

ATTACHMENT NO. 5

SCOPE OF REHABILITATION

REHABILITATION SUMMARY

Following a walkthrough of certain Housing Units and a review of the resulting Physical Condition Assessment (“PCA”), Developer has developed a scope of work that will contribute to the long term viability of Sycamore Court as affordable housing in the Garden Grove community. A general description of the scope of the Rehabilitation is set forth below; a more detailed and descriptive list of specifications, including brand and quality information for interior and exterior improvements to be performed by Developer at the Project, is included in the Rehabilitation Plans and building permits to be approved and issued by the City subject to this Agreement. In addition, attached to this Scope of Rehabilitation is a copy of the 29-page “Schedule of Values” that Developer prepared for the Senior Lender and Investor, which includes detailed information on all aspects of the scope of the Rehabilitation to be undertaken by Developer, its contractors, its subcontractors and other agents. Developer acknowledges that City and its staff are relying on this Attachment No. 5 along with the working drawings and specifications that Developer and its contractors, subcontractors and other agents have submitted or will hereafter submit as the benchmark and standards for undertaking and completing the Rehabilitation and determination of the percentages toward 30%, 60%, 90% and 100% completion of the Rehabilitation in order to track the timing and eligibility for the City to disburse each post-Closing installment payment of the City Loan.

This scope of work shall be consistent in and among all Housing Units and shall include:

- New Kitchen cabinets, quartz countertops, plumbing fixtures, LED lighting, garbage disposals and sinks
- New appliances (refrigerators, range hoods, dishwashers and stoves)
- New recessed panel interior doors with hardware, knobs and handles
- New bathroom vanity, mirror, toilets, plumbing fixtures, towel racks, led light fixtures, new toilets, re-glazed bathtubs and showers
- New HVAC in all units including filters and registers (duct cleaning where applicable)
- Installation of new dual glazed retro-fit windows to meet Title 24 Energy
- Compliance standards in all units along with window coverings
- Replacement of existing individual water heaters that are in each unit
- Installation of new light switches, electrical and communications outlets and all related fixtures
- New smoke and carbon monoxide detectors
- New closet doors and shelving
- Installation of new flooring throughout each unit. Living, dining, bath and kitchen areas on the first floor will be an Armstrong© brand water resistant wood laminate and on second floor areas a Mohawk Smartstrand© stain resistant carpet will be installed.

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- A re-imagined exterior façade to update the exterior of all the buildings that will include major wood replacement following extensive termite treatment, new structural steel and the use of stone veneer in accent areas
- Pest control treatment for termite and other non-wood destroying organisms
- New exterior LED lighting throughout all common and parking areas
- Complete interior and exterior paint
- Complete property-wide landscape and irrigation renovations using drought tolerant plant materials. This effort will include outdoor seating areas and common-area enhancements for outdoor use facilities.
- Repaving all parking areas and creation of 11 new parking spaces through reconfiguration
- Removal of the wood carport roofs and replacement with a standing seam or similar metal roof system
- Interior concrete walk-way replacement as necessary
- Installation of new playground equipment in a secure area
- Creation of a dog run and play area for furry friends\
- Renovation of the laundry room and installation of new laundry machines
- Renovation of the existing pool area and resident clubhouse with installation of a full kitchen, lounge area with TV and computer workstations for resident use.
- Other repairs or improvements identified during the course of our physical needs assessment of the property.

SCHEDULE OF VALUES

on attached pages and is a substantive part of this Scope of Work and HOME Agreement)

ATTACHMENT NO. 5 SCOPE OF REHABILITATION

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Category

Sitework
Plumbing
Electrical
Mechanical

Site Square Footages

Landscape
Parking
Concrete
Building Footprint
Roof
Carports

Units

78

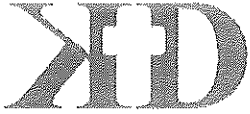
Sycamore Court	Project Name
Mariman & Co.	Client Name
Ray Englert Contracting	General Contractor
5/24/2017	Draw Deadline Date
5/24/2017 15:31	Print Date
5/24	Date Text

