreement.

2.6 Non-Discrimination; Compliance with Fair Housing Laws.

2.6.1 Preferences. In order to ensure that there is an adequate supply of affordable housing within the City of San Leandro for residents and employees of businesses within the City, to the extent permitted by law and consistent with the program regulations for funding sources used for development of the Project, at initial lease up, Owner shall give a preference in the rental of the residential units in the Project to eligible households that include at least one member who lives or works in the City of San Leandro. Owner agrees to use targeted marketing to local residents and employees to increase awareness of the availability of units in the Project, including without limitation, advertising in local media such as the *San Leandro Times* and local-serving bilingual media and undertaking outreach to the San Leandro Unified School District, City employees and the San Leandro Chamber of Commerce.

2.6.2 Fair Housing. Owner shall comply with state and federal fair housing laws in the marketing and rental of the units in the Project. Owner shall accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing Section 8 program or any successor thereto.

2.6.3 Non-Discrimination. Owner shall not restrict the rental, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, or any portion thereof, on the basis of race, color, religion, creed, sex, sexual orientation, disability, marital status, ancestry, or national origin of any person. Owner covenants for itself and all persons claiming under or through it, and this Agreement is made and accepted upon and subject to the condition that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in

subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property or part thereof, 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, subtenants, sublessees or vendees in, of, or for the Property or part thereof. Owner shall include such provision in all deeds, leases, contracts and other instruments executed by Owner, and shall enforce the same diligently and in good faith.

All deeds, leases or contracts made or entered into by Owner, its successors or assigns, as to any portion of the Property or the Improvements shall contain the following language:

(a) (1) In Deeds, the following language shall appear:

“Grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through it, that there shall be no discrimination against or segregation of a person or of a group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property herein conveyed nor shall the grantee or any person claiming under or through the grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the property herein conveyed. The foregoing covenant shall run with the land.”

2) Notwithstanding paragraph (1), with respect to familial status, paragraph (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 paragraph (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 paragraph (1).

(b) (1) In Leases, the following language shall appear:

“The lessee herein covenants by and for the lessee and lessee’s heirs, personal representatives and assigns, and all persons claiming under the lessee or through the lessee, that this lease is made subject to the condition that there shall be no discrimination against or segregation of

any person or of a group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry or disability in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the property herein leased nor shall the lessee or any person claiming under or through the lessee establish or permit any such practice or practices of discrimination of segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the property herein leased.”

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (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 paragraph (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 paragraph (1).

(c) In Contracts

“There shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property nor shall the transferee or any person claiming under or through the transferee establish or permit any such practice or practices of discrimination or segregation with reference to selection, location, number, use or occupancy of tenants, lessee, subtenants, sublessees or vendees of the land.”

2.7 Reserved.

3. Reporting Requirements.

3.1 Tenant Certification. Owner or Owner's authorized agent shall obtain from each household prior to initial occupancy of each Restricted Unit, and on every anniversary thereafter, a written certificate containing all of the following in such format and with such supporting documentation as City may reasonably require:

- (a) The identity of each household member;
- (b) The total gross household income;

Owner shall retain such certificates for not less than three (3) years, and upon City's request, shall provide copies of such certificates to City and make the originals

available for City inspection.

3.2 Annual Report; Inspections. By not later than April 30 of each year during the term of this Agreement, Owner shall submit an annual report ("**Annual Report**") to the City in form satisfactory to City, together with a certification that the Project is in compliance with the requirements of this Agreement. The Annual Report shall, at a minimum, include the following information for each dwelling unit in the Project: (i) unit number; (ii) number of bedrooms; (iii) current rent and other charges; (iv) number of people residing in the unit; (v) total gross household income of residents; and (vi) the information required by Section 3.1.

Owner shall include with the Annual Report, an income recertification for each household, documentation verifying tenant eligibility, and such additional information as City may reasonably request from time to time in order to demonstrate compliance with this Agreement. The Annual Report shall conform to the format requested by City; provided however, during such time that the Project is subject to a regulatory agreement restricting occupancy and/or rents pursuant to requirements imposed in connection with the use of state or federal low-income housing tax credits or tax-exempt financing, Owner may satisfy the requirements of this Section by providing City with a copy of compliance reports required in connection with such financing.

Owner shall permit representatives of City to enter and inspect the Property and the Project during reasonable business hours in order to monitor compliance with this Agreement upon 48-hours advance notice of such visit to Owner or to Owner's management agent.

3.3 Intentionally omitted.

4. Term of Agreement.

4.1 Term of Restrictions. This Agreement shall remain in effect through the 55th anniversary of the issuance of the final certificate of occupancy for the Project, unless the term is extended by mutual agreement of the Parties.

4.2 Effectiveness Succeeds Conveyance of Property and Repayment of Loan. This Agreement shall remain effective and fully binding for the full term hereof, as such may be extended pursuant to Section 4.1, regardless of (i) any sale, assignment, transfer, or conveyance of the Property or the Project or any part thereof or interest therein, (ii) any payment, prepayment or extinguishment of the Loan or Note, or (iii) any reconveyance of the Deed of Trust.

4.3 Reconveyance. Upon the termination of this Agreement, the Parties agree to execute and record appropriate instruments to release and discharge this Agreement; provided, however, the execution and recordation of such instruments shall not be necessary or a prerequisite to the termination of this Agreement upon the expiration of the term as such may be extended pursuant to Section 4.1.

5. Binding Upon Successors; Covenants to Run with the Land. Owner hereby subjects the Property and the Project to the covenants and restrictions set forth in this Agreement. The City and Owner hereby declare their express intent that the covenants and restrictions set forth herein shall be deemed covenants running with the land and shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest, transferees, and assigns of Owner and City, regardless of any sale, assignment, conveyance or transfer of the Property, the Project or any part thereof or interest therein. Any successor-in-interest to Owner, including without limitation any purchaser, transferee or lessee of the Property or the Project (other than the tenants of the individual dwelling units within the Project) shall be subject to all of the duties and obligations imposed hereby for the full term of this Agreement. Each and every contract, deed, ground lease or other instrument affecting or conveying the Property or the Project or any part thereof, shall conclusively be held to have been executed, delivered and accepted subject to the covenants, restrictions, duties and obligations set forth herein, regardless of whether such covenants, restrictions, duties and obligations are set forth in such contract, deed, ground lease or other instrument. If any such contract, deed, ground lease or other instrument has been executed prior to the date hereof, Owner hereby covenants to obtain and deliver to City an instrument in recordable form signed by the parties to such contract, deed, ground lease or other instrument pursuant to which such parties acknowledge and accept this Agreement and agree to be bound hereby. Owner agrees for itself and for its successors that in the event that a court of competent jurisdiction determines that the covenants herein do not run with the land, such covenants shall be enforced as equitable servitudes against the Property and the Project in favor of City.

6. Property Management; Repair and Maintenance; Marketing.

6.1 Management Responsibilities. Owner shall be responsible for all management functions with respect to the Property and the Project, including without limitation the selection of tenants, certification and recertification of household income and eligibility, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. City shall have no responsibility for management or maintenance of the Property or the Project.

6.2 Management Entity. City shall have the right to review and approve the qualifications of the management entity proposed by Owner for the Project. The contracting of management services to a management entity shall not relieve Owner of its primary responsibility for proper performance of management duties. The City hereby approves BRIDGE Property Management Company, a California nonprofit public benefit corporation as the initial management entity for the Project.

6.3 Repair, Maintenance and Security. Throughout the term of this Agreement, Owner shall at its own expense, maintain the Property and the Project in good physical condition, in good repair, and in decent, safe, sanitary, habitable and tenantable living conditions in conformity with all applicable state, federal, and local laws, ordinances, codes, and regulations. Without limiting the foregoing, Owner agrees to maintain the Project and the Property (including without limitation, the residential

units, common areas, meeting rooms, landscaping, driveways, parking areas and walkways) in a condition free of all waste, nuisance, debris, unmaintained landscaping, graffiti, disrepair, abandoned vehicles/appliances, and illegal activity, and shall take all reasonable steps to prevent the same from occurring on the Property or at the Project. Owner shall prevent and/or rectify any physical deterioration of the Property and the Project and shall make all repairs, renewals and replacements necessary to keep the Property and the improvements located thereon in good condition and repair. Owner shall provide adequate security for occupants of the Project.

6.3.1 City's Right to Perform Maintenance. In the event that Owner breaches any of the covenants contained in Section 6.3, and such default continues for a period of ten (10) days after written notice from City (with respect to graffiti, debris, and waste material) or thirty (30) days after written notice from City (with respect to landscaping, building improvements and general maintenance), then City, in addition to any other remedy it may have under this Agreement or at law or in equity, shall have the right, but not the obligation, with prior notice to Owner, to enter upon the Property and perform all acts and work necessary to protect, maintain, and preserve the improvements and the landscaped areas on the Property. All costs expended by City in connection with the foregoing, shall constitute an indebtedness secured by the Deed of Trust, and shall be paid by Owner to City upon demand. All such sums remaining unpaid thirty (30) days following delivery of City's invoice therefor shall bear interest at the lesser of 10% per annum or the highest rate permitted by applicable law. Notwithstanding anything to the contrary set forth in this Section, City agrees that it will provide Owner with not less than thirty (30) days' written notice prior to undertaking any work for which Owner will incur a financial obligation.

6.4 Marketing and Management Plan. Not later than one hundred eighty (180) days prior to completion of Project construction, Owner shall submit for City review and approval, a plan for marketing and managing the Property ("**Marketing and Management Plan**" or "**Plan**"). The Marketing and Management Plan shall address in detail how Owner plans to market the Restricted Units to prospective Eligible Households in accordance with fair housing laws and this Agreement, Owner's tenant selection criteria, and how Owner plans to certify the eligibility of Eligible Households. The Plan shall also describe the management team and shall address how the Owner and the management entity plan to manage and maintain the Property and the Project. The Plan shall include the proposed management agreement and the form of rental agreement that Owner proposes to enter into with Project tenants. Owner shall abide by the terms of the Marketing and Management Plan in marketing, managing, and maintaining the Property and the Project, and throughout the term of this Agreement, shall submit proposed modifications to City for review and approval.

6.5 Approval of Amendments. If City has not responded to any submission of the Management and Marketing Plan, the proposed management entity, or a proposed amendment or change to any of the foregoing within thirty (30) days following City's receipt of such plan, proposal or amendment, the plan, proposal or amendment shall be deemed approved by City.

6.6 Fees, Taxes, and Other Levies. Owner shall be responsible for payment of all fees, assessments, taxes, charges, liens and levies applicable to the Property or the Project, including without limitation possessory interest taxes, if applicable, imposed by any public entity, and shall pay such charges prior to delinquency. However, Owner shall not be required to pay any such charge so long as (a) Owner is contesting such charge in good faith and by appropriate proceedings, (b) Owner maintains reserves adequate to pay any contested liabilities, and (c) on final determination of the proceeding or contest, Owner immediately pays or discharges any decision or judgment rendered against it, together with all costs, charges and interest.

6.7 Insurance Coverage. Throughout the term of this Agreement Owner shall comply with the insurance requirements set forth in Exhibit C, and shall, at Owner's expense, maintain in full force and effect insurance coverage as specified in Exhibit C.

6.8 Property Damage or Destruction. If any part of the Project is damaged or destroyed, Owner shall repair or restore the same, consistent with the occupancy and rent restriction requirements set forth in this Agreement. Such work shall be commenced as soon as reasonably practicable after the damage or loss occurs and shall be completed within one (1) year thereafter or as soon as reasonably practicable, provided that insurance proceeds are available to be applied to such repairs or restoration within such period and the repair or restoration is financially feasible. During such time that lenders or low-income housing tax credit investors providing financing for the Project impose requirements that differ from the requirements of this Section the requirements of such lenders and investors shall prevail.

7. Recordation; Subordination. This Agreement shall be recorded in the Official Records of Alameda County. The City agrees that pursuant to Health and Safety Code Section 33334.14(a)(4), it will not withhold consent to reasonable requests for subordination of this Agreement to deeds of trust provided for the benefit of lenders identified in the financing plan approved in connection with the OPA, provided that the subordination agreement includes reasonable protections to the City in the event of default consistent with the requirements of Health and Safety Code Section 33334.14(a)(4).

8. Transfer and Encumbrance.

8.1 Restrictions on Transfer and Encumbrance. During the term of this Agreement, except as permitted pursuant to the OPA or this Agreement, Owner shall not directly or indirectly, voluntarily, involuntarily or by operation of law make or attempt any total or partial sale, transfer, conveyance, assignment or lease (collectively, "**Transfer**") of the whole or any part of the Property, the Project, or the improvements located on the Property, without the prior written consent of the City, which approval shall not be unreasonably withheld. In addition, prior to the expiration of the term of this Agreement, except as expressly permitted by this Agreement or the OPA, Owner shall not undergo any significant change of ownership without the prior written approval of City. For purposes of this Agreement, a "significant change of ownership" shall mean a transfer of the beneficial interest of more than twenty-five percent (25%) in aggregate of

the present ownership and /or control of Owner, taking all transfers into account on a cumulative basis; provided however, neither the admission of an investor limited partner, nor the transfer by the investor limited partner to subsequent limited partners shall be restricted by this provision.

8.2 Permitted Transfers. Notwithstanding any contrary provision hereof, the prohibitions on Transfer set forth herein shall not be deemed to prevent: (i) the granting of easements or permits to facilitate development of the Property; (ii) the dedication of any property required pursuant to the OPA; (iii) the lease of individual dwelling units to tenants for occupancy as their principal residence in accordance with this Agreement or the lease of any commercial or retail space to commercial tenants; (iv) assignments creating security interests for the purpose of financing the acquisition, construction, or permanent financing of the Project or the Property in accordance with the OPA, or Transfers directly resulting from the foreclosure of, or granting of a deed in lieu of foreclosure of, such a security interest; (v) a Transfer to an entity which is under the direct control of BRIDGE Housing corporation, a California nonprofit public benefit corporation ("**Controlled Affiliate**"); (vi) the admission of limited partners and any transfer of limited partnership interests in accordance with Owner's agreement of limited partnership (the "**Partnership Agreement**"), provided that the Partnership Agreement and/or the instrument of Transfer provides for development and operation of the Property and Project in a manner consistent with the OPA and this Agreement; (vii) the removal of the general partner by the investor limited partner for a default under the Partnership Agreement, provided the replacement general partner is reasonably satisfactory to City; or (viii) the transfer of the General Partner's interest to a nonprofit entity that is tax-exempt under Section 501(c)(3) of the Internal Revenue Code of 1986 as amended, provided such replacement general partner is reasonably satisfactory to City.

In addition, City shall not withhold its consent to the sale, transfer or other disposition of the Project, in whole or in part, provided that (1) the Project is and shall continue to be operated in compliance with this Agreement; (2) the transferee expressly assumes all obligations of Owner imposed by this Agreement; (3) the transferee executes all documents reasonably requested by the City with respect to the assumption of the Owner's obligations under this Agreement, and upon City's request, delivers to the City an opinion of its counsel to the effect that such document and this Agreement are valid, binding and enforceable obligations of such transferee; and (4) either (A) the transferee has at least three (3) years' experience in the ownership, operation and management of low-income multifamily rental housing projects of similar size to that of the Project, without any record of material violations of nondiscrimination provisions or other state or federal laws or regulations applicable to such projects, or (B) the transferee agrees to retain a property management firm with the experience and record described in subclause (A).

City consent shall not be required for Transfers described in clauses (i), (ii), (iii) and (vi) of Section 8.2 or for foreclosures described in clause (iv) of Section 8.2. The City shall not withhold consent to Transfers described in clauses (iv), (v), (vii) or (viii) of Section

8.2 provided that the conditions described in such clauses are satisfied, as applicable. Consent to any proposed Transfer may be given by the City's City Manager unless the City Manager, in his or her discretion, refers the matter of approval to the City's governing board. If a proposed Transfer has not been approved by City in writing within thirty (30) days following City's receipt of written request by Owner, it shall be deemed rejected.

Owner shall reimburse City for all City costs, including but not limited to reasonable attorneys' fees, incurred in reviewing instruments and other legal documents proposed to effect a Transfer under this Agreement and in reviewing the qualifications and financial resources of a proposed successor, assignee, or transferee within ten (10) days following City's delivery of an invoice detailing such costs.

8.3 Encumbrances. Owner agrees to use best efforts to ensure that all deeds of trust or other security instruments recorded against the Property, the Project or part thereof for the benefit of a lender other than City ("**Third-Party Lender**") (or the related subordination agreements) shall contain each of the following provisions: (i) Third-Party Lender shall use its best efforts to provide to City a copy of any notice of default issued to Owner concurrently with provision of such notice to Owner; (ii) City shall have the reasonable right, but not the obligation, to cure any default by Owner within the same period of time provided to Owner for such cure extended by an additional sixty (60) days; (iii) provided that City has cured any default under Third-Party Lender's deed of trust and other loan documents, City shall have the right to foreclose City's Deed of Trust and take title to the Project without acceleration of Third-Party Lender's debt; and (iv) City shall have the right to transfer the Project without acceleration of Third-Party Lender's debt to a nonprofit corporation or other entity which shall own and operate the Project as an affordable rental housing Project, subject to the prior written consent of the Third-Party Lender. Owner agrees to provide to City a copy of any notice of default Owner receives from any Third-Party Lender within three (3) business days following Owner's receipt thereof.

8.4 Mortgagee Protection. No violation of any provision contained herein shall defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value upon all or any portion of the Project or the Property, and the purchaser at any trustee's sale or foreclosure sale shall not be liable for any violation of any provision hereof occurring prior to the acquisition of title by such purchaser. Such purchaser shall be bound by and subject to this Agreement from and after such trustee's sale or foreclosure sale. Promptly upon determining that a violation of this Agreement has occurred, City shall give written notice to the holders of record of any mortgages or deeds of trust encumbering the Project or the Property that such violation has occurred.

9. Default and Remedies.

9.1 Events of Default. The occurrence of any one or more of the following events shall constitute an event of default hereunder ("**Event of Developer Default**"):

- (a) The occurrence of a Transfer in violation of Section 8 hereof;

(b) Owner's failure to maintain insurance on the Property and the Project as required hereunder, and the failure of Owner to cure such default within ten (10) days;

(c) Subject to Owner's right to contest the following charges, Owner's failure to pay taxes or assessments due on the Property or the Project or failure to pay any other charge that may result in a lien on the Property or the Project, and Owner's failure to cure such default within thirty (30) days of delinquency;

(d) A default arises under any loan secured by a mortgage, deed of trust or other security instrument recorded against the Property and remains uncured beyond any applicable cure period such that the holder of such security instrument has the right to accelerate repayment of such loan;

(e) An Event of Developer Default has been declared under the OPA, the Note or the Deed of Trust;

(f) Owner's default in the performance of any term, provision or covenant under this Agreement (other than an obligation enumerated in this Subsection 9.1), and unless such provision specifies a shorter cure period for such default, the continuation of such default for ten (10) days in the event of a monetary default or sixty (60) days in the event of a non-monetary default following the date upon which City shall have given written notice of the default to Owner, or if the nature of any such non-monetary default is such that it cannot be cured within sixty (60) days, Owner's failure to commence to cure the default within sixty (60) days and thereafter prosecute the curing of such default with due diligence and in good faith, but in no event longer than 120 days from receipt of the notice of default.