Sycamore Court - Materials List - 5/24

Exclude	Use	Material	Cost	Updated
Kwikset	Doors	S/N Balboa hall/closet door knob	\$ 20	Dec-16
Kwikset	Doors	S/N Balboa bed/bath door knob	\$ 20	Dec-16
Everbilt	Doors	S/N Solid doorstop	\$ 60	Dec-16
Everbilt	Doors	S/N Hinge pin doorstop	\$ 5	Dec-16
Everbilt	Doors	S/N 1 1/4" Round Cabinet Knob Kitch&bath	\$ 5	Dec-16
Everbilt	Doors	S/N 3" cabinet pull	\$ 5	Dec-16
Trimchoice	Doors	2 1/4" CGS Door casing	\$ 30	Dec-16
Advantage	Doors	24" HC 6 Panel S/O 5 1/4" jamb	\$ 50	Dec-16
Advantage	Doors	28" HC 6 Panel S/O 5 1/4" jamb	\$ 50	Dec-16
Advantage	Doors	30" HC 6 Panel S/O 5 1/4" jamb	\$ 50	Dec-16
Advantage	Doors	7' vinyl closet bypass door	\$ 150	Dec-16
Leviton	Electrical	GFCI Outlet	\$ 10	Dec-16
Leviton	Electrical	15a White Single pole switch	\$ 20	Dec-16
Leviton	Electrical	15a White Duplex outlet	\$ 5	Dec-16
Leviton	Electrical	20a White DBL Pole outlet 220v	\$ 15	Dec-16
Leviton	Electrical	1 gang Duplex Wallplate White	\$ 2	Dec-16
Leviton	Electrical	1 gang Switch Wallplate White	\$ 2	Dec-16
Leviton	Electrical	2 gang blank white	\$ 3	Dec-16
Midway	Electrical	1 gang Decora white	\$ 2	Dec-16
Leviton	Electrical	2 gang Decora	\$ 3	Dec-16
Midway	Electrical	1 gang Telephone jack	\$ 2	Dec-16
Midway	Electrical	1 gang cable plate	\$ 2	Dec-16
Kidde	Electrical	Smoke and Carbon Mono Alarm	\$ 40	Dec-16
Honeywell	Electrical	Thermostat	\$ 30	Dec-16
Hampton Bay	Lighting & Fan	52" BRSHD NKL Ceiling fan	\$ 100	Dec-16
Lithonia	Lighting & Fan	11" Rnd LED	\$ 50	Dec-16
Lithonia	Lighting & Fan	14" Rnd LED	\$ 65	Dec-16
Lithonia	Lighting & Fan	4' LED Linear	\$ 130	Dec-16
Hampton Bay	Lighting & Fan	4 Lt Brush Nkl Bath lite	\$ 20	Dec-16
Westinghouse	Lighting & Fan	Fan Brace box	\$ 30	Dec-16
HDX	Lighting & Fan	Appliance Cord	\$ 10	Dec-16
Cree	Lighting & Fan	G25 Globe bulb LED	\$ 15	Dec-16
Cree	Lighting & Fan	60W A-19 LED	\$ 10	Dec-16
Nutone	Lighting & Fan	Door bell module	\$ 50	Dec-16
Insinkerator	Plumbing	1/3hp disposal	\$ 90	Dec-16
Insinkerator	Plumbing	Power cord kit (disposal)	\$ 15	Dec-16
Glacier Bay	Plumbing	Dual Flush Toilet	\$ 130	Dec-16
Brasscraft	Plumbing	5/8 angle gas valve	\$ 15	Dec-16
Brasscraft	Plumbing	5/8 gas supply line	\$ 20	Dec-16
Southland	Plumbing	3/4 x 1 1/2" pipe nipple	\$ 5	Dec-16
Southland	Plumbing	1/2" Pipe plug	\$ 2	Dec-16
Delta	Plumbing	Kitchen Faucet	\$ 60	Dec-16
Glacier Bay	Plumbing	Bath Faucet	\$ 30	Dec-16
Brasscraft	Plumbing	Supply lines 1/2" x 20"	\$ 15	Dec-16
Brasscraft	Plumbing	Toilet supply line	\$ 10	Dec-16
Southland	Plumbing	P-Trap kit	\$ 10	Dec-16
Glacier Bay	Plumbing	SS sink strainer	\$ 10	Dec-16
Brasscraft	Plumbing	Angle stop	\$ 10	Dec-16
Glacier Bay	Plumbing	24" Towel Bar B/N	\$ 25	Dec-16
Glacier Bay	Plumbing	TP holder B/N	\$ 15	Dec-16

Sycamore Court - Materials List - 5/24

Exlude	Use	Material	Cost	Updated
Glacier Bay	Plumbing	Curved shower rod B/N	\$ 45	Dec-16
Glacier Bay	Plumbing	30' x36"Polished edgemirror	\$ 30	Dec-16
Glacier Bay	Plumbing	J-mold mirror	\$ 15	Dec-16
Frigidaire	Appliances	REFRIGERATOR 18 CUB. FT. STAINLESS STEEL	\$ 750	Dec-16
Frigidaire	Appliances	RANGE 30 INCH. GAS STAINLESS STEEL	\$ 650	Dec-16
Broan	Appliances	RANGE HOOD 30 INCH STAINLESS STEEL	\$ 100	Dec-16



Scope of Work

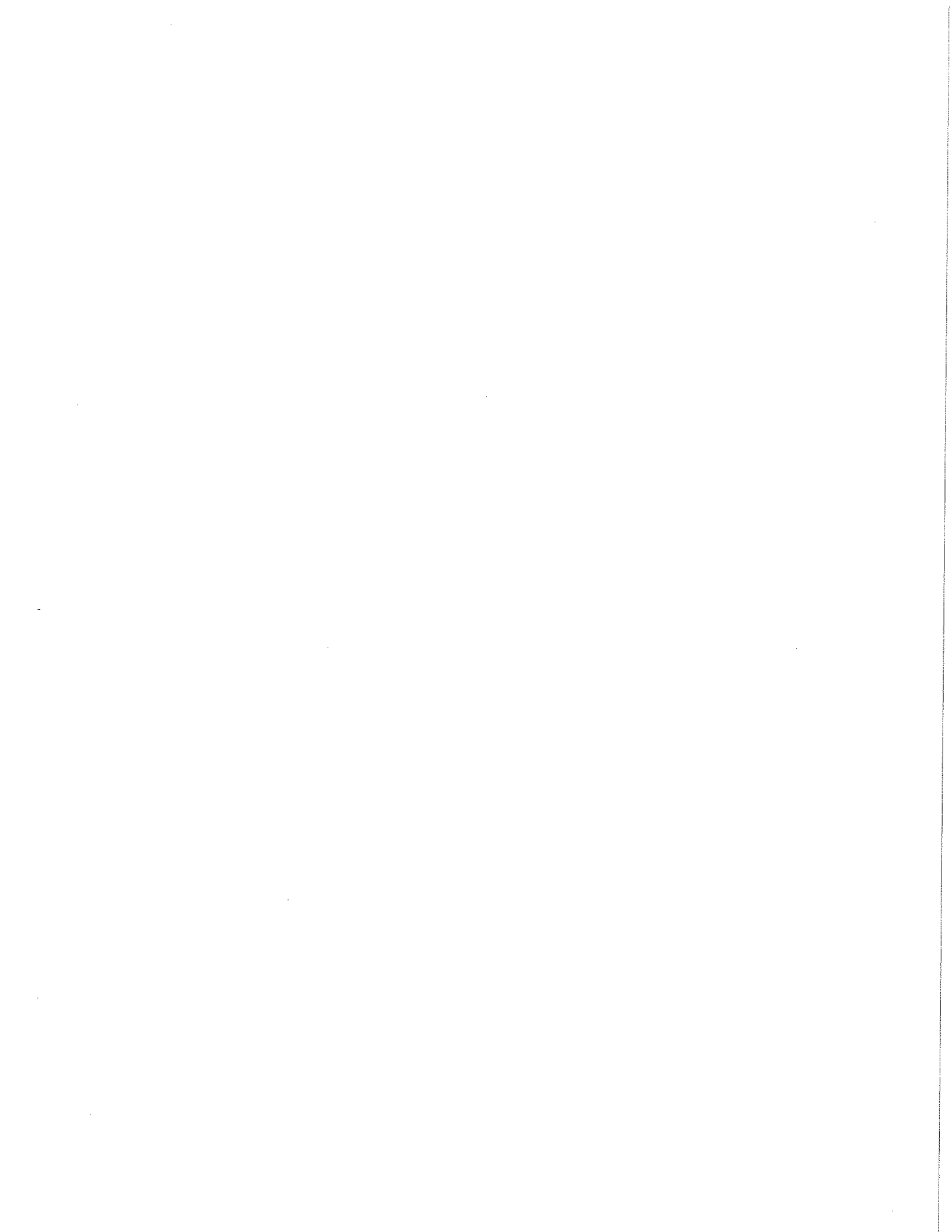
Project Name: Sycamore Court

Client: Mariman & Co.

General Contractor: Ray Englert Contracting

SUMMARY

Code	Budget
2000 - Kitchen Appliances	240,247
2001 - Appliance Installation	41,123
2070 - Security System	1,900
2080 - Blinds, Shades & Curtains	60,200
2100 - General Requirements	351,818
2160 - Building Permit Fee	15,000
2170 - Design & Engineering Services	53,500
2180 - Construction Management Services	71,111
2190 - Builder's risk	26,600
2200 - Site Work	377,720
2211 - Office / Clubhouse (FF&E)	22,400
2260 - Signage	3,500
2280 - Landscaping	111,370
2281 - Irrigation System	18,210
2300 - Plumbing	145,050
2391 - Boiler / Raypak Systems	41,400
2400 - Mechanical	28,291
2450 - HVAC Equipment	61,120
2500 - Electrical	96,130
2600 - Carpentry	272,740
2640 - Kitchen & Bath Cabinets & Casework	352,140
2650 - Counter Tops	93,607
2670 - Clean up	2,500
2700 - Doors	209,300
2730 - Fixtures & Hardware	10,000
2740 - Vinyl Windows	256,705
2800 - Roofing & Waterproofing	568,611
2900 - Exterior Paint & Stain	78,000
2910 - Interior Paint & Stain	145,900
2920 - Flooring & Drywall	400,909
2960 - Glazing, Tile & Tubs	33,300