The limited partners of Owner and Project lenders shall have the right to cure any default of Owner hereunder upon the same terms and conditions afforded to Owner, subject to any additional rights set forth in the OPA. Provided that City has been given written notice of the address for delivery of notices to the limited partners and the Project lenders City shall provide any notice of default hereunder to such parties concurrently with the provision of such notice to Owner, and as to the limited partners and Project lenders, the cure periods specified herein shall commence upon the date of delivery of such notice in accordance with Subsection 11.3.

9.2 Remedies. Upon the occurrence of an Event of Developer Default and its continuation beyond any applicable cure period, City may proceed with any of the following remedies:

(a) Bring an action for equitable relief seeking the specific performance of the terms and conditions of this Agreement, and/or enjoining, abating, or preventing any violation of such terms and conditions, and/or seeking declaratory relief;

(b) Accelerate and declare the balance of the Note and interest accrued thereon immediately due and payable and proceed with foreclosure under the

Deed of Trust;

(c) For violations of obligations with respect to rents for Restricted Units, impose as liquidated damages a charge in an amount equal to the actual amount collected in excess of the Affordable Rent;

(d) Pursue any other remedy allowed at law or in equity.

Each of the remedies provided herein is cumulative and not exclusive. The City may exercise from time to time any rights and remedies available to it under applicable law or in equity, in addition to, and not in lieu of, any rights and remedies expressly provided in this Agreement.

10. Indemnity. Owner shall indemnify, defend (with counsel approved by City) and hold the City and its elected and appointed officers, officials, employees, agents, and representatives (collectively, the "**Indemnitees**") harmless from and against all liability, loss, cost, expense (including without limitation attorneys' fees and costs of litigation), claim, demand, action, suit, judicial or administrative proceeding, penalty, deficiency, fine, order, and damage (all of the foregoing collectively "**Claims**") arising directly or indirectly, in whole or in part, as a result of or in connection with Owner's construction, management, or operation of the Property and the Project or any failure to perform any obligation as and when required by this Agreement. Owner's indemnification obligations under this Section 10 shall not extend to Claims resulting from the gross negligence or willful misconduct of one or more Indemnitees. The provisions of this Section 10 shall survive the expiration or earlier termination of this Agreement. It is further agreed that City does not and shall not waive any rights against Owner that it may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or the deposit with City by Owner, of any of the insurance policies described in this Agreement or the OPA.

11. Miscellaneous.

11.1 Amendments. This Agreement may be amended or modified only by a written instrument signed by both Parties.

11.2 No Waiver. Any waiver by City of any term or provision of this Agreement must be in writing. No waiver shall be implied from any delay or failure by City to take action on any breach or default hereunder or to pursue any remedy allowed under this Agreement or applicable law. No failure or delay by City at any time to require strict performance by Owner of any provision of this Agreement or to exercise any election contained herein or any right, power or remedy hereunder shall be construed as a waiver of any other provision or any succeeding breach of the same or any other provision hereof or a relinquishment for the future of such election.

11.3 Notices. Except as otherwise specified herein, all notices to be sent pursuant to this Agreement shall be made in writing, and sent to the Parties at their respective addresses specified below or to such other address as a Party may

designate by written notice delivered to the other parties in accordance with this Section. All such notices shall be sent by:

(i) personal delivery, in which case notice is effective upon delivery;

(ii) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered upon receipt if delivery is confirmed by a return receipt; or

(iii) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service.

City: City of San Leandro
835 East 14th Street
San Leandro, CA 94577
Attention: City Manager
Facsimile: (510) 577-6007

Owner: Alameda Housing Associates, L.P., a California limited partnership
345 Spear Street, Suite 700
San Francisco, CA 94105
Attn: President
Facsimile: (415) 495-4898

11.4 Further Assurances. The Parties shall execute, acknowledge and deliver to the other such other documents and instruments, and take such other actions, as either shall reasonably request as may be necessary to carry out the intent of this Agreement.

11.5 Parties Not Co-Venturers. Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another.

11.6 Action by the City. Except as may be otherwise specifically provided herein, whenever any approval, notice, direction, consent or request by the City is required or permitted under this Agreement, such action shall be in writing, and such action may be given, made or taken by the City Manager or by any person who shall have been designated by the City Manager, without further approval by the City Council.

11.7 Non-Liability of City and City Officials, Employees and Agents. No member, official, employee or agent of the City shall be personally liable to Owner or any successor in interest, in the event of any default or breach by the City, or for any

amount of money which may become due to Owner or its successor or for any obligation of City under this Agreement.

11.8 Headings; Construction. The headings of the sections and paragraphs of this Agreement are for convenience only and shall not be used to interpret this Agreement. The language of this Agreement shall be construed as a whole according to its fair meaning and not strictly for or against any Party.

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

11.10 Governing Law. This Agreement shall be construed in accordance with the laws of the State of California without regard to principles of conflicts of law.

11.11 Attorneys' Fees and Costs. If any legal or administrative action is brought to interpret or enforce the terms of this Agreement, the prevailing party shall be entitled to recover all reasonable attorneys' fees and costs incurred in such action.

11.12 Severability. If any provision of this Agreement is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not be affected or impaired thereby.

11.13 Entire Agreement; Exhibits. This Agreement, together with the OPA, the Note and the Deed of Trust contains the entire agreement of Parties with respect to the subject matter hereof, and supersedes all prior oral or written agreements between the Parties with respect thereto. Exhibits A through D, attached hereto are incorporated herein by this reference.

11.14 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

SIGNATURES ON FOLLOWING PAGE.

IN WITNESS WHEREOF, the Parties have executed this Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants as of the date first written above.

CITY

CITY OF SAN LEANDRO,
a municipal corporation

By: _____
Chris Zapata, City Manager

ATTEST:

By: _____
Marian Handa, City Clerk

APPROVED AS TO FORM:

By: _____
Jayne Williams, City Attorney

OWNER

Alameda Housing Associates, L.P.,
a California limited partnership

By: BRIDGE Norcal, LLC, a California limited liability company

Its: General Partner

By: MCB Family Housing, Inc., a California nonprofit public benefit corporation

Its: Sole Member

By: _____

Name: _____

Title: _____

SIGNATURES MUST BE NOTARIZED.

STATE OF CALIFORNIA)
)
COUNTY OF ALAMEDA)

On _____, 20__, before me, _____, (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____ (Seal)

STATE OF CALIFORNIA)
)
COUNTY OF ALAMEDA)

On _____, 20__, before me, _____, (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____ (Seal)

Exhibit A

PROPERTY

(Attach legal description.)

Exhibit B

Number of Units by Unit Size and Targeted Area Median Income (AMI) Levels

Maximum Household Income	Very Low Income	90% AMI	Sub-Total	Manager's Unit	Total
1-Bedroom	33	49	82	-	82
2-Bedroom	25	33	58	-	58
3-Bedroom	40	18	58	2	60
Total	98	100	198	2	200

Exhibit C

INSURANCE REQUIREMENTS

Prior to initiating work on the Project and continuing through throughout the term of this Agreement, Owner shall obtain and maintain the following policies of insurance:

(a) a commercial general liability policy in the amount of One Million Dollars (\$1,000,000) each occurrence, Two Million Dollars (\$2,000,000) annual aggregate, together with Three Million Dollars (\$3,000,000) excess liability coverage, or such other policy limits as City may require in its reasonable discretion, including coverage for bodily injury, property damage, products, completed operations and contractual liability coverage. Such policy or policies shall be written on an occurrence basis and shall name the Indemnitees as additional insureds.

(b) a comprehensive automobile liability coverage in the amount of One Million Dollars (\$1,000,000), combined single limit including coverage for owned and non-owned vehicles and shall furnish or cause to be furnished to City evidence satisfactory to City that Owner and any contractor with whom Owner has contracted for the performance of work on the Property or otherwise pursuant to this Agreement carries workers' compensation insurance as required by law. Automobile liability policies shall name the Indemnitees as additional insureds.

(c) Upon commencement of construction and continuing until issuance of a Certificate of Completion, Owner and all contractors working on behalf of Owner shall maintain a policy of builder's all-risk insurance in an amount not less than the full insurable cost of the Project on a replacement cost basis naming City as loss payee. Such insurance shall include coverage for risks of direct physical loss or damage, excluding the perils of earthquake, earth movement, and flood.

(d) Upon completion of construction of the Project, Owner shall maintain property insurance covering all risks of loss (other than earthquake and flood) for 100% of the replacement value of the Project with deductible, if any, in an amount acceptable to City, naming City as loss payee.

(e) Companies writing the insurance required hereunder shall be authorized to issue insurance policies in the State of California. Insurance shall be placed with insurers with a current A.M. Best's rating of no less than A: VII. The Commercial General Liability and comprehensive automobile policies required hereunder shall name the Indemnitees as additional insureds. Builder's Risk and property insurance shall name City as loss payee as its interests may appear.

(f) Prior to commencement of construction, Owner shall furnish City with certificates of insurance in form acceptable to City evidencing the required insurance coverage and duly executed endorsements evidencing such additional insured status. The certificates shall contain a statement of obligation on the part of the carrier to notify City of any material adverse change, cancellation, termination or non-renewal of the

coverage at least thirty (30) days in advance of the effective date of any such material adverse change, cancellation, termination or non-renewal.

(g) If any insurance policy or coverage required hereunder is canceled or reduced, Owner shall, within twenty-one (21) days after receipt of notice of such cancellation or reduction in coverage, but in no event later than the effective date of cancellation or reduction, file with City a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies. Upon failure to so file such certificate, City may, without further notice and at its option, procure such insurance coverage at Owner's expense, and Owner shall promptly reimburse City for such expense upon receipt of billing from City.

(h) Coverage provided by Owner shall be primary insurance and shall not be contributing with any insurance, or self-insurance maintained by City, and the policies shall so provide. The insurance policies shall contain a waiver of subrogation for the benefit of the City. Owner shall furnish the required certificates and endorsements to City prior to the commencement of construction of the Project, and shall provide City with certified copies of the required insurance policies upon request of City.

Exhibit D

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

City of San Leandro
835 East 14th Street
San Leandro, CA 94577
Attn: Executive Director

Space above this line for Recorder's use.

**NOTICE OF AFFORDABILITY RESTRICTIONS ON
TRANSFER OF PROPERTY**

THIS NOTICE OF AFFORDABILITY RESTRICTIONS ON TRANSFER OF PROPERTY (this "**Notice**") is dated as of _____, 20____ with reference to that certain real property consisting of approximately __ acres located in the City of San Leandro ("**City**") within a portion of the area surrounded 2.27 acres located in the City of San Leandro ("**City**") within a portion of the area surrounded by Carpentier Street to the east, an adjacent parcel to the north, San Leandro Boulevard to the west, and West Juana Street to the south, and more particularly described in Exhibit A attached hereto (the "**Property**").

1. The City of San Leandro, a municipal corporation ("**City**") and Alameda Housing Associates, L.P., a California limited partnership ("**Owner**") have entered into that certain Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants (the "**Regulatory Agreement**") dated as of the date hereof and recorded in the Official Records of Alameda County substantially concurrently herewith.

2. The Regulatory Agreement requires not less than ninety-eight (98) of the residential units developed on the Property to be rented at affordable rents to households who qualify as Very Low-Income and not less than an additional one hundred (100) of the residential units developed on the Property to be rented at affordable rents to households whose income is less than or equal to ninety percent (90%) of Area Median Income, as more particularly set forth in the Regulatory Agreement.

3. The restrictions set forth in the Regulatory Agreement will be in effect for a period of fifty-five (55) years, commencing on the date of issuance of a final certificate of occupancy for the Project unless the term is extended by mutual agreement of the City and Owner.

This Notice is intended to provide notice of documents that affect title to the Property. Reference should be made to the Regulatory Agreement for a more detailed description of all matters described in this Notice. In the event of any conflict between the terms of this Notice and the terms of the Regulatory Agreement, the Regulatory Agreement shall prevail.

This Notice is being recorded and filed in compliance with California Health and Safety Code Section 33334.3(f)(3) and (4), and shall be indexed by the City and the current owner of the Property.

IN WITNESS WHEREOF, City and Owner have executed this Notice as of the date first written above.

CITY:

**CITY OF SAN LEANDRO,
A Municipal Corporation**

By: _____
Chris Zapata, City Manager

ATTEST:

By: _____
Marian Handa, City Clerk

APPROVED AS TO FORM:

By: _____
Jayne Williams, City Attorney

OWNER:

Alameda Housing Associates, L.P.,
a California limited partnership

By: BRIDGE Norcal, LLC, a California limited liability company

Its: General Partner

By: MCB Family Housing, Inc., a California nonprofit public benefit corporation

Its: Sole Member

By: _____

Name: _____

Title: _____

SIGNATURES MUST BE NOTARIZED

STATE OF CALIFORNIA)
)
COUNTY OF ALAMEDA)

On _____, 20__, before me, _____, (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____ (Seal)

STATE OF CALIFORNIA)
)
COUNTY OF ALAMEDA)

On _____, 20__, before me, _____, (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____ (Seal)

Exhibit A

PROPERTY

(Attach legal description.)

Exhibit E-1

**FORM OF AMENDED AND RESTATED
PREDEVELOPMENT NOTE**

(Attach form of Amended and Restated Predevelopment Note.)

AMENDED AND RESTATED PREDEVELOPMENT PROMISSORY NOTE

\$3,461,223

San Leandro, California
June 18, 2012

FOR VALUE RECEIVED, Alameda Housing Associates, L.P., a California limited partnership ("**Borrower**") promises to pay to the City of San Leandro, a municipal corporation ("**City**"), in lawful money of the United States of America, the principal sum of Three Million, Four Hundred Sixty-One Thousand, Two Hundred Twenty-Three Dollars (\$3,461,223) or so much thereof as may be advanced from time to time pursuant to the Loan Agreement referred to below, in the manner provided below, together with interest on the outstanding principal balance in accordance with the terms and conditions described herein. Interest shall accrue on the outstanding principal balance at a rate equal to three percent (3%) simple interest per annum commencing upon the date of disbursement thereof. Interest shall be calculated on the basis of a year of 365 days and charged for the actual number of days elapsed.

This Amended and Restated Predevelopment Promissory Note (this "**Note**") has been executed and delivered pursuant to and in accordance with that certain Amended and Restated Owner Participation and Loan Agreement, dated as of the date of this Note, and executed by and between Borrower and City (the "**Loan Agreement**"), and is subject to the terms and conditions of the Loan Agreement which is by this reference incorporated herein and made a part hereof. Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Loan Agreement.

This Note amends, restates and supersedes that certain Predevelopment Promissory Note (the "**Original Predevelopment Note**") in the original principal amount of Two Million, Two Hundred Thousand Dollars (\$2,200,000), dated as of April 6, 2009 and executed by Borrower for the benefit of the Redevelopment Agency of the City of San Leandro ("**Agency**"). Borrower acknowledges that (A) the City succeeded to the interests of the Agency under the Original Predevelopment Note by operation of law upon dissolution of the Agency on February 1, 2012, and (B) as of the date of this Note (i) Two Million Ninety-Five Thousand, Seven Hundred Twenty-Three Dollars (\$2,095,723) in proceeds of the Original Predevelopment Note (the "**Prior Disbursements**") have been disbursed to Borrower, and (ii) _____ Dollars (\$_____) in interest has accrued on such sum. This Note evidences Borrower's obligation to repay to the City the Prior Disbursements, the additional predevelopment funds to be disbursed pursuant to the Loan Agreement and the interest accrued on both of the foregoing.

This Note is secured by an assignment of agreements, reports, plans, specifications and approvals pursuant to that certain Amended and Restated

Assignment of Agreements, Plans and Specifications dated as of the date hereof and executed by Borrower for the benefit of City (the "**Assignment Agreement**"). City shall be entitled to the benefits of the security provided by the Assignment Agreement and shall have the right to enforce the covenants and agreements contained herein, in the Loan Agreement and the Assignment Agreement.

1. PAYMENTS

1.1 MATURITY DATE.

(a) Subject to Section 1.1(b), the entire principal balance outstanding under this Note, together with interest accrued thereon and any other sums accrued hereunder, shall be due and payable in one lump sum on the date (the "**Maturity Date**") which is the earlier of: (i) the date that Borrower acquires a fee interest in the Property, or (ii) the third (3rd) anniversary of the date of this Note (provided however, if Borrower is unable to secure financing for the Project despite Borrower's good faith efforts, City shall agree to extend the Maturity Date by eighteen (18) months. Notwithstanding the foregoing, if the City provides additional financing for the Project concurrently with the Maturity Date (as such may be extended), this Note shall be cancelled and Borrower shall execute a new note which shall evidence Borrower's obligation to repay both the balance payable under this Note and the amount of the additional funds to be advanced by the City.

(b) If on or prior to the Maturity Date, Borrower terminates the Loan Agreement pursuant to Section 4.1.2 (b) of the Loan Agreement, upon Borrower's delivery to City of all Assigned Documents (as defined in the Assignment Agreement), City shall forgive the outstanding balance payable under this Note provided that no Event of Developer Default exists under any City Document.

1.2 PREPAYMENT. Borrower may, without premium or penalty, at any time and from time to time, prepay all or any portion of the outstanding principal balance due under this Note provided that each such prepayment is accompanied by accrued interest on the amount of principal prepaid calculated to the date of such prepayment. Prepayments shall be applied first to any unpaid late charges and other costs and fees then due, then to accrued but unpaid interest, and then to principal. In no event shall any amount due under this Note become subject to any rights of offset, deduction or counterclaim on the part of Borrower.

1.3 MANNER OF PAYMENT. All payments of principal and interest on this Note shall be made to City at 835 East 14th Street, San Leandro, California 94577 or such other place as City shall designate to Borrower in writing, or by wire transfer of immediately available funds to an account designated by City in writing.

2. DEFAULTS

2.1 EVENTS OF DEFAULT. The occurrence of any one or more of the following events shall constitute an event of default hereunder ("**Event of Default**"):

(a) Borrower fails to pay when due the principal and interest payable hereunder and such failure continues for ten (10) days after City notifies Borrower thereof in writing.

(b) Borrower fails to use the Predevelopment Funds in accordance with the Loan Agreement or fails to use such funds in accordance with Borrower's request for disbursement, and does not cure such failure within thirty (30) days following written notice from City.

(c) Any representation or warranty contained in any City Document, or any certificate furnished in connection therewith, or in connection with any request for disbursement of Predevelopment Funds proves to have been false or misleading in any material adverse respect when made and continues to be materially adverse to the City.

(d) Borrower fails to maintain insurance as required pursuant to the City Documents and Borrower fails to cure such default within ten (10) days.

(e) Pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors ("**Bankruptcy Law**"), Borrower (or any general partner thereof): (i) commences a voluntary case or proceeding; (ii) consents to the entry of an order for relief against Borrower (or any general partner thereof) in an involuntary case; (iii) consents to the appointment of a trustee, receiver, assignee, liquidator or similar official for Borrower (or any general partner thereof); (iv) makes an assignment for the benefit of its creditors; or (v) admits in writing its inability to pay its debts as they become due.

(f) A court of competent jurisdiction enters an order or decree under any Bankruptcy Law that: (i) is for relief against Borrower (or any general partner thereof) in an involuntary case, (ii) appoints a trustee, receiver, assignee, liquidator or similar official for Borrower (or any general partner thereof) or substantially all of such entity's assets, (iii) orders the liquidation of Borrower (or any general partner thereof), or (iv) issues or levies a judgment, writ, warrant of attachment or similar process against the Property or the Project, and in each case the order or decree is not released, vacated, dismissed or fully bonded within 60 days after its issuance.