ITEM NO.	DESCRIPTION OF WORK	SCHEDULED VALUE	PREVIOUS APPLICATION	WORK IN PLACE	STORED ON/OFF SITE	TOTAL COMPLETED TO DATE	%	RETAINED TO BALANCE TO FINISH DATE	PLUS REMAINED
2000	Kitchen Appliances	240,247	-	-	-	-	0%	-	240,247
2001	Appliance Installation	41,123	-	-	-	-	0%	-	41,123
2070	Security System	1,900	-	-	-	-	0%	-	1,900
2080	Furnishings	-	-	-	-	-	-	-	-
2100	Builder Fee and General Requirements	-	-	-	-	-	-	-	-
2160	Building Permit Fee	15,000	-	-	-	-	0%	-	15,000
2170	Architectural Services	-	-	-	-	-	-	-	-
2180	Construction Management Services	71,111	-	-	-	-	0%	-	71,111
2190	Builder's risk	26,600	-	-	-	-	0%	-	26,600
2200	Site Work	377,720	-	-	-	-	0%	-	377,720
2211	Pool / Recreation	-	-	-	-	-	-	-	-
2260	Signage	3,500	-	-	-	-	0%	-	3,500
2280	Landscaping	111,370	-	-	-	-	0%	-	111,370
2281	Irrigation System	18,210	-	-	-	-	0%	-	18,210
2300	Plumbing	145,050	-	-	-	-	0%	-	145,050
2391	Boiler / Raypak Systems	41,400	-	-	-	-	0%	-	41,400
2400	Mechanical	28,291	-	-	-	-	0%	-	28,291
2450	HVAC Equipment	61,120	-	-	-	-	0%	-	61,120
2500	Electrical	96,130	-	-	-	-	0%	-	96,130
2600	Carpentry	272,740	-	-	-	-	0%	-	272,740
2640	Kitchen & Bath Cabinets & Casework	352,140	-	-	-	-	0%	-	352,140
2650	Counter Tops	93,607	-	-	-	-	0%	-	93,607
2670	Clean up	2,500	-	-	-	-	0%	-	2,500
2700	Doors	209,300	-	-	-	-	0%	-	209,300
2730	Garage Doors	-	-	-	-	-	-	-	-
2740	Vinyl Windows	256,705	-	-	-	-	0%	-	256,705
2800	Roofing & Waterproofing	568,611	-	-	-	-	0%	-	568,611
2900	Exterior Paint & Stain	78,000	-	-	-	-	0%	-	78,000
2910	Interior Paint & Stain	145,900	-	-	-	-	0%	-	145,900
2920	Flooring & Drywall	400,909	-	-	-	-	0%	-	400,909
2960	Glazing, Tile & Tubs	33,300	-	-	-	-	0%	-	33,300
	TOTAL	3,692,483					0%		3,692,483