(g) An Event of Default on the part of Developer other than one enumerated in this Section 2.1 is declared under any City Document, and such default remains uncured beyond the expiration of any applicable cure period.

2.2 REMEDIES. The rights and remedies of City under this Note shall be cumulative and not alternative. Upon the occurrence of an Event of Default hereunder, City may, at its option: (i) by written notice to Borrower declare the entire unpaid principal balance of this Note, together with all accrued interest thereon and all sums due hereunder, immediately due and payable regardless of any prior forbearance, (ii)

exercise any and all rights and remedies available to it under law or equity, and (iii) exercise any and all rights and remedies available to City pursuant to the Loan Agreement or the Assignment Agreement. Borrower shall pay all reasonable costs and expenses incurred by or on behalf of City including, without limitation, reasonable attorneys' fees, incurred in connection with City's enforcement of this Note and the exercise of any or all of its rights and remedies hereunder

2.3 DEFAULT RATE. Upon the occurrence of an Event of Default, interest shall automatically be increased without notice to the rate of ten percent (10%) per annum (the "**Default Rate**"). When Borrower is no longer in default, the Default Rate shall no longer apply, and the interest rate shall once again be the rate specified in the first paragraph of this Note. Notwithstanding the foregoing provisions, if the interest rate charged exceeds the maximum legal rate of interest, the rate shall be the maximum rate permitted by law. The imposition or acceptance of the Default Rate shall in no event constitute a waiver of a default under this Note or prevent City from exercising any of its other rights or remedies.

3. MISCELLANEOUS

3.1 WAIVER; AMENDMENT. No waiver by City of any right or remedy under this Note shall be effective unless in a writing signed by City. Neither the failure nor any delay in exercising any right, power or privilege under this Note will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege by City will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. No waiver that may be given by City will be applicable except in the specific instance for which it is given. No notice to or demand on Borrower will be deemed to be a waiver of any obligation of Borrower or of the right of City to take further action without notice or demand as provided in this Note. To the maximum extent permitted by applicable law, Borrower hereby waives presentment, demand, protest, notices of dishonor and of protest and all defenses and pleas on the grounds of any extension or extensions of the time of payment or of any due date under this Note, in whole or in part, whether before or after maturity and with or without notice. There shall be no amendment to or modification of this Note except by written instrument executed by Borrower and City.

3.2 NOTICES. Any notice required or permitted to be given hereunder shall be given in accordance with Section 11.3 of the Loan Agreement.

3.3 SEVERABILITY. If any provision in this Note is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Note will remain in full force and effect. Any provision of this Note held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

3.4 GOVERNING LAW; VENUE. This Note shall be construed and enforced in accordance with the laws of the State of California without regard to principles of conflicts of law. Any legal action filed in connection with this Note shall be filed in the

Superior Court of Alameda County, California, or in the Federal District Court for the Northern District of California.

3.5 PARTIES IN INTEREST. This Note shall bind Borrower and its successors and assigns and shall accrue to the benefit of City and its successors and assigns.

3.6 SECTION HEADINGS, CONSTRUCTION. The headings of Sections in this Note are provided for convenience only and will not affect its construction or interpretation.

3.7 RELATIONSHIP OF THE PARTIES. The relationship of Borrower and City under this Note is solely that of borrower and lender, and the loan evidenced by this Note and secured by the Assignment Agreement will in no manner make City the partner or joint venturer of Borrower.

3.8 TIME IS OF THE ESSENCE. Time is of the essence with respect to every provision of this Note.

3.9 NON-RECOURSE. Except as expressly provided in this Section 3.9, neither Borrower nor its partners shall have personal liability for payment of the principal of, or interest on, this Note, and the sole recourse of City with respect to the payment of the principal of, and interest on, this Note shall be to the Assigned Documents (as defined in the Assignment Agreement) and any other collateral held by City as security for this Note; provided however, nothing contained in the foregoing limitation of liability shall:

(A) impair the enforcement against all such security for this Note of all the rights and remedies of the City under the Assignment Agreement and any financing statements City files in connection with this Note, as each of the foregoing may be amended, modified, or restated from time to time;

(B) impair the right of City to bring an action for specific performance or other appropriate action or proceeding to enable City to enforce and realize upon the Assignment Agreement, the interest in the Assigned Documents created thereby and any other collateral given to City in connection with the indebtedness evidenced by this Note, and to name the Borrower as party defendant in any such action;

(C) be deemed in any way to impair the right of the City to assert the unpaid principal amount of the Loan as a demand for money within the meaning of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto;

(D) constitute a waiver of any right which City may have under any bankruptcy law to file a claim for the full amount of the indebtedness owed to City under this Note or to require that the Assigned Documents shall continue to secure all of the indebtedness owed to City in accordance with this Note; or

(E) limit or restrict the ability of City to seek or obtain a judgment against Borrower to enforce against Borrower and its general partners to:

(1) recover under Sections 3.14, 3.17, 3.18, 3.7.1, 8.2, 10.1, and 11.1 of the Loan Agreement (pertaining to Borrower's indemnification obligations), or

(2) recover from Borrower and its general partners compensatory damages as well as other costs and expenses incurred by City (including without limitation attorney's fees and expenses) arising as a result of the occurrence of any of the following:

(a) any fraud or material misrepresentation on the part of the Borrower, any general partner thereof, or any officer, director or authorized representative of Borrower or any general partner thereof in connection with the request for Loan Funds (including Predevelopment Funds), or creation of the Loan, or in any City Document, or in connection with any request for any action or consent by City in connection with the Loan or the use of City Funds, (including Predevelopment Funds); or

(b) the material misapplication of the Predevelopment Funds.

IN WITNESS WHEREOF, Borrower has executed and delivered this Note as of the date first written above.

BORROWER:

Alameda Housing Associates, L.P.,
a California limited partnership

By: BRIDGE Norcal, LLC, a California limited liability company

Its: General Partner

By: MCB Family Housing, Inc., a California nonprofit public benefit corporation

Its: Sole Member

By: _____

Name: _____

Title: _____

Exhibit E-2

FORM OF CONSTRUCTION/PERMANENT NOTE
(Attach form of Construction/Permanent Note.)

SECURED PROMISSORY NOTE

\$9,100,000

San Leandro, California

_____, 20__

FOR VALUE RECEIVED, Alameda Housing Associates, L.P., a California limited partnership ("**Borrower**"), promises to pay to the City of San Leandro, a municipal corporation ("**City**"), in lawful money of the United States of America, the principal sum of Nine Million One Hundred Thousand Dollars (\$9,100,000) or so much thereof as may be advanced by City pursuant to the Amended and Restated Owner Participation and Loan Agreement referred to below, together with interest on the outstanding principal balance in accordance with the terms and conditions described herein. Interest shall accrue on the outstanding principal balance at a rate equal to three percent (3%) simple interest per annum, commencing upon the date of disbursement thereof. Interest shall be calculated on the basis of a year of 365 days, and charged for the actual number of days elapsed.

This Secured Promissory Note (this "**Note**") has been executed and delivered pursuant to and in accordance with an Amended and Restated Owner Participation and Loan Agreement executed by and between Borrower and City, dated as of June 18, 2012 (the "**OPA**"), and is subject to the terms and conditions of the OPA, which is by this reference incorporated herein and made a part hereof. Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the OPA.

This Note is secured by a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing ("**Deed of Trust**") dated as of the date hereof, executed by Borrower for the benefit of City and encumbering the property described therein. City shall be entitled to the benefits of the security provided by the Deed of Trust and shall have the right to enforce the covenants and agreements contained herein, in the Deed of Trust, the OPA, the Regulatory Agreement and the other City Documents. The Regulatory Agreement shall remain effective for the full term thereof and shall survive the repayment of this Note.

PAYMENTS

1.1 PAYMENT DATES; MATURITY DATE. Annual payments on this Note shall be payable on a residual receipts basis with fifty percent (50%) of all Surplus Cash (defined below) payable to City toward principal and accrued interest. Payments shall be credited first to any unpaid late charges and other costs and fees then due, then to accrued interest, and then to principal. In no event shall any amount due under this Note become subject to any rights, offset, deduction or counterclaim on the part of Borrower. The entire outstanding principal balance of this Note, together with interest accrued thereon and any other sums accrued hereunder shall be payable in full on the date (the "**Maturity Date**") which is the earlier of: (i) the fifty-fifth (55th) anniversary of

the date upon which the City issues a final certificate of occupancy for the Project, or (ii) the fifty-ninth (59th) anniversary of the date hereof.

1.2 ANNUAL PAYMENTS FROM SURPLUS CASH. By no later than June 1 of each year following the issuance of a final certificate of occupancy for the Project, Borrower shall pay to City fifty percent (50%) of all Surplus Cash generated by the Project during the previous calendar year to reduce the indebtedness owed under this Note. Notwithstanding the foregoing, if other public agency lenders provide Project financing that requires repayment from residual receipts, then City shall share fifty percent (50%) of the Surplus Cash with such other public agencies in accordance with the program rules and regulations applicable to such public agency loan or in a proportion to be determined by agreement with such agencies. No later than May 1 of each year following the issuance of a final certificate of occupancy for the Project, Borrower shall provide to City Borrower's calculation of Surplus Cash for the previous calendar year, accompanied by such supporting documentation as City may reasonably request, including without limitation, an independent audit prepared for the Project by a certified public accountant in accordance with generally accepted accounting principles.

1.2.1 "**Surplus Cash**" shall mean for each calendar year during the term hereof, the amount by which Gross Revenue (defined below) exceeds Annual Operating Expenses (defined below) for the Project. Surplus Cash shall also include net cash proceeds realized from any refinancing of the Project, less fees and closing costs reasonably incurred in connection with such refinancing and any City-approved uses of the net cash proceeds of the refinancing.

1.2.2 "**Gross Revenue**" shall mean for each calendar year during the term hereof, all revenue, income, receipts and other consideration actually received by Borrower from the operation and leasing of the Project. Gross Revenue shall include, but not be limited to: all rents, fees and charges paid by tenants; Section 8 payments or other rental subsidy payments received for the dwelling units; deposits forfeited by tenants; all cancellation fees, price index adjustments and any other rental adjustments to leases or rental agreements; proceeds from vending and laundry room machines; the proceeds of business interruption or similar insurance; the proceeds of casualty insurance not required to be paid to the holders of Approved Senior Loans (provided however, expenditure of such proceeds for repair or restoration of the Project shall be included within Annual Operating Expenses in the year of the expenditure); condemnation awards for a taking of part or all of the Property or the Improvements for a temporary period; and the fair market value of any goods or services provided to Borrower in consideration for the leasing or other use of any part of the Project. Gross Revenue shall include any release of funds from replacement and other reserve accounts to Borrower other than for costs associated with the Project. Gross Revenue shall not include tenant security deposits, loan proceeds, capital contributions or similar advances.

1.2.3 "**Annual Operating Expenses**" shall mean for each calendar year during term hereof, the following costs reasonably and actually incurred for the operation and maintenance of the Project to the extent that they are consistent with an

annual independent audit performed by a certified public accountant using generally accepted accounting principles: property taxes and assessments; debt service currently due and payable on a non-optional basis (excluding debt service due from residual receipts or surplus cash of the Project) on Approved Senior Financing and such other loans approved by the City and which are secured by deeds of trust senior in priority to the Deed of Trust (collectively, "**Approved Senior Loans**"); debt service on junior loans if approved in writing by City; property management fees and reimbursements in amounts in accordance with industry standards for similar mixed-use projects; premiums for property damage, liability and other insurance related to the Project; utility service costs not paid for directly or indirectly by tenants; maintenance and repair costs; fees for licenses and permits related to the operation of the Project; organizational costs (e.g., annual franchise tax payments) and costs associated with accounting, tax preparation and legal fees of Borrower incurred in the ordinary course of business; expenses for security services; advertising and marketing costs; payment of deductibles in connection with insurance claims not paid from reserves; tenant services; the amount of uninsured losses actually replaced, repaired or restored and not paid from reserves; cash deposits into reserves for capital replacements in an amount no more than \$600 per residential unit per year or such greater amount as reasonably required by the holder of an Approved Senior Loan or Borrower's investor limited partner, or as required by a physical needs assessment prepared by a third-party selected or approved by City and prepared at Borrower's expense; an annual bond issuer fee (if required to be paid by Borrower in connection with the financing of the Project); any previously unpaid portion of the developer fee (without interest) due in accordance with the Financing Plan (provided that the cumulative amount of such fee does not exceed the maximum allowable by the California Tax Credit Allocation Committee (the "**Approved Developer Fee**")); cash deposits into operating reserves in an amount reasonably approved by City or required by the holder of an Approved Senior Loan, but only if the accumulated operating reserve does not exceed six (6) months' projected Project operating expenses; reasonable commercial and retail reserves if required by the holder of an Approved Senior Loan or by Borrower's investor limited partner; other reserve account deposits required pursuant to Approved Senior Financing; other ordinary and reasonable operating expenses; and subject to the limitations set forth below (i) a partnership management fee payable to the general partner of Borrower, and (ii) only during the first fifteen (15) years following issuance of a final certificate of occupancy for the Project, an asset management fee payable to the investor limited partner of Borrower. Jointly the partnership management fee and the investor limited partner fee shall not exceed an aggregate annual sum of \$35,000 per year, increasing at a rate of three and one-half percent (3.5%) per year. Payments to Borrower, its partners or affiliates in excess of the limitations set forth in this Section shall not be counted toward Annual Operating Expenses for the purpose of calculating Surplus Cash.

1.2.4 EXCLUSIONS FROM ANNUAL OPERATING EXPENSES. Annual Operating Expenses shall exclude the following: developer fees and interest on any deferred developer fees (except as permitted pursuant to Section 1.2.3); contributions to Project reserves (except as permitted pursuant to Section 1.2.3); debt service payments on any loan which is not an Approved Senior Loan, including without limitation, unsecured loans or loans secured by deeds of trust which are subordinate to the Deed

of Trust (unless City agrees otherwise in writing); depreciation, amortization, depletion and other non-cash expenses; expenses paid for with disbursements from any reserve account; distributions to limited partners (except as permitted pursuant to Section 1.2.3); any amount paid to Borrower, any general partner of Borrower, or any entity controlled by the persons or entities in control of Borrower or any general partner of Borrower. Notwithstanding the foregoing limitation regarding payments to Borrower and related parties, the following fees shall be included in Annual Operating Expenses in accordance with the limitations set forth in Section 1.2.3 above even if paid to Borrower, an affiliate of Borrower or a partner of Borrower: fees paid to a property management agent, resident services or social service agent, partnership management fees, developer fees, asset management fees, and subject to Section 1.2.5, repayment of cash advances by the partnership or the partners to cover operating expense deficits or emergency cash needs of the Project or to cover other expenses permitted pursuant to Section 1.2.3.

1.2.5 ADJUSTMENT TO OPERATING EXPENSES. Notwithstanding anything to the contrary set forth herein, for the purpose of calculating Surplus Cash, Annual Operating Expenses shall include: (a) the repayment of operating deficit loans provided by Borrower's limited partner(s) provided however, interest payable on such loans may be included in Annual Operating Expenses only in an amount equivalent to the lesser of (i) interest accrued at the actual interest rate charged for the loan, or (ii) interest accrued at a rate equal to three percent (3%) in excess of the rate of interest most recently announced by Bank of America, NT & SA (or its successor bank) at its San Francisco office as its "prime rate", and (b) the amount of any tax credit adjustor that is required to be paid from Project cash flow.

1.3 COST SAVINGS. Within thirty (30) days after Borrower's receipt of its limited partner(s)' capital contribution following the issuance of the IRS Form 8609 for the Project, Borrower shall pay to the City as a reduction of the outstanding principal balance of this Note, a one-time payment in the amount of Fifty Percent (50%) of Excess Proceeds. "**Excess Proceeds**" shall mean the sum of all sources of financing received by Borrower for acquisition, construction and permanent financing of the Property and the Project, less the sum of actual uses as shown on the final cost certificate for the Project. For purposes of calculating Excess Proceeds: (i) Borrower shall be entitled to pay any unpaid portion of the developer fee due in accordance with the Financing Plan approved by City as set forth in the OPA; and (ii) the operating reserve shall be funded in an amount equal to six (6) month's projected operating expenses as shown on the Project pro forma approved pursuant to the OPA, or such amount as required by the holder of an Approved Senior Loan. Interest earned on the foregoing reserve shall become a part of such reserve and used only for the purpose for which such reserve is established. The City agrees to consider reasonable requests for modification to this Section 1.3 for the purpose of ensuring the economic feasibility of the Project and/or an increase in Project affordability.

1.4 DUE ON SALE. The entire unpaid principal balance and all interest and other sums accrued hereunder shall be due and payable upon the Transfer (as defined in Section 6.2 of the OPA) absent City consent, of all or any part of the Project or the

Property or any interest therein other than a Transfer permitted without City consent pursuant to the OPA. Without limiting the generality of the foregoing, except in the case of Permitted Transfers (as described in Section 6.3 of the OPA), this Note shall not be assumable without City's prior written consent, which consent may be granted or denied in City's sole discretion.

1.5 PREPAYMENT. Borrower may, without premium or penalty, at any time and from time to time, prepay all or any portion of the outstanding principal balance due under this Note, provided that each such prepayment is accompanied by accrued interest on the amount of principal prepaid calculated to the date of such prepayment. Prepayments shall be applied first to any unpaid late charges and other costs and fees then due, then to accrued but unpaid interest, and then to principal. The Regulatory Agreement shall remain in full force for the entire term thereof regardless of any prepayment of this Note.

1.6 MANNER OF PAYMENT. All payments of principal and interest on this Note shall be made to City at 835 East 14th Street, San Leandro, CA 94577 or such other place as City shall designate to Borrower in writing, or by wire transfer of immediately available funds to an account designated by City in writing.

2. DEFAULTS AND REMEDIES.

2.1 EVENTS OF DEFAULT. The occurrence of any one or more of the following events shall constitute an event of default hereunder ("**Event of Default**"):

(A) Borrower fails to pay when due the principal and interest payable hereunder and such failure continues for ten (10) days after City notifies Borrower thereof in writing.

(B) Pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors ("**Bankruptcy Law**"), Borrower or any general partner thereof (i) commences a voluntary case or proceeding; (ii) consents to the entry of an order for relief against Borrower or any general partner thereof in an involuntary case; (iii) consents to the appointment of a trustee, receiver, assignee, liquidator or similar official for Borrower or any general partner thereof; (iv) makes an assignment for the benefit of its creditors; or (v) admits in writing its inability to pay its debts as they become due.

(C) A court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (i) is for relief against Borrower or any general partner thereof in an involuntary case, (ii) appoints a trustee, receiver, assignee, liquidator or similar official for Borrower or any general partner thereof or substantially all of such entity's assets, (iii) orders the liquidation of Borrower or any general partner thereof, or (iv) issues or levies a judgment, writ, warrant of attachment or similar process against the Property or the Project, and in each case the order or decree is not released, vacated, dismissed or fully bonded within 60 days after its issuance.

(D) The occurrence of a Transfer in violation of Article VI of the OPA.

(E) A default arises under any debt instrument secured by a mortgage or deed of trust on the Project or the Property and remains uncured beyond any applicable cure period such that the holder of such instrument has the right to accelerate payment thereunder.

(F) Borrower fails to maintain insurance on the Property and the Project as required pursuant to the City Documents and Borrower fails to cure such default within ten (10) days.

(G) Subject to Borrower's right to contest the following charges pursuant to the City Documents, if Borrower fails to pay taxes or assessments due on the Property or the Project or fails to pay any other charge that may result in a lien on the Property or the Project, and Borrower fails to cure such default within thirty (30) days of delinquency but in all events upon the imposition of any such tax or other lien.

(H) If any representation or warranty contained in any City Document, or any certificate furnished in connection therewith, or in connection with any request for disbursement of the proceeds of the Loan proves to have been false or misleading in any material adverse respect when made and continues to be materially adverse to the City.

(I) An Event of Default shall have been declared under the OPA, the Regulatory Agreement or any other City Document and remains uncured beyond the expiration of the applicable cure period.

2.2 REMEDIES. Upon the occurrence of an Event of Default hereunder, City may, at its option (i) by written notice to Borrower, declare the entire unpaid principal balance of this Note, together with all accrued interest thereon and all sums due hereunder, immediately due and payable regardless of any prior forbearance, (ii) exercise any and all rights and remedies available to it under applicable law, and (iii) exercise any and all rights and remedies available to City under this Note and the other City Documents, including without limitation the right to pursue foreclosure under the Deed of Trust. Borrower shall pay all reasonable costs and expenses incurred by or on behalf of City including, without limitation, reasonable attorneys' fees, incurred in connection with City's enforcement of this Note and the exercise of any or all of its rights and remedies hereunder and all such sums shall be a part of the indebtedness secured by the Deed of Trust. The rights and remedies of City under this Note shall be cumulative and not alternative.

2.3 DEFAULT RATE. Upon the occurrence of an Event of Default, interest shall automatically be increased without notice to the rate of ten percent (10%) per annum (the "**Default Rate**"). When Borrower is no longer in default, the Default Rate shall no longer apply, and the interest rate shall once again be the rate specified in the first paragraph of this Note. Notwithstanding the foregoing provisions, if the interest rate charged exceeds the maximum legal rate of interest, the rate shall be the maximum rate permitted by law. The imposition or acceptance of the Default Rate shall in no event

constitute a waiver of a default under this Note or prevent City from exercising any of its other rights or remedies.

3. MISCELLANEOUS.

3.1 WAIVERS; BORROWER'S WAIVERS. No waiver by City of any right or remedy under this Note shall be effective unless in a writing signed by City. Neither the failure nor any delay in exercising any right, power or privilege under this Note will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege by City will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. No waiver that may be given by City will be applicable except in the specific instance for which it is given. No notice to or demand on Borrower will be deemed to be a waiver of any obligation of Borrower or of the right of City to take further action without notice or demand as provided in this Note.

To the maximum extent permitted by applicable law Borrower hereby waives presentment, demand, protest, notices of dishonor and of protest and all defenses and pleas on the grounds of any extension or extensions of the time of payment or of any due date under this Note, in whole or in part, whether before or after maturity and with or without notice.

3.2 NOTICES. Any notice required or permitted to be given hereunder shall be given in accordance with Section 11.3 of the OPA.

3.3 SEVERABILITY. If any provision in this Note is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Note will remain in full force and effect. Any provision of this Note held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

3.4 GOVERNING LAW; VENUE. This Note shall be governed by the laws of the State of California without regard to principles of conflicts of laws. Any legal action filed in connection with this Note shall be filed in the Superior Court of Alameda County, California, or in the Federal District Court for the Northern District of California.

3.5 PARTIES IN INTEREST. This Note shall bind Borrower and its successors and assigns and shall accrue to the benefit of City and its successors and assigns.

3.6 SECTION HEADINGS, CONSTRUCTION; AMENDMENTS. The headings of Sections in this Note are provided for convenience only and will not affect its construction or interpretation. There shall be no amendment to or modification of this Note except by written instrument executed by Borrower and City.

3.7 RELATIONSHIP OF THE PARTIES. The relationship of Borrower and City under this Note is solely that of borrower and lender, and the loan evidenced by this Note and secured by the Deed of Trust will in no manner make City the partner or joint venturer of Borrower.

3.8 TIME IS OF THE ESSENCE. Time is of the essence with respect to every provision of this Note.

3.9 NONRECOURSE. Except as expressly provided in this Section 3.9, neither Borrower nor its partners shall have personal liability for payment of the principal of, or interest on, this Note, and the sole recourse of City with respect to the payment of the principal of, and interest on, this Note shall be to the Project, the Property and any other collateral held by City as security for this Note; provided however, nothing contained in the foregoing limitation of liability shall:

(A) impair the enforcement against all such security for the Loan of all the rights and remedies of the City under the Deed of Trust and any financing statements City files in connection with the Loan as each of the foregoing may be amended, modified, or restated from time to time;

(B) impair the right of City to bring a foreclosure action, action for specific performance or other appropriate action or proceeding to enable City to enforce and realize upon the Deed of Trust, the interest in the Project and the Property created thereby and any other collateral given to City in connection with the indebtedness evidenced hereby and to name the Borrower as party defendant in any such action;

(C) be deemed in any way to impair the right of the City to assert the unpaid principal amount of the Loan as a demand for money within the meaning of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto;

(D) constitute a waiver of any right which City may have under any bankruptcy law to file a claim for the full amount of the indebtedness owed to City hereunder or to require that the Project and the Property shall continue to secure all of the indebtedness owed to City hereunder in accordance with this Note and the Deed of Trust; or

(E) limit or restrict the ability of City to seek or obtain a judgment against Borrower to enforce against Borrower and its general partners to:

(1) recover under Sections 3.14, 3.17, 3.18, 3.71, 8.2, 10.1, and 11.1 of the OPA (pertaining to Borrower's indemnification obligations), or

(2) recover from Borrower and its general partners compensatory damages as well as other costs and expenses incurred by City (including without limitation attorney's fees and expenses) arising as a result of the occurrence of any of the following:

(a) any fraud or material misrepresentation on the part of the Borrower, any general partner thereof, or any officer, director or

authorized representative of Borrower or any general partner thereof in connection with the request for or creation of the Loan, or in any City Document, or in connection with any request for any action or consent by City in connection with the Loan;

(b) any failure to maintain insurance on the Property and the Project as required pursuant to the City Documents;

(c) failure to pay taxes, assessments or other charges which may become liens on the Property or the Project;

(d) the presence of Hazardous Materials on the Property or other violation of the Borrower's obligations under Section 8.1 of the OPA or Section 7.9 of the Deed of Trust (pertaining to environmental matters);

(e) the occurrence of any act or omission of Borrower that results in waste to or of the Project or the Property and which has a material adverse effect on the value of the Project or the Property;

(f) the material misapplication of the Loan proceeds;

(g) the removal or disposal of any personal property or fixtures or the retention of rents, insurance proceeds, or condemnation awards in violation of the Deed of Trust; and

(h) the material misapplication of the proceeds of any insurance policy or award resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Project or the Property.

SIGNATURE ON FOLLOWING PAGE

IN WITNESS WHEREOF, Borrower has executed and delivered this Note as of the date first written above.

BORROWER

Alameda Housing Associates, L.P.,
a California limited partnership

By: BRIDGE Norcal, LLC, a California limited liability company

Its: General Partner

By: MCB Family Housing, Inc., a California nonprofit public benefit corporation

Its: Sole Member

By: _____

Name: _____

Title: _____

Exhibit E-3

**FORM OF AMENDED AND RESTATED ASSIGNMENT
AGREEMENT**

(Attach form of Amended and Restated Assignment Agreement.)

AMENDED AND RESTATED ASSIGNMENT OF AGREEMENTS, PLANS AND SPECIFICATIONS

This Amended and Restated Assignment of Agreements, Plans and Specifications (this "**Agreement**") is entered into effective as of June 18, 2012 ("**Effective Date**") by and between Alameda Housing Associates, L.P., a California limited partnership ("**Assignor**") and the City of San Leandro, a municipal corporation ("**City**"). Assignor and City are hereinafter collectively referred to as the "**Parties**." Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Restated Loan Agreement (defined below).

For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

1. This Agreement is entered into pursuant to that certain Amended and Restated Owner Participation and Loan Agreement executed by and between Assignor and City dated as of the date hereof (the "**Restated Loan Agreement**"). This Agreement amends and restates that certain Assignment of Agreements, Plans and Specifications dated as of April 6, 2009 (the "**Original Assignment Agreement**") executed by Assignor in connection with that certain Owner Participation and Loan Agreement executed by and between Assignor and the Redevelopment Agency of the City of San Leandro, a public body corporate and politic (the "**Agency**") dated as of April 6, 2009 (the "**Original Loan Agreement**"). Assignor acknowledges that upon dissolution of the Agency on February 1, 2012, the City, by operation of law, succeeded to the interests of the Agency under the Original Assignment Agreement, the Original Loan Agreement and that certain Predevelopment Note executed by Assignor for the benefit of Agency in the original principal amount of Two Million Two Hundred Thousand Dollars (\$2,200,000) (the "**Original Predevelopment Note**").

Assignor acknowledges that pursuant to the Restated Loan Agreement, Assignor retains the obligation to repay the funds advanced by the Agency pursuant to the Original Loan Agreement, and in addition shall be obligated to complete construction of the Project and repay additional funds advanced by the City pursuant to the Restated Loan Agreement and that certain Amended and Restated Predevelopment Note executed by Assignor for the benefit of City in the original principal amount of Three Million, Four Hundred Sixty-One Thousand, Two Hundred Twenty-Three Dollars (\$3,461,223). The Parties intend that in addition to the assignments made pursuant to this Agreement, all assignments made to Agency (and accruing to City as Agency's successor in interest) pursuant to the Original Assignment Agreement, and all consents issued by Contractors in connection therewith, shall remain in effect.

2. Assignor hereby assigns to City and grants to City a security interest in all of its right, title and interest in and to the contracts and agreements listed in Exhibit A attached hereto and incorporated herein by reference and all of the items listed in the following paragraphs (A), (B) and (C) (all of which hereafter shall collectively be referred

to as the "**Assigned Documents**"). Other than as expressly stated herein, Assignor makes no express or implied representations or warranties in connection with the Assigned Documents.

- (A) All architectural, design, engineering, consulting and construction contracts, and any and all amendments, modifications, supplements, addenda and general conditions thereto equaling or exceeding Five Thousand Dollars (\$5000) in cost (collectively "**Agreements**"), heretofore or hereafter entered into by Assignor (or any affiliate of Assignor) and any architect, engineer, analyst, consultant, contractor or other person or entity ("**Contractor**") in connection with the preparation of plans, specifications, studies, assessments, analyses, drawings or any other similar service related to the Property, the Project, or the improvements existing or to be installed or constructed on the Property (the "**Improvements**");
- (B) All permits, reports, analyses, studies, plans and specifications, shop drawings, working drawings, amendments, modifications, changes, supplements, general conditions and addenda thereto equaling or exceeding Five Thousand Dollars (\$5000) in cost (collectively "**Reports, Plans and Specifications**") heretofore or hereafter obtained or prepared by or for Assignor or its affiliates, agents, employees or any Contractor with respect to the Property, the Project or the Improvements; and
- (C) All Construction Plans (as defined in Section 3.11 of the Restated Loan Agreement).

As used herein, the term "Assigned Documents" shall also include all Agreements and all Reports, Plans and Specifications to which beneficial interest or rights of use have been obtained by or assigned to Assignor.

3. This Agreement is made to secure payment to the City of all sums now or hereafter owing under the Amended and Restated Predevelopment Promissory Note dated as of the date hereof made by Assignor for the benefit of City, and any and all advances, modifications, extensions, renewals and amendments thereof.

4. Assignor hereby irrevocably appoints City as its attorney-in-fact (which agency is coupled with an interest) upon the occurrence of an Event of Developer Default under the Loan Agreement or upon Assignor's termination of the Restated Loan Agreement pursuant to Section 4.1.2 (b) thereof, to demand, receive, and enforce any and all of Assignor's rights with respect to the Assigned Documents, and to perform any and all acts in the name of Assignor or in the name of the City with the same force and effect as if performed by Assignor in the absence of this Agreement.

5. Assignor agrees to obtain from each Contractor whose contract equals or exceeds Five Thousand Dollars (\$5000) and deliver to City a duly executed Consent substantially in the form attached hereto as Exhibit B.

6. Assignor represents and warrants to City that no previous assignment of its respective rights or interest in or to any of the Assigned Documents has been made other than pursuant to the Original Assignment Agreement. So long as the City holds or retains any interest under the Restated Loan Agreement or the Restated Predevelopment Note, Assignor agrees not to assign, sell, pledge, transfer, mortgage, or hypothecate its respective rights or interest in any of the Assigned Documents without prior written approval of the City; provided however, the City approves the Assignor's assignment of such rights and interests to Project lenders approved pursuant to the Financing Plan as it may be updated.

7. This Agreement shall be binding upon and inure to the benefit of the heirs, legal representatives, assigns, and successors-in-interest of Assignor and the City.

8. Unless an Event of Developer Default (as defined in the Restated Loan Agreement) shall have occurred or Assignor terminates the Restated Loan Agreement pursuant to Section 4.1.2 (b) thereof, Assignor shall be entitled (subject to the provisions of Section 5 above) to enjoy and enforce all of its rights under the Assigned Documents. If such an Event of Developer Default or termination occurs and City gives written notice (an "**Exercise Notice**") to any Contractor who is a party to any Assigned Document, which Exercise Notice refers to this Agreement, states that an Event of Developer Default or termination has occurred, and states that City intends to exercise its rights under this Agreement, then the City shall be entitled thereafter to enjoy and enforce all of the rights of Assignor under such Assigned Document and shall become bound to perform all future obligations of Assignor thereunder, it being understood that in no event shall City be liable for payments or costs relating to any work which any Contractor has performed prior to the date of City's delivery of such Exercise Notice. Unless and until such Exercise Notice is given, City shall not be obliged to perform any of the obligations of Assignor under the Assigned Documents.

9. Assignor represents and warrants that to the best of its knowledge after reasonable inquiry, there are no defaults under any Assigned Document by any party thereto.

10. Assignor further represents and warrants that all sums due and owing to any Contractor to date under any Assigned Document have been duly paid in full, except to the extent deferral of such sums is allowed pursuant to such Assigned Document.

11. As provided in this Section 10, City may assign its rights under this Agreement, and the Assigned Documents, and the rights and obligations of any assignee of City shall be the same as provided herein as to City and Contractor. City may, in its discretion, make any such assignment to the City of San Leandro, a municipal corporation, and may make any such assignment to a third party, with the consent of Assignor and the Contractor who is a party to such Assigned Documents,

provided the consent of Assignor and such Contractor shall not be unreasonably withheld, conditioned or delayed.

12. This Agreement shall not be deemed to release or affect in any way the obligations of Assignor to any Contractor under the Assigned Documents.

13. Assignor is executing this Agreement to induce City to enter into and disburse funds pursuant to the Restated Loan Agreement, and Assignor understands that City would not do so but for the execution and delivery of this Agreement by Assignor.

14. Notices. Except as otherwise specified herein, all notices to be sent pursuant to this Agreement shall be made in writing, and sent to the parties at their respective addresses specified below (or in the case of Contractor, to the address specified in the Consent attached hereto) or to such other address as a party may designate by written notice delivered to the other parties in accordance with this Section. All such notices shall be sent by:

- (i) personal delivery, in which case notice is effective upon delivery;
- (ii) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered on receipt if delivery is confirmed by a return receipt; or
- (iii) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service.

CITY:

City of San Leandro
835 East 14th Street
San Leandro, CA 94577
Attention: Executive Director
Facsimile: (510) 577-6007

ASSIGNOR:

Alameda Housing Associates, L.P.
345 Spear Street, Suite 700
San Francisco, CA 94105
Attn: President
Facsimile: (415) 495-4898

15. Amendments. This Agreement may be modified only by a written instrument signed by the Parties.

16. Further Assurances; Consents. The Parties shall execute, acknowledge and deliver to the other such other documents and instruments, and take such other actions, as either shall reasonably request as may be necessary to carry out the intent of this Agreement.

17. Parties Not Co-Venturers. Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another.

18. Action by the City. Except as may be otherwise specifically provided herein, whenever any approval, notice, direction, consent or request by the City is required or permitted under this Agreement, such action shall be in writing, and such action may be given, made or taken by the City Manager or by any person who shall have been designated by the City Manager, without further approval by the City Council unless the City Manager determines that such matter requires the consent of the City Council.

19. Non-Liability of City and City Officials, Employees and Agents. No member, official, employee or agent of the City of San Leandro shall be personally liable to Assignor, or any successor in interest, in the event of any default or breach by the City, or for any amount of money which may become due to Assignor or its successor or for any obligation of City under this Agreement.

20. No Third Party Beneficiaries. There shall be no third party beneficiaries to this Agreement.

21. Headings; Construction. The headings of the sections and paragraphs of this Agreement have been inserted for convenience only and shall not be used to construe this Agreement. The language of this Agreement shall be construed as a whole according to its fair meaning and not strictly for or against any Party. Time is of the essence in the performance of this Agreement.

22. Governing Law; Venue. This Agreement shall be construed in accordance with the laws of the State of California without regard to principles of conflicts of law. The Parties consent to the jurisdiction of any federal or state court in the jurisdiction in which the Property is located (the "**Property Jurisdiction**"). Assignor agrees that any controversy arising under or in relation to this Agreement, the Predevelopment Note or the Loan Agreement shall be litigated exclusively in courts having jurisdiction in the Property Jurisdiction. Assignor irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise.

23. Attorneys' Fees. If any claim, at law or otherwise is made by either Party, the prevailing party or the nondefaulting party, as the case may be, shall be entitled to its costs and reasonable attorneys' fees.

24. Severability. If any term of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall

continue in full force and effect unless the rights and obligations of the Parties are materially altered or abridged by such invalidation, voiding or unenforceability.

25. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

SIGNATURES ON FOLLOWING PAGE.

IN WITNESS WHEREOF, Assignor and City have duly executed this Agreement effective as of the date first above written.

CITY:

CITY OF SAN LEANDRO,
a municipal corporation

By: _____
Chris Zapata, City Manager

ATTEST:

By: _____
Marian Handa, City Clerk

APPROVED AS TO FORM:

By: _____
Jayne Williams, City Attorney

DEVELOPER

Alameda Housing Associates, L.P.,
a California limited partnership

By: BRIDGE Norcal, LLC, a California limited liability company

Its: General Partner

By: MCB Family Housing, Inc., a California nonprofit public benefit corporation

Its: Sole Member

By: _____

Name: _____

Title: _____

Exhibit A

CONTRACTS AND AGREEMENTS

(Attach List.)

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Exhibit B

CONSENT

This Consent ("**Consent**") is executed effective as of _____, 20___, pursuant to that certain Amended and Restated Assignment of Agreements, Plans and Specifications ("**Assignment Agreement**") executed by and between Alameda Housing Associates, L.P., a California limited partnership ("**Assignor**") and the City of San Leandro, a municipal corporation ("**City**") dated as of June 18, 2012. Unless otherwise defined herein, capitalized terms used in this Consent shall have the meanings given them in the Assignment Agreement.

The undersigned consultant, architect, engineer, and/or contractor ("**Contractor**") hereby consents to the Assignment Agreement and the assignments contemplated thereby, and hereby waives all provisions in the Assigned Documents to which Contractor is a party which would impair, hinder or prevent the making of any such assignment by Assignor to City or the enforcement thereof by City.