Sycamore Court - Sub List - 5/24

Abbr.	Company	Description	Contact	Phone	Email
A-1PC	A-1 Painting Concepts, Inc.	Exterior Paint		(714)879-4000	a-1paintconcept@hotmail.com
SQB	SunQuest Builders Inc.	Wood Fascia Repair/Replacement		(951)232-3101	erichir@sunquestbuilders.com
HW	Hardy Windows	Window Replacement	Jenny Schumann	(714)996-1807	
SQB	SunQuest Builders Inc.	Carport Roof Replacement		(951)232-3101	erichir@sunquestbuilders.com
IP	Ironwood Plumbing	Water Heater Replacement	Charlie Licona	(714)543-3773	Charlie@IronwoodPlumbing.com
DLE	DLE Lighting Electric	Exterior Lighting Upgrades		(949)481-7725	service@dlelighting.com
Ray	Ray Englert	Concrete R&R	Ray Englert	(714)981-7235	rayenglert@roadrunner.com
PW	PaveWest	Slurry Seal		(562)694-3113	info@pavewest.com
TNTW	TNT Welding	Trash Enclosure R&R			
A-1PC	A-1 Painting Concepts, Inc.	Laundry Room Paint		(714)879-4000	a-1paintconcept@hotmail.com
CA	Curtis Allan	Laundry Room Flooring R&R		(951)278-1200	
DLE	DLE Lighting Electric	Laundry Room Lighting R&R		(949)481-7725	service@dlelighting.com
Ray	Ray Englert	Laundry Room Entry Door Hardware	Ray Englert	(714)981-7235	rayenglert@roadrunner.com
CC	Community Controls	Key FOB system (property wide)			
RDA	RDA	Landscape & Irrigation Renovation			
LLM	Lanko Landscape Mgt.	Tree Trimming	Alberto Garcia	(714)6671121	
A-1PC	A-1 Painting Concepts, Inc.	Interior Painting		(714)879-4000	a-1paintconcept@hotmail.com
Ray	Ray Englert	Interior Demo	Ray Englert	(714)981-7235	rayenglert@roadrunner.com
Ray	Ray Englert	Interior Door Replacement	Ray Englert	(714)981-7235	rayenglert@roadrunner.com
ASF	All-Star Refinishing	Interior Door Replacement			
405C&S	405 Cabinets & Stone	Bath Tub Re-Glazing			
405C&S	405 Cabinets & Stone	Kitchen and Bath Cabinets and Countertops		(714)500-3855	
Ray	Ray Englert	Kitchen and Bath Sink Installation		(714)500-3855	
Ray	Ray Englert	Bathroom Hardware & Fixture Installation	Ray Englert	(714)981-7235	rayenglert@roadrunner.com
Ray	Ray Englert	Kitchen Hardware & Fixture Installation	Ray Englert	(714)981-7235	rayenglert@roadrunner.com
DLE	DLE Lighting Electric	Interior Unit lighting R&R		(949)481-7725	service@dlelighting.com
DLE	DLE Lighting Electric	Interior Unit Electric fixture R&R		(949)481-7725	service@dlelighting.com
Ray	Ray Englert	Interior Unit plumbing fixtures	Ray Englert	(714)981-7235	rayenglert@roadrunner.com
CAFC	Curtis Allan Floor Covering	Unit Flooring R&R		(951)278-1200	
Ray	OCAP or HD	Appliances (Refrigerator, Stove, range hood)			
Ray	Ray Englert	Appliance Installation	Ray Englert	(714)981-7235	rayenglert@roadrunner.com
APS	Aquarius Pool Service	Pool Drain repairs		(949)548-4970	aquariuspools2@sbcglobal.net
APS	Aquarius Pool Service	Pool Pump R&R		(949)548-4970	aquariuspools2@sbcglobal.net
DLE	DLE Lighting Electric	Office Lighting		(949)481-7725	service@dlelighting.com
Ray	Ray Englert	ADA Ramp (front of Property)	Ray Englert	(714)981-7235	rayenglert@roadrunner.com
A-1FC	A-1 Fence Company	Fencing Replacement		(714)630-3390	
Ray	OCAP or HD	HVAC Unit Replacement			
Ray	Ray Englert	Closet Doors R&R	Ray Englert	(714)981-7235	rayenglert@roadrunner.com
Ray	Ray Englert	Smoke & CO2 Detectors	Ray Englert	(714)981-7235	rayenglert@roadrunner.com
FSF	Fire Safety First	Fire Sprinkler Service		(800)974-3473	customerservice@firesafetyfirst.com

Sycamore Court - Sub List - 5/24

Abbr.	Company	Description	Contact	Phone	Email
405C&S	405 Cabinets & Stone	Office Kitchen Cabinets & Countertops		(714)500-3855	
405C&S	405 Cabinets & Stone	Office Bath Cabinets & Countertops		(714)500-3855	
Ray	Ray Englert	Office Fixtures & Hardware	Ray Englert	(714)981-7235	rayenglert@roadrunner.com
CC	Community Controls	Vehicle Entry Gate Motor and Controller Replacement			
Ray	Ray Englert	Misc Exterior Doors	Ray Englert	(714)981-7235	rayenglert@roadrunner.com
PW	PaveWest	ADA Striping		(562)694-3113	info@pavewest.com
TNTW	TNT Welding	Misc Welding (pool fence)		(909)356-4868	
MCO	MCO	Pool & Common Area Furniture Replacement			
Ray	Ray Englert	Cabana / Patio Cover (pool #2) Rebuild	Ray Englert	(714)981-7235	rayenglert@roadrunner.com
MCO	MCO	Barbeque (install)			