Contractor agrees that if at any time, the City shall, pursuant to its rights under the Assignment Agreement, deliver an Exercise Notice to Contractor, then provided that Contractor has received, receives or continues to receive the compensation called for under the Assigned Documents to which Contractor is a party, the City may, at its option, use and rely upon the Reports, Plans and Specifications for the purposes for which they were prepared, and Contractor will continue to perform its obligations under the Assigned Documents to which Contractor is a party for the benefit and account of the City in the same manner as if performed for the benefit or account of Assignor in the absence of the Assignment Agreement. Contractor agrees that it shall rely conclusively upon any Exercise Notice given to Contractor by City, and Contractor agrees to be bound by such Exercise Notice.

By its execution of this Consent, Contractor agrees to look solely to Assignor and its successors in interest for performance of Assignor's obligations under the Assigned Documents to which Contractor is a party unless and until Contractor shall have received an Exercise Notice from City.

Contractor agrees that, notwithstanding anything hereinabove contained or contained in the Assigned Documents to the contrary, provided that Contractor has received, receives or continues to receive the compensation called for under the Assigned Documents to which Contractor is a party, City will have the right to receive and to use (without cost to City) any and all Reports, Plans and Specifications relating to the Property, the Project or the Improvements, as the same may be amended or modified from time to time, which Contractor may own or have the right to use and to grant others the right to use. Contractor further agrees that, upon the written request of City (whether or not any Event of Developer Default has occurred), it will execute and deliver a certification confirming City's rights with respect to such Reports, Plans, and Specifications as City from time to time may reasonably request.

Contractor agrees that for so long as the Assignment Agreement is effective, if Assignor defaults in making any required payment or in performing any other obligation under any Assigned Document to which Contractor is a party, Contractor shall give prompt written notice thereof to City. Unless and until such notice is given to City, and for a period of 15 business days thereafter, Contractor shall not exercise any of its rights or remedies against Assignor under the Assigned Documents (including, without limitation, the right to terminate any Assigned

Document or to stop work thereunder). After such notice is given and for a period of 15 business days thereafter, City may, at its option, cure (but shall have no obligation to cure) any such default by Assignor and, if such default is so cured during such notice period, Contractor shall continue performance under the Assigned Documents to which such Contractor is a party.

Contractor represents and warrants that (i) the Assigned Documents to which Contractor is a party are in full force and effect, and to Contractor's knowledge there are no defaults thereunder by any party thereto; (ii) Contractor has made no assignment of any Assigned Document to which Contractor is a party or of its rights thereunder (other than to City); and (iii) there presently exists no unpaid claims presently due to Contractor, except as disclosed in writing to the City, arising in connection with the performance of Contractor's obligations under the Assigned Documents to which Contractor is a party. Contractor agrees that for so long as the Assignment Agreement is effective, absent the prior written consent of City, Contractor shall not assign its rights or interest in any of the Assigned Documents to any entity other than a lender whose loan is secured by the Property, the Project or the Improvements with the prior written approval of the City; provided however, the City approves of any assignment to the Project lenders approved pursuant to the Financing Plan as it may be updated.

IN WITNESS WHEREOF, Contractor has duly executed this Consent as of the date first written above.

CONTRACTOR

Name: _____

By: _____

Its: _____

Contractor's Address:

Telephone: _____

Facsimile: _____

Exhibit E-4

PREDEVELOPMENT BUDGET

(Attach budget for remaining balance of Predevelopment Funds.)

San Leandro Crossings Preconstruction Budget
June 2012

City predevelopment loan funds expended to date: \$2,095,723
City predevelopment loan funds available balance: \$1,365,500

COST CATEGORIES	Through Dec 2012 Residential	Through Dec 2012 Parking/Off-sites	Through Dec 2012 Subtotal	Jan-Jun 2013 Subtotal	Total Preconstruction To Parking Start
Acquisition		\$317,500	\$317,500		\$317,500
Acquisition - Title and Recording		\$15,000	\$15,000		\$15,000
Architecture	\$494,000		\$494,000	\$930,000	\$1,424,000
Architecture - Landscape	\$24,000	\$64,000	\$88,000	\$72,000	\$160,000
Bond Issuance Costs	\$30,000	\$20,000	\$50,000	\$100,000	\$100,000
Contingency - Soft Costs				\$150,000	\$200,000
Developer Fee - Affiliate				\$350,000	\$350,000
Engineering - Acoustical	\$6,000		\$6,000	\$10,000	\$16,000
Engineering - Civil/Survey	\$24,000	\$180,000	\$204,000	\$101,000	\$305,000
Engineering - Enviro	\$30,000	\$26,000	\$56,000	\$39,000	\$95,000
Engineering - Geotech	\$21,000	\$10,000	\$31,000	\$9,000	\$40,000
Engineering - Other	\$6,000	\$40,000	\$46,000	\$14,000	\$60,000
Fees & Permits - Building Dept	\$5,000	\$10,000	\$15,000	\$319,500	\$334,500
Fees & Permits - BART		\$10,000	\$10,000	\$215,000	\$225,000
Insurance		\$1,500	\$1,500	\$3,500	\$5,000
Legal - Acquisition	\$25,000	\$50,000	\$75,000		\$75,000
Legal - Construction	\$17,000	\$12,500	\$29,500	\$38,000	\$67,500
Legal - Organization Costs	\$3,000		\$3,000		\$3,000
Loan Interest - Affiliate	\$23,000	\$9,500	\$32,500	\$75,500	\$108,000
Market Study	\$15,000		\$15,000	\$10,000	\$25,000
Other Consultants	\$23,000	\$60,000	\$83,000	\$67,500	\$150,500
Property Taxes		\$2,000	\$2,000	\$3,000	\$5,000
TOTAL:	\$746,000	\$828,000	\$1,574,000	\$2,507,000	\$4,081,000

SOURCE OF FUNDS	Through Dec 2012 Residential	Through Dec 2012 Parking/Off-sites	Through Dec 2012 Subtotal	Jan-Jun 2013 Subtotal	Total Preconstruction To Parking Start
City of San Leandro	\$373,000	\$414,000	\$787,000	\$578,500	\$1,365,500
BRIDGE	\$373,000	\$414,000	\$787,000	\$578,500	\$1,365,500
HCD	\$0	\$0	\$0	\$1,350,000	\$1,350,000
TOTAL:	\$746,000	\$828,000	\$1,574,000	\$2,507,000	\$4,081,000

Exhibit F

FORM OF DEED OF TRUST
(Attach form of Deed of Trust.)

Recording Requested by
and when Recorded, return to:

City of San Leandro
835 East 14th Street
San Leandro, CA 94577
Attention: City Manager

EXEMPT FROM RECORDING FEES PER
GOVERNMENT CODE §§6103, 27383

Space above this line for Recorder's use.

DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING

THIS DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("**Deed of Trust**") is made as of _____, 20____, by Alameda Housing Associates, L.P., a California limited partnership ("**Trustor**") to First American Title Company as trustee ("**Trustee**"), for the benefit of the City of San Leandro, a municipal corporation ("**Beneficiary**").

RECITALS

A. Trustor owns fee simple title to the land described in Exhibit A attached hereto and incorporated herein by this reference (the "**Land**"). Trustor intends to develop and operate an affordable multifamily residential development (the "**Project**") on the Land.

B. Beneficiary and Trustor have entered into an Amended and Restated Owner Participation and Loan Agreement dated as of June 18, 2012 (the "**OPA**") pursuant to which Beneficiary is providing a loan to Trustor in the amount of Nine Million One Hundred Thousand Dollars (\$9,100,000) (the "**Loan**") for the purpose of partially financing the Project. Trustor has issued to Beneficiary a secured promissory note dated as of the date hereof (the "**Note**") to evidence Trustor's obligation to repay the Loan. A Memorandum of the OPA will be recorded in the Official Records of Alameda County concurrently herewith.

C. As a condition precedent to the making of the Loan, Beneficiary has required that Trustor enter into this Deed of Trust and grant to Trustee for the benefit of Beneficiary, a lien and security interest in the Project and the Property (defined below) to secure repayment of the Note and performance of Trustor's obligations under the OPA and under the Loan Documents (defined below).

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows.

1. Grant in Trust. In consideration of the foregoing and for the purpose of securing payment and performance of the Secured Obligations defined and described in Section 2, Trustor hereby irrevocably and unconditionally grants, conveys, transfers and assigns to Trustee, in trust for the benefit of Beneficiary, with power of sale and right of entry and possession, all estate, right, title and interest which Trustor now has or may later acquire in and to the Land, and all of the following, whether presently owned or hereafter acquired:

a. All buildings, structures, and improvements, now or hereafter located or constructed on the Land ("**Improvements**");

b. All appurtenances, easements, rights of way, pipes, transmission lines or wires and other rights used in connection with the Land or the Improvements or as a means of access thereto, whether now or hereafter owned or constructed or placed upon or in the Land or Improvements and all existing and future privileges, rights, franchises and tenements of the Land, including all minerals, oils, gas and other commercially valuable substances which may be in, under or produced from any part of the Land, and all water rights, rights of way, gores or strips of land, and any land lying in the streets, ways, and alleys, open or proposed, in front of or adjoining the Land and Improvements (collectively, "**Appurtenances**");

c. All machinery, equipment, fixtures, goods and other personal property of the Trustor, whether moveable or not, now owned or hereafter acquired by the Trustor and now or hereafter located at or used in connection with the Land, the Improvements or Appurtenances, and all improvements, restorations, replacements, repairs, additions or substitutions thereto (collectively, "**Equipment**");

d. All existing and future leases, subleases, licenses, and other agreements relating to the use or occupancy of all or any portion of the Land or Improvements (collectively, "**Leases**"), all amendments, extensions, renewals or modifications thereof, and all rent, royalties, or other payments which may now or hereafter accrue or otherwise become payable thereunder to or for the benefit of Trustor, including but not limited to security deposits (collectively, "**Rents**");

e. All insurance proceeds and any other proceeds from the Land, Improvements, Appurtenances, Equipment, Leases, and Rents, including without limitation, all deposits made with or other security deposits given to utility companies, all claims or demands relating to insurance awards which the Trustor now has or may hereafter acquire, including all advance payments of insurance premiums made by Trustor, and all condemnation awards or payments now or later made in connection with any condemnation or eminent domain proceeding ("**Proceeds**");

f. All revenues, income, rents, royalties, payments and profits produced by the Land, Improvements, Appurtenances and Equipment, whether now owned or hereafter acquired by Trustor ("**Gross Revenues**");

g. All architectural, structural and mechanical plans, specifications, design

documents and studies produced in connection with development of the Land and construction of the Improvements (collectively, "**Plans**"); and

h. All interests and rights in any private or governmental grants, subsidies, loans or other financing provided in connection with development of the Land and construction of the Improvements (collectively, "**Financing**").

All of the above-referenced interests of Trustor in the Land, Improvements, Appurtenances, Equipment, Leases, Rents, Proceeds, Gross Revenues, Plans and Financing as hereby conveyed to Trustee or made subject to the security interest herein described are collectively referred to herein as the "**Property**."

2. Obligations Secured. This Deed of Trust is given for the purpose of securing payment and performance of the following (collectively, the "**Secured Obligations**"): (i) all present and future indebtedness evidenced by the Note and any amendment thereof, including principal, interest and all other amounts payable under the terms of the Note; (ii) all present and future obligations of Trustor to Beneficiary under the Loan Documents (defined below); (iii) all additional present and future obligations of Trustor to Beneficiary under any other agreement or instrument acknowledged by Trustor (whether existing now or in the future) which states that it is or such obligations are, secured by this Deed of Trust; (iv) all obligations of Trustor to Beneficiary under all modifications, supplements, amendments, renewals, or extensions of any of the foregoing, whether evidenced by new or additional documents; and (v) reimbursement of all amounts advanced by or on behalf of Beneficiary to protect Beneficiary's interests under this Deed of Trust or any other Loan Document as such may be modified, supplemented, amended, renewed or extended. The Note, the OPA, this Deed of Trust, the Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants ("**Regulatory Agreement**") dated as of the date hereof, executed by and between Trustor and Beneficiary and recorded substantially concurrently herewith, and the MOU described in Section 4.5.1(iv) of the OPA are hereafter collectively referred to as the "**Loan Documents**."

3. Assignment of Rents, Issues, and Profits. Trustor hereby irrevocably, absolutely, presently and unconditionally assigns to Beneficiary the Rents, royalties, issues, profits, revenue, income and proceeds of the Property. This is an absolute assignment and not an assignment for security only. Beneficiary hereby confers upon Trustor a license to collect and retain such Rents, royalties, issues, profits, revenue, income and proceeds as they become due and payable prior to any Event of Developer Default hereunder. Upon the occurrence of any such Event of Developer Default, Beneficiary may terminate such license without notice to or demand upon Trustor and without regard to the adequacy of any security for the indebtedness hereby secured, and may either in person, by agent, or by a receiver to be appointed by a court, enter upon and take possession of the Property or any part thereof, and sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, to any indebtedness secured hereby, and in such order as Beneficiary may determine. Beneficiary's right to the rents, royalties, issues, profits, revenue, income

and proceeds of the Property does not depend upon whether or not Beneficiary takes possession of the Property. The entering upon and taking possession of the Property, the collection of such rents, issues, and profits, and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. If an Event of Developer Default occurs while Beneficiary is in possession of all or part of the Property and/or is collecting and applying Rents as permitted under this Deed of Trust, Beneficiary, Trustee and any receiver shall nevertheless be entitled to exercise and invoke every right and remedy afforded any of them under this Deed of Trust and at law or in equity, including the right to exercise the power of sale granted hereunder. Regardless of whether or not Beneficiary, in person or by agent, takes actual possession of the Land or the Improvements, Beneficiary shall not be deemed to be a "mortgagee in possession," shall not be responsible for performing any obligation of Trustor under any Lease, shall not be liable in any manner for the Property, or the use, occupancy, enjoyment or operation of any part of it, and shall not be responsible for any waste committed by Trustor, lessees or any third parties, or for dangerous or defective condition of the Property or any negligence in the management, repair or control of the Property. Absent Beneficiary's written consent, Trustor shall not accept prepayment of Rents for any rental period exceeding one month.

4. Security Agreement. The parties intend for this Deed of Trust to create a lien on the Property, and an absolute assignment of the Rents and Leases, all in favor of Beneficiary. The parties acknowledge that some of the Property may be determined under applicable law to be personal property or fixtures. To the extent that any Property may be or be determined to be personal property, Trustor as debtor hereby grants to Beneficiary as secured party a security interest in all such Property to secure payment and performance of the Secured Obligations. This Deed of Trust constitutes a security agreement under the California Uniform Commercial Code, as amended or recodified from time to time (the "UCC"), covering all such Property. To the extent such Property is not real property encumbered by the lien granted above, and is not absolutely assigned by the assignment set forth above, it is the intention of the parties that such Property shall constitute "proceeds, products, offspring, rents, or profits" (as defined in and for the purposes of Section 552(b) of the United States Bankruptcy Code, as such section may be modified or supplemented) of the Land and Improvements.

5. Financing Statements. Pursuant to the UCC, Trustor, as debtor, hereby authorizes Beneficiary, as secured party, to file such financing statements and amendments thereof and such continuation statements with respect thereto as Beneficiary may deem appropriate to perfect and preserve Beneficiary's security interest in the Property and Rents, without requiring any signature or further authorization by Trustor. If requested by Beneficiary, Trustor shall pay all fees and costs that Beneficiary may incur in filing such documents in public offices and in obtaining such record searches as Beneficiary may reasonably require. If any financing statement or other document is filed in the records normally pertaining to personal property, that filing shall not be construed as in any way derogating from or impairing this Deed of Trust or the rights or obligations of the parties under it.

Everything used in connection with the Property and/or adapted for use therein and/or which is described or reflected in this Deed of Trust is, and at all times and for all purposes and in all proceedings both legal or equitable shall be regarded as part of the estate encumbered by this Deed of Trust irrespective of whether (i) any such item is physically attached to the Improvements, (ii) serial numbers are used for the better identification of certain equipment items capable of being thus identified in a recital contained herein or in any list filed with Beneficiary, or (iii) any such item is referred to or reflected in any such financing statement so filed at any time. Similarly, the mention in any such financing statement of (1) rights in or to the proceeds of any fire and/or hazard insurance policy, or (2) any award in eminent domain proceedings for a taking or for lessening of value, or (3) Trustor's interest as lessor in any present or future lease or rights to income growing out of the use and/or occupancy of the property conveyed hereby, whether pursuant to lease or otherwise, shall not be construed as in any way altering any of the rights of Beneficiary as determined by this instrument or impugning the priority of Beneficiary's lien granted hereby or by any other recorded document. Such mention in any financing statement is declared to be solely for the protection of Beneficiary in the event any court or judge shall at any time hold, with respect to the matters set forth in the foregoing clauses (1), (2), and (3), that notice of Beneficiary's priority of interest is required in order to be effective against a particular class of persons, including but not limited to the federal government and any subdivisions or entity of the federal government.

6. Fixture Filing. This Deed of Trust is intended to be and constitutes a fixture filing pursuant to the provisions of the UCC with respect to all of the Property constituting fixtures, is being recorded as a fixture financing statement and filing under the UCC, and covers property, goods and equipment which are or are to become fixtures related to the Land and the Improvements. Trustor covenants and agrees that this Deed of Trust is to be filed in the real estate records of Alameda County and shall also operate from the date of such filing as a fixture filing in accordance with Section 9502 and other applicable provisions of the UCC. This Deed of Trust shall also be effective as a financing statement covering minerals or the like (including oil and gas) and accounts subject to the UCC, as amended. Trustor shall be deemed to be the "debtor" and Beneficiary shall be deemed to be the "secured party" for all purposes under the UCC.

7. Trustor's Representations, Warranties and Covenants; Rights and Duties of the Parties.

7.1 Representations and Warranties. Trustor represents and warrants that: (i) Trustor lawfully possesses and holds a fee interest in the Land and will hold a fee interest in the Improvements that Trustor will cause to be constructed on the Land, (ii) Trustor has good and marketable title to all of the Property; (ii) other than as limited by the Loan Documents, Trustor has the full and unlimited power, right and authority to encumber the Property with this Deed of Trust and assign the Rents as contemplated herein; (iv) this Deed of Trust creates a valid lien on the Property subject only to encumbrances of record and senior liens permitted pursuant to the Loan Documents or otherwise approved in writing by Beneficiary ("**Permitted Encumbrances**"); (v) there is no financing statement affecting the Property on file in any public office other than as

disclosed in writing to Beneficiary; and (vi) the correct address of Trustor's chief executive office is specified in Section 10.2. Beneficiary agrees that it will not withhold consent to reasonable requests for subordination of this Deed of Trust to deeds of trust provided for the benefit of lenders identified in the Financing Plan approved in connection with the OPA provided that the subordination agreement includes reasonable protections to the Beneficiary in the event of default.

7.2 Condition of Property. Trustor represents and warrants that except as disclosed to Beneficiary in writing, as of the date hereof: (i) Trustor has not received nor is Trustor aware that the prior owner of the Property has received any notice from any governmental authority of any threatened or pending zoning, building, fire, or health code violation or violation of other governmental regulations concerning the Property that has not previously been corrected, (ii) to Trustor's actual knowledge no condition on the Land violates any health, safety, fire, environmental, sewage, building, or other federal, state or local law, ordinance or regulation; (iii) to Trustor's actual knowledge no contracts, licenses, leases or commitments regarding the maintenance or use of the Property or allowing any third party rights to use the Property are in force; (iv) to Trustor's actual knowledge there are no threatened or pending actions, suits, or administrative proceedings against or affecting the Property or any portion thereof or the interest of Trustor in the Property; (v) to Trustor's actual knowledge there are no threatened or pending condemnation, eminent domain, or similar proceedings affecting the Property or any portion thereof; (vi) Trustor has not received any notice from any insurer of defects of the Property which have not been corrected; (vii) to Trustor's actual knowledge there are no natural or artificial conditions upon the Land or any part thereof that could result in a material and adverse change in the condition of the Land; (viii) all information that Trustor has delivered to Beneficiary, either directly or through Trustor's agents, is accurate and complete; and (ix) Trustor or Trustor's agents have disclosed to Beneficiary all material facts concerning the Property. As used in this Deed of Trust, the phrase "Trustor's actual knowledge" means the actual knowledge of the following persons as of the Effective Date, based upon reasonable investigation: Robert Stevenson, Project Manager, and Thomas Earley, Vice President.

7.3 Authority. Trustor represents and warrants that this Deed of Trust and all other documents delivered or to be delivered by Trustor in connection herewith: (a) have been duly authorized, executed, and delivered by Trustor; (b) are binding obligations of Trustor; and (c) do not violate the provisions of any agreement to which Trustor is a party or which affects the Property. Trustor further represents and warrants that there are no pending, or to Trustor's actual knowledge, threatened actions or proceedings before any court or administrative agency which may adversely affect Trustor's ownership of the Property.

7.4 Payment and Performance of Secured Obligations. Trustor shall promptly pay when due the principal and any interest due on the indebtedness evidenced by the Note, and shall promptly pay and perform all other obligations of Trustor arising in connection with the Secured Obligations or the Loan Documents in accordance with the respective terms thereof.

7.5 Use of Loan Proceeds; Preservation and Maintenance of Property; Compliance with Laws. Trustor covenants that it shall use the proceeds of the Loan (the "**Loan Proceeds**") solely for purposes authorized by the Loan Documents. Trustor covenants that it shall keep the Land and Improvements in good repair and condition, and from time to time shall make necessary repairs, renewals and replacements thereto so that the Property shall be preserved and maintained. Trustor covenants that it shall comply with all federal, state and local laws, regulations, ordinances and rules applicable to the Property and the Project, including without limitation all applicable requirements of state and local building codes and regulations and all applicable statutes and regulations relating to accessibility for the disabled. Trustor shall not remove, demolish or materially alter any Improvement without Beneficiary's consent, shall complete or restore promptly and in good and workmanlike manner any building, fixture or other improvement which may be constructed, damaged, or destroyed thereon, and shall pay when due all claims for labor performed and materials furnished therefor. Trustor shall use the Land and the Improvements solely for purposes authorized by the Loan Documents, shall not commit or allow waste of the Property, and shall not commit or allow any act upon or use of the Property which would violate any applicable law or order of any governmental authority, nor shall Trustor bring on or keep any article on the Property or cause or allow any condition to exist thereon which could invalidate or which would be prohibited by any insurance coverage required to be maintained on the Property pursuant to the Loan Documents.

7.6 Restrictions on Conveyance and Encumbrance; Acceleration. It shall be an Event of Developer Default hereunder if the Property or the Improvements, or any part thereof or interest therein is sold, assigned, conveyed, transferred, hypothecated, leased, licensed, or encumbered in violation of the Loan Documents or if any other Transfer (as defined in the OPA) occurs in violation of the Loan Documents. If any such Transfer shall occur in violation of such requirements, without limiting the provisions of Section 8 hereof, all obligations secured by this Deed of Trust, irrespective of the maturity dates of such obligations, shall at the option of Beneficiary, and without demand, immediately become due and payable, subject to any applicable cure period.

7.7 Inspections; Books and Records. Beneficiary and its agents and representatives shall have the right at any reasonable time upon reasonable notice to enter upon the Land and inspect the Property to ensure compliance with the Loan Documents; provided however, that Trustor shall have the right to accompany Beneficiary during any such inspection. Trustor shall maintain complete and accurate books of account and other records (including copies of supporting bills and invoices) adequate to document the use of the Loan Proceeds and the operation of the Property, together with copies of all written contracts, Leases and other instruments which affect the Property. The books, records, contracts, Leases and other instruments shall be subject to examination and inspection by Beneficiary at any reasonable time following two business days prior notice.

7.8 Charges, Liens, Taxes and Assessments. Trustor shall pay before delinquency all taxes, levies, assessments and other charges affecting the Property that are (or if not paid may become) a lien on all or part of the Property. Trustor may, at

Trustor's expense, contest the validity or application of any tax, levy, assessment or charge affecting the Property by appropriate legal proceedings promptly initiated and conducted in good faith and with due diligence, provided that (i) Beneficiary is reasonably satisfied that neither the Property nor any part thereof or interest therein will be in danger of being sold, forfeited, or lost as a result of such contest, and (ii) Trustor shall have posted a bond or furnished other security as may reasonably be required from time to time by Beneficiary; and provided further that Trustor shall timely make any payment necessary to prevent a lien foreclosure, sale, forfeiture or loss of the Property.

7.9 Subrogation. Beneficiary shall be subrogated to the liens of all encumbrances, whether released of record or not, which are discharged in whole or in part by Beneficiary in accordance with this Deed of Trust.

7.10 Hazard, Liability and Workers' Compensation Insurance. At all times during the term hereof, at Trustor's expense, Trustor shall keep the Improvements and personal property now existing or hereafter located on the Property insured against loss by fire, vandalism and malicious mischief by a policy of standard fire and extended all-risk insurance. The policy shall be written on a full replacement value basis and shall name Beneficiary as loss payee as its interest may appear. The full replacement value of the improvements to be insured shall be determined by the company issuing the policy at the time the policy is initially obtained. Not more frequently than once every two (2) years, either the Trustor or the Beneficiary shall have the right to notify the other party that it elects to have the replacement value redetermined by the insurance company. Subject to the rights of any senior lienholder, the proceeds collected under any insurance policy may be applied by Beneficiary to any indebtedness secured hereby and in such order as Beneficiary may determine, or at the option of Beneficiary, the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

7.10.1 Trustor shall at all times during the term hereof, maintain a comprehensive general liability insurance policy in an amount not less than One Million Dollars (\$1,000,000) each occurrence, Two Million Dollars (\$2,000,000) annual aggregate, together with Three Million Dollars (\$3,000,000) excess liability coverage or such other policy limits as Agency may require in its reasonable discretion, including coverage for bodily injury, property damage, products, completed operations and contractual liability coverage. Such policy or policies shall be written on an occurrence basis and shall name the Beneficiary as an additional insured. Trustor shall maintain workers' compensation insurance as required by law.

7.10.2 Trustor shall file with Beneficiary prior to the commencement of the term hereof, certificates (or such other proof as Beneficiary may require, including without limitation, copies of the required insurance policies) evidencing each of the insurance policies and endorsements thereto as required by this Section, and such certificates (or policies) shall provide that at least thirty (30) days' prior written notice shall be provided to Beneficiary prior to the expiration, cancellation or change in coverage under each such policy.

7.10.3 If any insurance policy required hereunder is canceled or the coverage provided thereunder is reduced, Trustor shall, within twenty-one (21) days after receipt of written notice of such cancellation or reduction in coverage, but in no event later than the effective date of cancellation or reduction, file with Beneficiary a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies. Upon failure to so file such certificate, Beneficiary may, with notice and at its option, procure such insurance coverage at Trustor's expense, and Trustor shall promptly reimburse Beneficiary for such expense upon receipt of billing from Beneficiary.

7.10.4 The insurance policies required hereunder shall be issued by insurance companies authorized to issue insurance policies in the State of California and that have a financial rating of at least A VII status as rated in the most recent edition of Best's Key Rating Guide. Each policy of insurance shall contain an endorsement requiring the insurer to provide at least thirty (30) days written notice to Beneficiary prior to change in coverage, cancellation or expiration thereof.

7.11 Hazardous Materials. Trustor represents and warrants that except as disclosed to Beneficiary in writing, as of the date hereof to the best knowledge of Trustor: (i) the Land is free and has always been free of Hazardous Materials (as defined below) and is not and has never been in violation of any Environmental Law (as defined below); (ii) there are no buried or partially buried storage tanks located on the Land; (iii) Trustor has received no notice, warning, notice of violation, administrative complaint, judicial complaint, or other formal or informal notice alleging that conditions on the Land are or have ever been in violation of any Environmental Law or informing Trustor that the Land is subject to investigation or inquiry regarding Hazardous Materials on the Land or the potential violation of any Environmental Law; (iv) there is no monitoring program required by the Environmental Protection Agency or any other governmental agency concerning the Land; (v) no toxic or hazardous chemicals, waste, or substances of any kind have ever been spilled, disposed of, or stored on, under or at the Land, whether by accident, burying, drainage, or storage in containers, tanks, holding areas, or any other means; (vi) the Land has never been used as a dump or landfill; and (vii) Trustor has disclosed to Beneficiary all information, records, and studies in Trustor's possession or reasonably available to Trustor relating to the Land concerning Hazardous Materials. Beneficiary acknowledges that Beneficiary has received copies of the following environmental reports: Phase I Environmental Assessment Report: 1333 Martinez Street, San Leandro, California, prepared by Stantec, dated October 21, 2008; Phase II Environmental Site Assessment: San Leandro Crossings Western Parcel, San Leandro, California, prepared by IRIS Environmental, dated April 9, 2009; Step Out Sampling: San Leandro Crossings Western Parcel, San Leandro, California, prepared by Iris Environmental, dated April 9, 2009; and Remedial Investigation Report: San Leandro Crossings, prepared by Iris Environmental, dated July 8, 2009. **[To be updated at closing.]**

Trustor shall not cause or permit any Hazardous Material (as defined below) to be brought upon, kept, stored or used in, on, under, or about the Land by Trustor, its

agents, employees, contractors or invitees except for incidental supplies ordinarily used in connection with the construction, rehabilitation, repair, and operation of developments like the Project and in compliance with all applicable laws, and shall not cause any release of Hazardous Materials into, onto, under or through the Land. If any Hazardous Material is discharged, released, dumped, or spilled in, on, under, or about the Land and results in any contamination of the Land or adjacent property, or otherwise results in the release or discharge of Hazardous Materials in, on, under or from the Land, Trustor shall promptly take all actions at its sole expense as are necessary to comply with all Environmental Laws (as defined below).

Trustor shall indemnify, defend (with counsel reasonably acceptable to Beneficiary), and hold Beneficiary and its elected and appointed officials, officers, agents and employees (collectively, "**Indemnitees**") harmless from and against any and all loss, claim, liability, damage, demand, judgment, order, penalty, fine, injunctive or other relief, cost, expense (including reasonable fees and expenses of attorneys, expert witnesses, and other professionals advising or assisting Beneficiary), action, or cause of action (all of the foregoing, hereafter individually "**Claim**" and collectively "**Claims**") arising in connection with the breach of Trustor's covenants and obligations set forth in this Section 7.11 or otherwise arising in connection with the presence or release of Hazardous Materials in, on, under, or from the Property, provided that no Indemnitee shall be entitled to indemnification under this Section for matters caused by such Indemnitee's gross negligence or willful misconduct. The foregoing indemnity includes, without limitation, all costs of investigation, assessment, containment, removal, remediation of any kind, and disposal of Hazardous Materials, all costs of determining whether the Land is in compliance with Environmental Laws, all costs associated with bringing the Land into compliance with all applicable Environmental Laws, and all costs associated with claims for damages or injury to persons, property, or natural resources.

Without limiting the generality of the foregoing, Trustor shall, at Trustor's own cost and expense, do all of the following:

- a. pay or satisfy any judgment or decree that may be entered against any Indemnitee or Indemnitees in any legal or administrative proceeding incident to any matters against which Indemnitees are entitled to be indemnified under this Deed of Trust;
- b. reimburse Indemnitees for any expenses paid or incurred in connection with any matters against which Indemnitees are entitled to be indemnified under this Deed of Trust; and
- c. reimburse Indemnitees for any and all expenses, including without limitation out-of-pocket expenses and fees of attorneys and expert witnesses, paid or incurred in connection with the enforcement by Indemnitees of their rights under this Deed of Trust, or in monitoring and participating in any legal or administrative proceeding.

Trustor's obligation to indemnify the Indemnitees shall not be limited or impaired

by any of the following: (i) any amendment or modification of any Loan Document; (ii) any extensions of time for performance required by any Loan Document; (iii) any provision in any of the Loan Documents limiting Beneficiary's recourse to property securing the Secured Obligations, or limiting the personal liability of Trustor, or any other party for payment of all or any part of the Secured Obligations; (iv) the accuracy or inaccuracy of any representation and warranty made by Trustor under this Deed of Trust or by Trustor or any other party under any Loan Document, (v) the release of Trustor or any other person, by Beneficiary or by operation of law, from performance of any obligation under any Loan Document; (vi) the release or substitution in whole or in part of any security for the Secured Obligations; and (vii) Beneficiary's failure to properly perfect any lien or security interest given as security for the Secured Obligations.

The provisions of this Section 7.11 shall be in addition to any and all other obligations and liabilities that Trustor may have under applicable law, and each Indemnitee shall be entitled to indemnification under this Section without regard to whether Beneficiary or that Indemnitee has exercised any rights against the Property or any other security, pursued any rights against any guarantor or other party, or pursued any other rights available under the Loan Documents or applicable law. The obligations of Trustor to indemnify the Indemnitees under this Section shall survive any repayment or discharge of the Secured Obligations, any foreclosure proceeding, any foreclosure sale, any delivery of any deed in lieu of foreclosure, and any release of record of the lien of this Deed of Trust.

Without limiting any of the remedies provided in this Deed of Trust, Trustor acknowledges and agrees that each of the provisions in this Section 7.11 is an environmental provision (as defined in Section 736(f)(2) of the California Code of Civil Procedure) made by Trustor relating to real property security (the "**Environmental Provisions**"), and that Trustor's failure to comply with any of the Environmental Provisions will be a breach of contract that will entitle Beneficiary to pursue the remedies provided by Section 736 of the California Code of Civil Procedure ("**Section 736**") for the recovery of damages and for the enforcement of the Environmental Provisions. Pursuant to Section 736, Beneficiary's action for recovery of damages or enforcement of the Environmental Provisions shall not constitute an action within the meaning of Section 726(a) of the California Code of Civil Procedure or constitute a money judgment for a deficiency or a deficiency judgment within the meaning of Sections 580a, 580b, 580d, or 726(b) of the California Code of Civil Procedure.

"Hazardous Materials" means any substance, material or waste which is or becomes regulated by any federal, state or local governmental authority, and includes without limitation (i) petroleum or oil or gas or any direct or indirect product or by-product thereof; (ii) asbestos and any material containing asbestos; (iii) any substance, material or waste regulated by or listed (directly or by reference) as a "hazardous substance", "hazardous material", "hazardous waste", "toxic waste", "toxic pollutant", "toxic substance", "solid waste" or "pollutant or contaminant" in or pursuant to, or similarly identified as hazardous to human health or the environment in or pursuant to, the Toxic Substances Control Act [15 U.S.C. Section 2601, *et seq.*]; the Comprehensive Environmental Response, Compensation and Liability Act [42 U.S.C. Section 9601, *et*

seq.], the Hazardous Materials Transportation Authorization Act [49 U.S.C. Section 5101, *et seq.*], the Resource Conservation and Recovery Act [42 U.S.C. Section 6901, *et seq.*], the Federal Water Pollution Control Act [33 U.S.C. Section 1251], the Clean Air Act [42 U.S.C. Section 7401, *et seq.*], the California Underground Storage of Hazardous Substances Act [California Health and Safety Code Section 25280, *et seq.*], the California Hazardous Substances Account Act [California Health and Safety Code Section 25300, *et seq.*], the California Hazardous Waste Act [California Health and Safety Code Section 25100, *et seq.*], the California Safe Drinking Water and Toxic Enforcement Act [California Health and Safety Code Section 25249.5, *et seq.*], and the Porter-Cologne Water Quality Control Act [California Water Code Section 13000, *et seq.*], as they now exist or are hereafter amended, together with any regulations promulgated thereunder; (iv) any substance, material or waste which is defined as such or regulated by any "Superfund" or "Superlien" law, or any Environmental Law; or (v) any other substance, material, chemical, waste or pollutant identified as hazardous or toxic and regulated under any other federal, state or local environmental law, including without limitation, asbestos, polychlorinated biphenyls, petroleum, natural gas and synthetic fuel products and by-products.

"Environmental Law" means all federal, state or local statutes, ordinances, rules, regulations, orders, decrees, judgments or common law doctrines, and provisions and conditions of permits, licenses and other operating authorizations regulating, or relating to, or imposing liability or standards of conduct concerning (i) pollution or protection of the environment, including natural resources; (ii) exposure of persons, including employees and agents, to any Hazardous Material (as defined above) or other products, raw materials, chemicals or other substances; (iii) protection of the public health or welfare from the effects of by-products, wastes, emissions, discharges or releases of chemical substances from industrial or commercial activities; (iv) the manufacture, use or introduction into commerce of chemical substances, including without limitation, their manufacture, formulation, labeling, distribution, transportation, handling, storage and disposal; or (v) the use, release or disposal of toxic or hazardous substances or Hazardous Materials or the remediation of air, surface waters, groundwaters or soil, as now or may at any later time be in effect, including but not limited to the Toxic Substances Control Act [15 U.S.C. 2601, *et seq.*]; the Comprehensive Environmental Response, Compensation and Liability Act [42 U.S.C. Section 9601, *et seq.*], the Hazardous Materials Transportation Authorization Act [49 U.S.C. Section 5101, *et seq.*], the Resource Conservation and Recovery Act [42 U.S.C. 6901, *et seq.*], the Federal Water Pollution Control Act [33 U.S.C. Section 1251], the Clean Air Act [42 U.S.C. Section 7401, *et seq.*], the California Underground Storage of Hazardous Substances Act [California Health and Safety Code Section 25280, *et seq.*], the California Hazardous Substances Account Act [California Health and Safety Code Section 25300, *et seq.*], the California Hazardous Waste Act [California Health and Safety Code Section 25100, *et seq.*], the California Safe Drinking Water and Toxic Enforcement Act [California Health and Safety Code Section 25249.5, *et seq.*], and the Porter-Cologne Water Quality Control Act [California Water Code Section 13000, *et seq.*], as they now exist or are hereafter amended, together with any regulations promulgated thereunder.

7.12 Notice of Claims; Defense of Security; Reimbursement of Costs.

a. Notice of Claims. Trustor shall provide written notice to Beneficiary of any uninsured or partially uninsured loss affecting the Property through fire, theft, liability, or property damage in excess of an aggregate of Fifty Thousand Dollars (\$50,000) within five business days of the occurrence of such loss. Trustor shall use best efforts to ensure that Beneficiary shall receive timely notice of, and shall have a right to cure, any default under any other financing document or other lien affecting the Property and shall use best efforts to ensure that provisions mandating such notice and allowing such right to cure shall be included in all such documents. Within three business days of Trustor's receipt thereof, Trustor shall provide Beneficiary with a copy of any notice of default Trustor receives in connection with any financing document secured by the Property or any part thereof.

b. Defense of Security. At Trustor's sole expense, Trustor shall protect, preserve and defend the Property and Trustor's interest in and right of possession of the Property, the security of this Deed of Trust and the rights and powers of Beneficiary and Trustee created under it, against all adverse claims.

c. Compensation; Reimbursement of Costs. Trustor agrees to pay all reasonable fees, costs and expenses charged by Beneficiary or Trustee for any service that Beneficiary or Trustee may render in connection with this Deed of Trust, including without limitation, fees and expenses related to provision of a statement of obligations or related to a reconveyance. Trustor further agrees to pay or reimburse Beneficiary for all costs, expenses and other advances which may be incurred or made by Beneficiary or Trustee in any efforts to enforce any terms of this Deed of Trust, including without limitation any rights or remedies afforded to Beneficiary or Trustee or both of them under Sections 7.18 and 8.2, whether or not any lawsuit is filed, or in defending any action or proceeding arising under or relating to this Deed of Trust, including reasonable attorneys' fees and other legal costs, costs of any disposition of the Property under the power of sale granted hereunder or any judicial foreclosure, and any cost of evidence of title.

d. Notice of Changes. Trustor shall give Beneficiary prior written notice of any change in the address of Trustor and the location of any property, including books and records pertaining to the Property.