Sycamore Court - Scope of Work - 5/24

No	Award	Bidder	Status	Scope	Amount	Estimate
1			Not Bidding	Construction Toilets		\$ 1,800
2			Not Bidding	Refuse Service		\$ 14,400
3			Not Bidding	Temporary Storage		\$ 24,100
4				Project Superintendent		
5				Rental Equipment		\$ 5,000
6			Out for bid	Interior Demolition		\$ 54,600
7		O.C. Demo		Site Demolition, Clearing, & Grubbing		\$ 25,000
8				Termite Control		\$ 78,000
9				Playground Renovation & Equipment		\$ 5,000
10				Drainage		\$ 2,500
11				Water Distribution		\$ 10,000
12				Electrical Distribution		\$ 3,000
13				Parking Lot & Accent Lighting		\$ 3,500
14	Tentative	ITS	Received	Paving	70,516.14	\$ 41,700
15	Tentative	ITS	Received	Parking Lot Striping	5,063.86	\$ 3,000
16		O.C. Demo		Curbs, Gutters, & Ext. Flatwork		\$ 15,000
17				Signage		\$ 3,500
18				Trash Enclosure		\$ 3,100
19		RDA		Tree Removal		\$ 7,500
20		RDA		Landscaping		\$ 111,370
21		RDA		Irrigation System		\$ 18,210
22		O.C. Demo		Curb, Gutters, & Sidewalks		\$ 5,000
23				Fire Hydrants		\$ 3,000
24				Misc. Debris Removal		\$ 2,500
25		O.C. Demo		Interior Concrete Flatwork		\$ 22,300
26		SB Xtreme		Sandblasting		\$ 5,000
27	Tentative	Memo's	Received	Equipment & Scaffolding	23,200	\$ 10,000
28			Not Bidding	Structural Steel		\$ 25,000
29	Tentative	Kim Iron	Received	Stairways & Railings	8,940	\$ 24,740
30				Equipment Rental		\$ 2,500
31				Rough Lumber		\$ 126,000
32				Plywood & Sheathing		\$ 15,000
33				Floor & Roof Trusses		\$ 15,000
34				Finish Lumber		\$ 41,600
35				General Carpentry Materials		\$ 15,000
36				Medicine Chests (Bathroom)		\$ 10,140
37				Misc Exterior Wood Repair		\$ 50,000
38	Tentative	405C&S	Received	Kitchen & Bath Cabinets & Casework	352,139.85	\$ 419,914
39	Tentative	405C&S	Received	Counter Tops	93,606.79	\$ 105,174
40		J.M. Roofing		Waterproofing		\$ 10,000
41				Wall & Ceiling Insulation		\$ 2,500
42	Tentative	J.M. Roofing	Received	Flat Roofing	269,750.00	\$ 170,800
43	Tentative	J.M. Roofing	Received	Sloping Roofing	65,100.00	\$ 20,000
44		J.M. Roofing		Sheet Metal Mansards & Roof Drains		\$ 125,000
45	Tentative	Baja Const.	Received	Carports Roof System	96,260.71	\$ 209,000

Sycamore Court - Scope of Work - 5/24

No	Award	Bidder	Status	Scope	Amount	Estimate
46				Exterior Doors Frames & Hardware		\$ 11,960
47			Out for bid	Interior Closet Doors		\$ 75,660
48			Out for bid	Interior Doors Frames & Hardware		\$ 121,680
49 Tentative	HW		Received	Vinyl Windows (Dual Galzed)	256,705.00	\$ 143,498
50			Out for bid	Glazing, Tile & Tubs		\$ 33,300
51			Not Bidding	Drywall		\$ 93,600
52 Tentative	CAFC		Received	Vinyl Flooring & Base	9,958.00	\$ 26,300
53 Tentative	CAFC		Received	Carpet	37,603.52	\$ 50,000
54 Tentative	CAFC		Received	Wood Laminate	259,747.00	\$ 179,360
55 Tentative	A-1PC		Received	Exterior Paint & Stain (Stucco)	78,000.00	\$ 76,910
56 Tentative	A-1PC		Received	Interior Paint & Stain	145,900.00	\$ 113,880
57				Accessories		\$ 19,980
58	SC Plumb		As needed	Boiler / Raypak Systems		\$ 41,400
59				Misc. Plumbing		\$ 23,400
60 Tentative	SC Plumb		Received	Fixtures, toilets, angles stops, hoses with installatic	101,670.00	\$ 101,670
61 Tentative	OCAP Supply		Received	Kitchen Appliances	120,123.69	\$ 112,600
62 Tentative	OCAP Supply		Received	Appliance Installation	20,422.18	\$ 19,500
63 Tentative	L&D Appliance		Received	Kitchen Appliances	120,123.69	\$ 112,600
64 Tentative	L&D Appliance		Received	Appliance Installation	20,701.27	\$ 19,500
65			Out for bid	Blinds, Shades & Curtains		\$ 50,200
66				Miscellaneous Furniture (Clubhouse)		\$ 10,000
67				Misc Hardware		\$ 10,000
68 Tentative	DLE		Received	Kitchen Lights	15,861.45	\$ 16,210
69 Tentative	DLE		Received	Bathroom Lighting	5,960.06	\$ 5,980
70 Tentative	DLE		Received	Exterior Lighting	11,151.08	\$ 11,330
71 Tentative	DLE		Received	Hallway Lighting	6,344.58	\$ 6,440
72 Tentative	SC Plumb		Received	Plumbing Subcontract	28,290.66	\$ 33,610
73				HVAC Equipment		\$ 40,840
74				Bathroom Fans		\$ 20,280
75 Tentative	DLE		Received	Electrical Subcontractor	19,514.39	\$ 19,870
76 Tentative	DLE		Received	Plugs, Switches, GFCI, Smoke, CO2	31,338.38	\$ 31,980
77 Tentative	DLE		Received	Smoke & CO2 Detectors	5,960.06	\$ 6,085
78				Misc. Office Equipment		\$ 3,200
79				Blinds, Shades, & Window Coverings		\$ 2,000
80				Kitchen Appliances & Utensils		\$ 5,600
81				Flooring		\$ 6,100
82				Video Camera System		\$ 3,000
83				Security System		\$ 1,900
84						
85						
86						
87						
88						
89						
90						