7.13 Indemnification. Trustor shall indemnify, defend (with counsel reasonably acceptable to Beneficiary), and hold harmless the Trustee and the Indemnitees (as defined in Section 7.11) from and against all Claims arising directly or indirectly in any manner in connection with or as a result of (a) any breach of Trustor's covenants under any Loan Document, (b) any representation by Trustor in any Loan Document which proves to be false or misleading in any material respect when made, (c) injury or death to persons or damage to property or other loss occurring on the Land or in any improvement located thereon, whether caused by the negligence or any other act or

omission of Trustor or any other person or by negligent, faulty, inadequate or defective design, building, construction or maintenance or any other condition or otherwise, (d) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee which relates to or arises out of the Property, or any Loan Document or any transaction contemplated thereby, or any failure of Trustor to comply with all applicable state, federal and local laws and regulations applicable to the Property, provided that no Indemnitee shall be entitled to indemnification under this Section for matters caused by such Indemnitee's gross negligence or willful misconduct. The obligations of Trustor under this Section shall survive the repayment of the Loan and shall be secured by this Deed of Trust. Notwithstanding any contrary provision contained herein, the obligations of Trustor under this Section shall survive any foreclosure proceeding, any foreclosure sale, any delivery of a deed in lieu of foreclosure, and any release or reconveyance of this Deed of Trust; provided however, following completion of a foreclosure or conveyance of the Property, Trustor shall not be liable for Claims arising from actions or inactions by third parties unaffiliated with Trustor.

7.14. Limitation of Liability. Beneficiary shall not be directly or indirectly liable to Trustor or any other person as a consequence of any of the following: (i) Beneficiary's exercise of or failure to exercise any rights, remedies or powers granted to Beneficiary in this Deed of Trust; (ii) Beneficiary's failure or refusal to perform or discharge any obligation or liability of Trustor under any agreement related to the Property or under this Deed of Trust; (iii) any waste committed by Trustor, the lessees of the Property or any third parties, or any dangerous or defective condition of the Property (excepting conditions caused by one or more Indemnitees); or (iv) any loss sustained by Trustor or any third party resulting from any act or omission of Beneficiary in managing the Property after an Event of Developer Default, unless the loss is caused by the willful misconduct, gross negligence, or bad faith of Beneficiary. Trustor hereby expressly waives and releases all liability of the types described in this Section 7.14 and agrees that Trustor shall assert no claim related to any of the foregoing against Beneficiary.

7.15 Condemnation Proceeds. Subject to the rights of any senior lienholders, any award of damages in connection with any condemnation for public use of, or injury to the Property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply such moneys to any indebtedness secured hereby in such order as Beneficiary may determine, or at the option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

7.16 Release, Extension, Modification. At any time and from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Note for endorsement, Trustee may release or reconvey all or any part of the Property, consent to the making of any map or plat of the Land or part thereof, join in granting any easement or creating any restriction affecting the Property, or join in any extension agreement or other agreement affecting the lien or charge hereof. At any time and from time to time, without liability therefor

and without notice, Beneficiary may (i) release any person liable for payment of any Secured Obligation, (ii) extend the time for payment or otherwise alter the terms of payment of any Secured Obligation; (iii) accept additional real or personal property of any kind as security for any Secured Obligation, or (iv) substitute or release any property securing the Secured Obligations.

7.17 Reconveyance. Upon written request of Beneficiary stating that all of the Secured Obligations have been paid in full, and upon surrender of this Deed of Trust, and the Note, Trustee shall reconvey, without warranty, the Property or so much of it as is then held under this Deed of Trust. The recitals in any reconveyance executed under this Deed of Trust of any matters or facts shall be conclusive proof of the truthfulness thereof. Trustor shall pay all fees of Trustee and all recordation fees related to such reconveyance.

7.18 Cure; Protection of Security. Upon the occurrence of an Event of Developer Default, either Beneficiary or Trustee may cure any breach or default of Trustor, and if it chooses to do so in connection with any such cure, Beneficiary or Trustee may also enter the Property and/or do any and all other things which it may in its sole discretion consider necessary and appropriate to protect the security of this Deed of Trust. Such other things may include: appearing in and/or defending any action or proceeding which purports to affect the security of, or the rights or powers of Beneficiary or Trustee under, this Deed of Trust; paying, purchasing, contesting or compromising any encumbrance, charge, lien or claim of lien which in Beneficiary's or Trustee's sole judgment is or may be senior in priority to this Deed of Trust, such judgment of Beneficiary or Trustee to be conclusive as among Beneficiary, Trustee and Trustor; obtaining insurance and/or paying any premiums or charges for insurance required to be carried hereunder; otherwise caring for and protecting any and all of the Property; and/or employing counsel, accountants, contractors and other appropriate persons to assist Beneficiary or Trustee. Beneficiary and Trustee may take any of the actions permitted under this Section 7.18 with notice to Trustor. Any amounts disbursed by Beneficiary pursuant to this paragraph shall become additional indebtedness secured by this Deed of Trust.

7.19 Limited Partners Right to Cure. Trustor's limited partners and the Project lenders shall have the right to cure any default of Trustor hereunder upon the same terms and conditions afforded to Trustor. Provided that Beneficiary has been given written notice of the address for delivery of notices to the limited partners and Project lenders, Beneficiary shall provide any notice of default hereunder to such parties concurrently with the provision of such notice to Trustor, and as to the limited partners and Project lenders, the cure periods specified herein shall commence upon the date of delivery of such notice in accordance with Section 10.2.

8. Default and Remedies.

8.1 Events of Default. Trustor acknowledges and agrees that an Event of Developer Default shall occur under this Deed of Trust upon the occurrence of any one or more of the following events:

- a. Beneficiary's declaration of an Event of Default on the part of Developer under any Loan Document, subject to the expiration of any applicable cure period set forth in such document;
- b. Trustor fails to perform any monetary obligation which arises under this Deed of Trust, and does not cure that failure within ten (10) days following written notice from Beneficiary or Trustee;
- c. If the Property or any part thereof is voluntarily or involuntarily sold, transferred, leased, encumbered, or otherwise conveyed in violation of Section 7.6 hereof or if any other Transfer occurs in violation of the OPA;
- d. Trustor fails to maintain the insurance coverage required hereunder and fails to cure such default within ten (10) days, or Developer otherwise fails to comply with the requirements of Section 7.10 hereof and Trustor fails to cure such default within the applicable time specified in Section 7.10;
- e. Subject to Trustor's right to contest such charges as provided herein, Trustor fails to pay taxes or assessments due on the Land or the Improvements or fails to pay any other charge that may result in a lien on the Land or the Improvements, and Trustor fails to cure such default within 30 days of the date of delinquency, but in all events prior to the imposition of any such lien;
- f. Any representation or warranty of Trustor contained in or made in connection with the execution and delivery of this Deed of Trust or in any certificate or statement furnished pursuant hereto or in any other Loan Document proves to have been false or misleading in any material adverse respect when made;
- g. If, pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors ("**Bankruptcy Law**"), Trustor or any general partner thereof (i) commences a voluntary case or proceeding; (ii) consents to the entry of an order for relief against Trustor or any general partner thereof in an involuntary case; (iii) consents to the appointment of a trustee, receiver, assignee, liquidator or similar official for Trustor or any general partner thereof; (iv) makes an assignment for the benefit of its creditors; or (v) admits in writing its inability to pay its debts as they become due;
- h. If a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (i) is for relief against Trustor or any general partner thereof in an involuntary case, (ii) appoints a trustee, receiver, assignee, liquidator or similar official for Trustor or any general partner thereof or substantially all of such entity's assets, (iii) orders the liquidation of Trustor or any general partner thereof, or (iv) issues or levies a judgment, writ, warrant of attachment or similar process against the Property or the Project, and in each case the order or decree is not released, vacated, dismissed or fully bonded within 60 days after its issuance;
- i. The holder of any other debt instrument secured by a mortgage or deed of trust on the Property or part thereof declares an event of default thereunder and

exercises a right to declare all amounts due under that debt instrument immediately due and payable, subject to the expiration of any applicable cure period set forth in such holder's documents; or

j. Trustor fails to perform any obligation arising under this Deed of Trust other than one enumerated in this Section 8.1, and does not cure that failure either within ten (10) days after written notice from Beneficiary or Trustee in the event of a monetary default, or within sixty (60) days after such written notice in the event of a nonmonetary default, provided that in the case of a nonmonetary default that in Beneficiary's reasonable judgment cannot reasonably be cured within sixty (60) days, an Event of Developer Default shall not arise hereunder if Trustor commences to cure such default within sixty (60) days and thereafter prosecutes such cure to completion with due diligence and in good faith and in no event later than 120 days following receipt of notice of default..

8.2 Remedies. Subject to the applicable notice and cure provisions set forth herein, at any time after an Event of Developer Default, Beneficiary and Trustee shall be entitled to invoke any and all of the rights and remedies described below, and may exercise any one or more or all, of the remedies set forth in any Loan Document, and any other remedy existing at law or in equity or by statute. All of Beneficiary's rights and remedies shall be cumulative, and the exercise of any one or more of them shall not constitute an election of remedies. Beneficiary shall be entitled to collect all expenses incurred in pursuing the remedies provided hereunder, including without limitation reasonable attorneys' fees and costs.

a. Acceleration. Beneficiary may declare any or all of the Secured Obligations, including without limitation all sums payable under the Note and this Deed of Trust, to be due and payable immediately.

b. Receiver. Beneficiary may apply to any court of competent jurisdiction for, and obtain appointment of, a receiver for the Property.

c. Entry. Beneficiary, in person, by agent or by court-appointed receiver, may enter, take possession of, manage and operate all or any part of the Property, and may also do any and all other things in connection with those actions that Beneficiary may in its sole discretion consider necessary and appropriate to protect the security of this Deed of Trust. Such other things may include: taking and possessing copies of all of Trustor's or the then owner's books and records concerning the Property; entering into, enforcing, modifying, or canceling Leases on such terms and conditions as Beneficiary may consider proper; obtaining and evicting tenants; fixing or modifying Rents; collecting and receiving any payment of money owing to Trustor; completing any unfinished construction; and/or contracting for and making repairs and alterations. If Beneficiary so requests, Trustor shall assemble all of the Property that has been removed from the Land and make all of it available to Beneficiary at the site of the Land. Trustor hereby irrevocably constitutes and appoints Beneficiary as Trustor's attorney-in-fact to perform such acts and execute such documents as Beneficiary in its sole discretion may consider to be appropriate in connection with taking these measures,

including endorsement of Trustor's name on any instruments.

d. UCC Remedies. Beneficiary may exercise any or all of the remedies granted to a secured party under the UCC.

e. Judicial Action. Beneficiary may bring an action in any court of competent jurisdiction to foreclose this Deed of Trust in the manner provided by law for foreclosure of mortgages on real property and/or to obtain specific enforcement of any of the covenants or agreements of this Deed of Trust.

f. Power of Sale. Under the power of sale hereby granted, Beneficiary shall have the discretionary right to cause some or all of the Property, including any Property which constitutes personal property, to be sold or otherwise disposed of in any combination and in any manner permitted by applicable law.

8.3 Power of Sale. If Beneficiary elects to invoke the power of sale hereby granted, Beneficiary shall execute or cause the Trustee to execute a written notice of such default and of its election to cause the Property to be sold to satisfy the obligations hereof, and shall cause such notice to be recorded in the office of the Recorder of each County wherein the Property or some part thereof is situated as required by law and this Deed of Trust.

Prior to publication of the notice of sale, Beneficiary shall deliver to Trustee this Deed of Trust and the Note or other evidence of indebtedness which is secured hereby, together with a written request for the Trustee to proceed with a sale of the Property, pursuant to the provisions of law and this Deed of Trust.

Notice of sale having been given as then required by law, and not less than the time then required by law having elapsed after recordation of such notice of default, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in the notice of sale, either as a whole or in separate parcels and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may, and at Beneficiary's request shall, postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time and place fixed by the preceding postponement. Trustee shall deliver to the purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary, may purchase at such sale.

After deducting all costs, fees, and expenses of Trustee and of the trust hereby created, including reasonable attorneys' fees in connection with sale, Trustee shall apply the proceeds of sale to payment of all sums advanced or expended by Beneficiary or Trustee under the terms hereof and all outstanding sums then secured hereby, and the remainder, if any, to the person or persons legally entitled thereto.

Without limiting the generality of the foregoing, Trustor acknowledges and agrees

that regardless of whether or not a default has occurred hereunder, if an Event of Developer Default has occurred under the Loan Documents, and if in connection with such Event of Developer Default Beneficiary exercises its right to foreclose on the Property, then: (i) Beneficiary shall be entitled to declare all amounts due under the Note immediately due and payable, and (ii) the proceeds of any sale of the Property in connection with such foreclosure shall be used to pay all Secured Obligations, including without limitation, the outstanding principal balance and all other amounts due under the Note.

At any foreclosure sale, any person, including Trustor, Trustee or Beneficiary, may bid for and acquire the Property or any part of it to the extent permitted by then applicable law. Instead of paying cash for such property, Beneficiary may settle for the purchase price by crediting the sales price of the property against the following obligations:

a. First, the portion of the Secured Obligations attributable to the expenses of sale, costs of any action and any other sums for which Trustor is obligated to pay or reimburse Beneficiary or Trustee under Section 7.12(c); and

b. Second, the remaining balance of all other Secured Obligations in any order and proportions as Beneficiary in its sole discretion may choose.

8.4 Trustor's Right to Reinstate. Notwithstanding Beneficiary's acceleration of the sums secured by this Deed of Trust, Trustor shall have the right to have any proceedings begun by Beneficiary to enforce this Deed of Trust discontinued at any time prior to five days before sale of the Property pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of a judgment enforcing this Deed of Trust if: (a) Trustor pays Beneficiary all sums which would be then due under the Loan Documents if the Secured Obligations had no acceleration provision; (b) Trustor cures all breaches of any other covenants or agreements of Trustor contained in this Deed of Trust; (c) Trustor pays all reasonable expenses incurred by Beneficiary and Trustee in enforcing the covenants and agreements of Trustor contained in this Deed of Trust, and in enforcing Beneficiary's and Trustee's remedies as provided herein, including, but not limited to, reasonable attorney's fees; and (d) Trustor takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's interest in the Property and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure by Trustor, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

9. Trustor's Waivers. To the fullest extent permitted by law, Trustor waives: (a) all statutes of limitations as a defense to any action or proceeding brought against Trustor by Beneficiary; (b) the benefit of all laws now existing or which may hereafter be enacted providing for any appraisal, valuation, stay, extension, redemption or moratorium; (c) all rights of marshalling in the event of foreclosure; and (d) all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, notices of acceptance of this Deed of Trust and of the

existence, creation, or incurring of new or additional indebtedness, and demands and notices of every kind.

10. Miscellaneous Provisions.

10.1 Additional Provisions. The Loan Documents grant further rights to Beneficiary and contain further agreements and affirmative and negative covenants by Trustor which apply to this Deed of Trust and the Property.

10.2 Notices. Trustor requests that a copy of notice of default and notice of sale be mailed to Trustor at the address set forth below. That address is also the mailing address of Trustor as debtor under the UCC. Beneficiary's address set forth below is the address for Beneficiary as secured party under the UCC. Except for any notice required under applicable law to be given in another manner, all notices to be sent pursuant to this Deed of Trust shall be made in writing, and sent to the parties at their respective addresses specified below or to such other address as a party may designate by written notice delivered to the other parties in accordance with this Section. All such notices shall be sent by:

- a. personal delivery, in which case notice shall be deemed delivered upon receipt;
- b. certified or registered mail, return receipt requested, in which case notice shall be deemed delivered two (2) business days after deposit, postage prepaid in the United States mail; or
- c. nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) day after deposit with such courier.

Beneficiary: City of San Leandro
835 East 14th Street
San Leandro, CA 94577
Attn: City Manager

Trustor: Alameda Housing Associates, L.P., a California limited partnership
345 Spear Street, Suite 700
San Francisco, CA 94105
Attn: President
Facsimile: (415) 495-4898

10.3 Binding on Successors. The terms, covenants and conditions of this Deed of Trust shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest, transferees, and assigns of the Trustor, Beneficiary and Trustee; provided however this Section 10.3 does not waive the provisions of Section 7.6.

10.4 Substitution of Trustee. Beneficiary may from time to time or at any time substitute a trustee or trustees to execute the trust hereby created, and when any such substitution has been filed for record in the office of the Recorder of Alameda County, it shall be conclusive evidence of the appointment of such trustee or trustees, and such new trustee or trustees shall succeed to all of the powers and duties of the Trustee named herein.

10.5 Attorneys' Fees and Costs. In any action or proceeding to foreclose this Deed of Trust or to enforce any right of Beneficiary or of Trustee, Trustor shall pay to Beneficiary and Trustee all costs of such action or proceeding, including reasonable attorneys' fees.

10.6 Governing Law; Severability; Interpretation. This Deed of Trust shall be governed by the laws of the State of California without regard to principles of conflicts of laws. Trustor agrees that any controversy arising under or in relation to this Deed of Trust shall be litigated exclusively in the jurisdiction where the Land is located (the "Property Jurisdiction"). The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to the Loan Documents. Trustor irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation, and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. If any provision of this Deed of Trust is held unenforceable or void, that provision shall be deemed severable from the remaining provisions, and shall in no way affect the validity of this Deed of Trust. The captions used in this Deed of Trust are for convenience only and are not intended to affect the interpretation or construction of the provisions herein contained. In this Deed of Trust, whenever the context so requires, the singular number includes the plural.

10.7 Waiver, Modification and Amendment. Any waiver by Beneficiary of any obligation of Trustor hereunder must be in writing, and no waiver shall be construed as a continuing waiver. No waiver shall be implied from any delay or failure by Beneficiary or Trustee to take action on account of any default of Trustor. Consent by Beneficiary or Trustee to any act or omission by Trustor shall not be construed as a consent to any other or subsequent act or omission or to waive the requirement for Beneficiary's or Trustee's consent to be obtained in any future or other instance. No amendment to or modification of this Deed of Trust shall be effective unless and until such amendment or modification is in writing, executed by Trustor and Beneficiary. Without limiting the generality of the foregoing, Beneficiary's acceptance of payment of any sum secured hereby after its due date shall not constitute a waiver by Beneficiary of its right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

10.8 Action by Beneficiary. Except as may be otherwise specifically provided herein, whenever any approval, notice, direction, or consent by the Beneficiary is required or permitted under this Agreement, such action shall be in writing, and such action may be given, made or taken by Beneficiary's City Manager or by any person who shall have been designated by Beneficiary's City Manager, without further approval

by the governing board of Beneficiary.

10.9 Joint and Several Liability. If Trustor consists of more than one person or entity, each shall be jointly and severally liable for the faithful performance of all of Trustor's obligations under this Deed of Trust.

10.10 Time is of the Essence. Time is of the essence for each provision of this Deed of Trust.

10.11 Partial Subordination to Extended Use Agreement. Trustor and the California Tax Credit Allocation Committee may enter into a Regulatory Agreement (the "**TCAC Regulatory Agreement**"), which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended (the "**Code**"). In the event of a foreclosure of Beneficiary's interest under this Deed of Trust or delivery by the Trustor of a deed in lieu thereof (collectively, a "**Foreclosure**"), the following rule shall apply:

In the event of a Foreclosure, throughout the extended use period specified in the TCAC Regulatory Agreement, with respect to any unit that had been regulated by the TCAC Regulatory Agreement, (i) none of the eligible tenants occupying those units at the time of Foreclosure may be evicted or their tenancy terminated (other than for good cause, including but not limited to, the tenants' ineligibility pursuant to regulations of the HOME Program or Section 42 of the Code), (ii) nor may any rent be increased except as otherwise permitted under Section 42 of the Code.

SIGNATURES ON FOLLOWING PAGE.

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

TRUSTOR:

Alameda Housing Associates, L.P.,
a California limited partnership

By: BRIDGE Norcal, LLC, a California limited liability company

Its: General Partner

By: MCB Family Housing, Inc., a California nonprofit public benefit corporation

Its: Sole Member

By: _____

Name: _____

Title: _____

SIGNATURES MUST BE NOTARIZED.

STATE OF CALIFORNIA)
)
COUNTY OF ALAMEDA)

On _____, 20__, before me, _____, (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____ (Seal)

STATE OF CALIFORNIA)
)
COUNTY OF ALAMEDA)

On _____, 20__, before me, _____, (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____ (Seal)

Exhibit A

LAND

(Attach legal description.)

Exhibit G

FINANCING PLAN
(Attach Financing Plan.)

San Leandro Cornerstone

Assumptions

Site Area (Acres)	2.20
Number of Units	200
Parking Spaces Ratio Type	200
Density (DU/AC)	91

County: Alameda
City: San Leandro

Total City Funds: \$7,650,000
City Subsidy / Unit: \$38,250

A. DEVELOPMENT BUDGET SUMMARY

Description	Total Amount	Unit Type	% Median Income	City Units	Rent	1 Permanent Mortgage	Total Perm Mortgage Secured by Cash Flow	Description	Construction Period	Permanent Period
Acquisition & Related Construction: Offices	\$2,064,000	1 Bedroom	20%	0	\$0	Rate	\$14,058,675	Perm. Mortgage	-	14,058,675
Construction: Building	\$5,458,812	1 Bedroom	30%	5	\$510	Term	\$14,058,675	Construction Loan	36,554,450	-
Construction: Parking	\$27,731,834	1 Bedroom	35%	0	\$0	DCR	5.20%	Deferred Fee	2,638,091	26,380,912
Construction: General Conditions, Profit	\$9,657,900	1 Bedroom	40%	13	\$685	Constant	6.59%	Investor Pay In	1,000,000	1,000,000
Hard Cost Contingency	\$4,622,510	1 Bedroom	45%	0	\$0	Debt Service	(\$926,373)	AHP Funds	7,650,000	7,650,000
Architecture/Engineering	\$4,201,224	1 Bedroom	50%	20	\$860	Total	\$36,554,450	City of San Leandro	11,424,320	11,424,320
Legal	\$2,775,000	1 Bedroom	60%	44	\$1,036	Rate	3.75%	HCD IIG	9,970,000	9,970,000
Appraisal/Market Study	\$195,000	1 Bedroom	80%	0	\$0	Term (Months)	60%	HCD TOD	-	2,638
Marketing/Lease-up	\$520,000	1 Bedroom	0%	0	\$0	Draw Down	52%	Total Sources	\$69,236,862	\$70,486,545
Audit/Cost Certification	\$30,000	1 Bedroom	0%	0	\$0	LTV	50% TEST	USES OF FUNDS	-	-
Title	\$100,000	1 Bedroom	20%	0	\$0	50% TEST	30,442,489	Acquisition	7,522,812	7,522,812
Furnishings and Equipment	\$200,000	1 Bedroom	30%	5	\$609	3 NA	-	Construction	46,213,468	46,213,468
Permits and Fees	\$4,905,756	1 Bedroom	35%	0	\$0	Rate	0%	Indirect Expenses	8,730,756	8,730,756
Soft Cost Contingency and Reserves	\$739,093	1 Bedroom	40%	9	\$820	Loan Limit	-	Financing and Carry Costs	4,250,211	4,250,211
Insurance	\$438,375	1 Bedroom	45%	0	\$0	Leveraging Limit	-	Contingency & Reserve	200,000	739,093
Property Taxes	\$15,959	1 Bedroom	50%	15	\$1,030	Total Equity	\$26,360,912	Subtotal	66,917,247	67,476,340
Construction Loan Interest/Fees	\$3,662,878	1 Bedroom	60%	29	\$1,241	Federal Rate	\$1.10	Org Expenses and Fees	2,319,615	3,010,205
Bridge Loan Interest/Fees	\$108,000	1 Bedroom	80%	0	\$0	Federal Gross Pay-in	\$20,573,521	Total Uses	\$69,236,862	\$70,486,545
Permanent Loan Fees/Costs	\$25,000	1 Bedroom	0%	0	\$0	Federal Credits	\$1,870,507	NET SURPLUS(SHORTFALL)	\$0	\$0
Syndication/Org Fees/Developer Fee	\$3,010,205	1 Bedroom	0%	0	\$0	Initial Pay-in	\$2,638,091	NET SURPLUS(SHORTFALL)	\$0	\$0
TOTAL DEVELOPMENT COSTS	\$70,486,545	1 Bedroom	20%	0	\$0	Federal Credit Rate	3.18%	NET SURPLUS(SHORTFALL)	\$0	\$0
		3 Bedroom	30%	10	\$702	State Gross Rate	\$0.76			
		3 Bedroom	35%	0	\$0	State Gross Pay-in	\$5,810,931			
		3 Bedroom	40%	8	\$945	State Credit Rate	13.00%			
		3 Bedroom	45%	0	\$0	Total AHP	\$1,000,000			
		3 Bedroom	50%	25	\$1,188	AHP per unit	\$5,000			
		3 Bedroom	60%	17	\$1,431	Amount	\$7,650,000			
		Totals		200		City + HOME	\$38,250			

D. FINANCING ASSUMPTIONS

1 Permanent Mortgage	Total Perm Mortgage Secured by Cash Flow	2 Construction Loan	3 NA	4 Investor Pay In	5 AHP Funds	6 City Contribution	7 GP Contribution	8 HCD IIG	9 HCD TOD
Rate	5.20%	Rate	3.75%	Federal Rate	Federal Credit Rate	Amount	Amount	IIG Max Available*	TOD Max Available*
Term	30	Term (Months)	36	State & Federal	State Gross Rate	\$7,650,000	\$2,638	\$11,754,160	\$9,970,000
DCR	1.20	Draw Down	60%	State & Federal	State Gross Pay-in	\$38,250	\$2,638	\$11,754,160	\$9,970,000
Constant	6.59%	LTV	52%	State & Federal	State Credit Rate	\$38,250	\$2,638	\$11,754,160	\$9,970,000
Debt Service	(\$926,373)	50% TEST	30,442,489	State & Federal	Total AHP	\$38,250	\$2,638	\$11,754,160	\$9,970,000
Total	\$36,554,450	3 NA	-	State & Federal	AHP per unit	\$38,250	\$2,638	\$11,754,160	\$9,970,000
Rate	3.75%	3 NA	-	State & Federal	Amount	\$38,250	\$2,638	\$11,754,160	\$9,970,000
Term (Months)	36	3 NA	-	State & Federal	Amount	\$38,250	\$2,638	\$11,754,160	\$9,970,000
Draw Down	60%	3 NA	-	State & Federal	Amount	\$38,250	\$2,638	\$11,754,160	\$9,970,000
LTV	52%	3 NA	-	State & Federal	Amount	\$38,250	\$2,638	\$11,754,160	\$9,970,000
50% TEST	30,442,489	3 NA	-	State & Federal	Amount	\$38,250	\$2,638	\$11,754,160	\$9,970,000

E. SOURCES OF FUNDS

Description	Construction Period	Permanent Period
Perm. Mortgage	-	14,058,675
Construction Loan	36,554,450	-
Deferred Fee	2,638,091	26,380,912
Investor Pay In	1,000,000	1,000,000
AHP Funds	7,650,000	7,650,000
City of San Leandro	11,424,320	11,424,320
GP Pay In	9,970,000	9,970,000
HCD IIG	-	2,638
HCD TOD	-	-
Total Sources	\$69,236,862	\$70,486,545

USES OF FUNDS	Construction Period	Permanent Period
Acquisition	7,522,812	7,522,812
Construction	46,213,468	46,213,468
Indirect Expenses	8,730,756	8,730,756
Financing and Carry Costs	4,250,211	4,250,211
Contingency & Reserve	200,000	739,093
Subtotal	66,917,247	67,476,340
Org Expenses and Fees	2,319,615	3,010,205
Total Uses	\$69,236,862	\$70,486,545
NET SURPLUS(SHORTFALL)	\$0	\$0

* With 210 units, max becomes: \$11,754,160
* With 210 units, max becomes: \$10,320,000

San Leandro Cornerstone

Assumptions

Partnership Management Fee Index	3.50%
Annual Rental Income Increase	2.50%
Annual Misc. Income Increase	1.00%
Annual Expense Increase	3.50%
Social Service Increase	3.50%
Replacement Reserve Index	0.00%

Property Tax Rate

Taxes Incr.	0.00%
Vacancy/Collection Loss (L.I. Ur	2.00%
Replacement Reserve	5.00%
Additional Replacement Reserve	4.00 per unit
	200 per unit

Partnership & Investor Asset Management Ft. (\$35,000)

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17
Tax-Credit Income	\$2,495,620	\$2,517,935	\$2,590,881	\$2,645,403	\$2,711,538	\$2,779,327	\$2,848,810	\$2,920,090	\$2,993,051	\$3,067,857	\$3,144,553	\$3,223,157	\$3,303,746	\$3,386,340	\$3,470,998	\$3,557,773	\$3,646,718
Misc. Income (Laundry)	\$19,200	\$19,392	\$19,586	\$19,782	\$19,980	\$20,179	\$20,381	\$20,585	\$20,791	\$20,999	\$21,209	\$21,421	\$21,635	\$21,851	\$22,070	\$22,291	\$22,514
Gross Potential Income	\$2,475,720	\$2,537,325	\$2,600,467	\$2,665,185	\$2,731,518	\$2,799,506	\$2,869,191	\$2,940,615	\$3,013,822	\$3,088,856	\$3,165,762	\$3,244,588	\$3,325,381	\$3,408,191	\$3,493,068	\$3,580,054	\$3,669,231
less Vacancy/Collection Loss	(\$122,826)	(\$125,897)	(\$129,044)	(\$132,270)	(\$135,577)	(\$138,966)	(\$142,441)	(\$146,002)	(\$149,652)	(\$153,393)	(\$157,228)	(\$161,158)	(\$165,187)	(\$169,317)	(\$173,556)	(\$177,899)	(\$182,346)
Effective Gross Income	\$2,352,894	\$2,411,428	\$2,471,423	\$2,532,915	\$2,595,941	\$2,660,540	\$2,726,751	\$2,794,614	\$2,864,170	\$2,935,463	\$3,008,534	\$3,083,430	\$3,160,194	\$3,239,874	\$3,319,518	\$3,402,175	\$3,486,885
less Operating Expenses	(\$1,150,000)	(\$1,150,250)	(\$1,231,908)	(\$1,275,026)	(\$1,319,681)	(\$1,365,898)	(\$1,415,644)	(\$1,465,121)	(\$1,514,330)	(\$1,567,332)	(\$1,622,188)	(\$1,678,965)	(\$1,737,729)	(\$1,796,548)	(\$1,861,499)	(\$1,926,691)	(\$1,994,084)
less Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Operating Income	\$1,202,894	\$1,261,178	\$1,239,514	\$1,257,889	\$1,276,260	\$1,294,701	\$1,313,107	\$1,331,493	\$1,349,840	\$1,368,131	\$1,386,346	\$1,404,464	\$1,422,465	\$1,440,325	\$1,458,020	\$1,475,524	\$1,492,811
Less Debt Service	(\$926,373)	(\$926,373)	(\$926,373)	(\$926,373)	(\$926,373)	(\$926,373)	(\$926,373)	(\$926,373)	(\$926,373)	(\$926,373)	(\$926,373)	(\$926,373)	(\$926,373)	(\$926,373)	(\$926,373)	(\$926,373)	(\$926,373)
Bond Issuer Fee	(\$11,247)	(\$11,247)	(\$11,247)	(\$11,247)	(\$11,247)	(\$11,247)	(\$11,247)	(\$11,247)	(\$11,247)	(\$11,247)	(\$11,247)	(\$11,247)	(\$11,247)	(\$11,247)	(\$11,247)	(\$11,247)	(\$11,247)
Less Replacement Reserves	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)
Less Partnership & Asset Management Fee	(\$35,000)	(\$37,493)	(\$37,493)	(\$38,805)	(\$40,163)	(\$41,569)	(\$43,024)	(\$44,530)	(\$46,088)	(\$47,701)	(\$49,371)	(\$51,089)	(\$52,857)	(\$54,683)	(\$56,564)	(\$58,501)	(\$60,490)
Net Cash Flow	\$150,275	\$167,334	\$184,402	\$201,465	\$218,507	\$235,512	\$252,464	\$269,343	\$286,132	\$302,810	\$319,355	\$335,746	\$351,958	\$367,967	\$383,746	\$399,267	\$414,502
Less Additional Replacement Reserves	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)
Cash Flow	\$110,275	\$127,334	\$144,402	\$161,465	\$178,507	\$195,512	\$212,464	\$229,343	\$246,132	\$262,810	\$279,355	\$295,746	\$311,958	\$327,967	\$343,746	\$359,267	\$374,502
Distribution to BRIDGE	(\$95,137)	(\$93,667)	(\$72,201)	(\$80,732)	(\$89,253)	(\$97,756)	(\$106,232)	(\$114,672)	(\$123,066)	(\$131,405)	(\$139,678)	(\$147,873)	(\$155,979)	(\$163,983)	(\$171,873)	(\$179,634)	(\$187,291)
Distribution to City	(\$55,137)	(\$63,667)	(\$72,201)	(\$80,732)	(\$89,253)	(\$97,756)	(\$106,232)	(\$114,672)	(\$123,066)	(\$131,405)	(\$139,678)	(\$147,873)	(\$155,979)	(\$163,983)	(\$171,873)	(\$179,634)	(\$187,291)
Net Cash Flow	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Affordable Rents	\$3,737,886	\$3,831,333	\$3,927,116	\$4,025,294	\$4,125,826	\$4,228,075	\$4,334,801	\$4,443,171	\$4,554,251	\$4,668,107	\$4,784,810	\$4,904,490	\$5,027,041	\$5,152,622	\$5,281,369	\$5,413,322	\$5,548,633
Misc. Income (Laundry)	\$22,739	\$22,966	\$23,196	\$23,428	\$23,662	\$23,899	\$24,138	\$24,379	\$24,623	\$24,869	\$25,118	\$25,369	\$25,622	\$25,878	\$26,135	\$26,395	\$26,657
Gross Potential Income	\$3,760,624	\$3,854,299	\$3,950,312	\$4,048,722	\$4,149,488	\$4,252,973	\$4,358,939	\$4,467,550	\$4,578,873	\$4,692,976	\$4,809,927	\$4,929,798	\$5,052,663	\$5,180,522	\$5,312,507	\$5,448,717	\$5,589,390
less Vacancy/Collection Loss	(\$196,894)	(\$191,567)	(\$196,356)	(\$201,265)	(\$206,296)	(\$212,649)	(\$216,740)	(\$222,159)	(\$227,713)	(\$233,405)	(\$239,240)	(\$245,221)	(\$251,352)	(\$257,633)	(\$264,064)	(\$270,647)	(\$277,384)
Effective Gross Income	\$3,573,730	\$3,662,732	\$3,753,956	\$3,847,457	\$3,943,192	\$4,040,324	\$4,142,199	\$4,245,392	\$4,351,161	\$4,459,571	\$4,570,687	\$4,684,577	\$4,801,311	\$4,921,884	\$5,046,443	\$5,175,070	\$5,307,006
less Operating Expenses	(\$2,063,877)	(\$2,136,113)	(\$2,210,877)	(\$2,288,257)	(\$2,368,346)	(\$2,451,238)	(\$2,537,032)	(\$2,625,828)	(\$2,717,522)	(\$2,812,852)	(\$2,911,302)	(\$3,013,138)	(\$3,118,650)	(\$3,227,063)	(\$3,338,647)	(\$3,453,611)	(\$3,572,175)
less Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Operating Income	\$1,509,853	\$1,526,620	\$1,543,079	\$1,559,200	\$1,574,846	\$1,589,086	\$1,605,167	\$1,619,564	\$1,633,429	\$1,646,718	\$1,659,385	\$1,671,379	\$1,682,651	\$1,693,292	\$1,704,315	\$1,714,722	\$1,725,501
less Debt Service	(\$926,373)	(\$926,373)	(\$926,373)	(\$926,373)	(\$926,373)	(\$926,373)	(\$926,373)	(\$926,373)	(\$926,373)	(\$926,373)	(\$926,373)	(\$926,373)	(\$926,373)	(\$926,373)	(\$926,373)	(\$926,373)	(\$926,373)
Bond Issuer Fee	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)
Less Replacement Reserves	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)
Less Partnership Management Fee	(\$60,680)	(\$62,814)	(\$65,012)	(\$67,268)	(\$69,646)	(\$72,080)	(\$74,603)	(\$77,214)	(\$79,916)	(\$82,714)	(\$85,609)	(\$88,605)	(\$91,706)	(\$94,911)	(\$98,220)	(\$101,634)	(\$105,154)
Net Cash Flow	\$437,791	\$452,433	\$466,895	\$480,540	\$493,931	\$505,633	\$519,192	\$532,404	\$545,240	\$557,632	\$571,402	\$585,632	\$599,311	\$613,440	\$627,029	\$641,078	\$655,597
Less Additional Replacement Reserves	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)
Cash Flow	\$437,791	\$452,433	\$466,895	\$480,540	\$493,931	\$505,633	\$519,192	\$532,404	\$545,240	\$557,632	\$571,402	\$585,632	\$599,311	\$613,440	\$627,029	\$641,078	\$655,597
Distribution to BRIDGE	(\$218,896)	(\$226,217)	(\$233,347)	(\$240,270)	(\$246,985)	(\$253,477)	(\$259,766)	(\$265,863)	(\$271,770)	(\$277,506)	(\$283,083)	(\$288,421)	(\$293,539)	(\$298,357)	(\$302,985)	(\$307,433)	(\$311,711)
Distribution to City	(\$218,896)	(\$226,217)	(\$233,347)	(\$240,270)	(\$246,985)	(\$253,477)	(\$259,766)	(\$265,863)	(\$271,770)	(\$277,506)	(\$283,083)	(\$288,421)	(\$293,539)	(\$298,357)	(\$302,985)	(\$307,433)	(\$311,711)
Net Cash Flow	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0