Sycamore Court - Scope of Work - 5/24

No	Award	Bidder	Status	Scope	Amount	Estimate
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Sycamore Court - Scope of Work - 5/24

Ref.	Scope	Quantity	Units	Price	Estimate
1	Construction Toilets	16	Toilet Months	\$112.50	\$1,800.00
2	Refuse Service	32	Bin Pickup Months	\$450	\$14,400.00
3	Temporary Storage	16	Bin Rental Months	\$1,506.25	\$24,100.00
4	Construction Security	1		\$25,000	\$25,000.00
5	Rental Equipment	1		\$5,000	\$5,000.00
6	Builder's Fee & General Profit	1		\$281,518.18	\$281,518.18
7	Interior Demolition	71,117	Square Feet	\$0.77	\$54,600.00
8	Site Demolition, Clearing, & Grubbing	1		\$25,000	\$25,000.00
9	Termite Control	1		\$78,000	\$78,000.00
10	Playground Renovation & Equipment	1		\$5,000	\$5,000.00
11	Drainage	1		\$2,500	\$2,500.00
12	Water Distribution	1		\$10,000	\$10,000.00
13	Electrical Distribution	1		\$3,000	\$3,000.00
14	Parking Lot & Accent Lighting	1		\$3,500	\$3,500.00
15	Paving	54,000	Square Feet	\$0.77	\$41,700.00
16	Parking Lot Striping	116	Count	\$25.86	\$3,000.00
17	Curbs, Gutters, & Ext. Flatwork	1		\$15,000	\$15,000.00
18	Signage	1		\$3,500	\$3,500.00
19	Trash Enclosure	3	Count	\$1,033.33	\$3,100.00
20	Tree Removal	20		\$375	\$7,500.00
21	Landscaping	30,765		\$3.62	\$111,370.00
22	Irrigation System	1		\$18,210	\$18,210.00
23	Curb, Gutters, & Sidewalks	1		\$5,000	\$5,000.00
24	Fire Hydrants	1		\$3,000	\$3,000.00
25	Misc. Debris Removal	1		\$2,500	\$2,500.00
26	Interior Concrete Flatwork	1		\$22,300	\$22,300.00
27	Sandblasting	1		\$5,000	\$5,000.00
28	Equipment & Scaffolding	1		\$10,000	\$10,000.00
29	Structural Steel	1		\$25,000	\$25,000.00
30	Stairways & Railings	300	Linear Feet	\$82.47	\$24,740.00
31	Equipment Rental	1		\$2,500	\$2,500.00
32	Rough Lumber	1		\$126,000	\$126,000.00

Sycamore Court - Scope of Work - 5/24

Ref	Scope	Quantity	Units	Price	Estimate
33	Plywood & Sheathing	1		\$15,000	\$15,000.00
34	Floor & Roof Trusses	1		\$15,000	\$15,000.00
35	Finish Lumber	1		\$41,600	\$41,600.00
36	General Carpentry Materials	1		\$15,000	\$15,000.00
37	Medicine Chests (Bathroom)	78	Count	\$130	\$10,140.00
38	Misc Exterior Wood Repair	1		\$50,000	\$50,000.00
39	Kitchen & Bath Cabinets & Casework	1,146	Linear Feet	\$366.42	\$419,914.00
40	Counter Tops	1,146	Linear Feet	\$91.77	\$105,174.00
41	Waterproofing	1		\$10,000	\$10,000.00
42	Wall & Ceiling Insulation	1		\$2,500	\$2,500.00
43	Flat Roofing	37,023	Square Feet	\$4.61	\$170,800.00
44	Sloping Roofing	6,318	Square Feet	\$3.17	\$20,000.00
45	Sheet Metal Mansards & Roof Drains	10,875	Square Feet	\$11.49	\$125,000.00
46	Carpports Roof System	9	Count	\$23,222	\$209,000.00
47	Exterior Doors Frames & Hardware	84	Count	\$142.38	\$11,960.00
48	Interior Closet Doors	478	Count	\$158.28	\$75,660.00
49	Interior Doors Frames & Hardware	326	Count	\$373.25	\$121,680.00
50	Vinyl Windows (Dual Galzed)	371	Count	\$386.79	\$143,498.00
51	Glazing, Tile & Tubs	78	Count	\$426.92	\$33,300.00
52	Drywall	40		\$2,340	\$93,600.00
53	Vinyl Flooring & Base	35,392	Square Feet	\$0.74	\$26,300.00
54	Carpet	34,346	Square Feet	\$1.46	\$50,000.00
55	Wood Laminate	1		\$179,360	\$179,360.00
56	Exterior Paint & Stain (Stucco)	79,775	Square Feet	\$0.96	\$76,910.00
57	Interior Paint & Stain	169,086	Square Feet	\$0.67	\$113,880.00
58	Accessories	1		\$19,980	\$19,980.00
59	Boiler / Raypak Systems	1		\$41,400	\$41,400.00
60	Misc. Plumbing	1		\$23,400	\$23,400.00
61	Fixtures, toilets, angles stops, hoses with install	276	Count	\$368.37	\$101,670.00
62	Kitchen Appliances	158	Count	\$712.66	\$112,600.00
63	Appliance Installation	158	Count	\$123.42	\$19,500.00
64	Blinds, Shades & Curtains	276	Count	\$181.88	\$50,200.00
65	Miscellaneous Furniture (Clubhouse)	1		\$10,000	\$10,000.00
66	Misc Hardware	1		\$10,000	\$10,000.00

Sycamore Court - Scope of Work - 5/24

Ref	Scope	Quantity	Units	Price	Estimate
67	Kitchen Lights	1		\$16,210	\$16,210.00
68	Bathroom Lighting	1		\$5,980	\$5,980.00
69	Exterior Lighting	1		\$11,330	\$11,330.00
70	Hallway Lighting	1		\$6,440	\$6,440.00
71	Plumbing Subcontract	1		\$33,610	\$33,610.00
72	HVAC Equipment	1		\$40,840	\$40,840.00
73	Bathroom Fans	138	Count	\$146.96	\$20,280.00
74	Electrical Subcontractor	1		\$19,870	\$19,870.00
75	Plugs, Switches, GFI, Smoke, CO2	1		\$31,980	\$31,980.00
76	Smoke & CO2 Detectors	1		\$6,085	\$6,085.00
77	Building Plan Check Fee	1		\$5,000	\$5,000.00
78	Building Permit Fee	1		\$5,000	\$5,000.00
79	Electrical Permit Fee	1		\$2,500	\$2,500.00
80	Plumbing Permit Fee	1		\$2,500	\$2,500.00
81	Architectural Services	1		\$35,000	\$35,000.00
82	Civil Engineering	1		\$5,000	\$5,000.00
83	Construction Management Services	8		\$8,888.89	\$71,111.12
84	Landscaping Design	1		\$2,500	\$2,500.00
85	Surveys & Testing	1		\$10,000	\$10,000.00
86	Blueprinting	1		\$1,000	\$1,000.00
87	Signage Directories & Boards	1		\$2,500	\$2,500.00
88	Misc. Office Equipment	1		\$3,200	\$3,200.00
89	Blinds, Shades, & Window Coverings	1		\$2,000	\$2,000.00
90	Kitchen Appliances & Utensils	1		\$5,600	\$5,600.00
91	Flooring	1,379		\$4.42	\$6,100.00
92	Video Camera System	1		\$3,000	\$3,000.00
93	Security System	1		\$1,900	\$1,900.00
94	Builder's Risk Insurance	1		\$26,600	\$26,600.00
				Total	\$3,870,000

Notes: General requirements, overhead, and profit total \$351,818.18 (see items 1-6)

Sycamore Court - Scope of Work - 5/24

Ref.	Scope	Quantity	Units	Price	Estimate
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Number	Description	Category	Budget
2000	Kitchen Appliances	Appliances	\$240,247
2001	Appliance Installation	Appliances	\$41,123
2070	Security System	Security System	\$1,900
2080	Blinds, Shades & Curtains	Window Coverings & Furnishings	\$60,200
2100	General Requirements	General Requirements	\$351,818
2160	Building Permit Fee	Permits, Fees & Taxes	\$15,000
2170	Design & Engineering Services	Design & Engineering Services	\$53,500
2180	Construction Management Services	Consulting Services	\$71,111
2190	Builder's risk	Misc. Items	\$26,600
2200	Site Work	Site Work	\$377,720
2211	Office / Clubhouse (FF&E)	Office (FF&E)	\$22,400
2260	Signage	Site Work	\$3,500
2280	Landscaping	Site Work	\$111,370
2281	Irrigation System	Site Work	\$18,210
2300	Plumbing	Plumbing	\$145,050
2391	Boiler / Raypak Systems	Plumbing	\$41,400
2400	Mechanical	Mechanical	\$28,291
2450	HVAC Equipment	Mechanical	\$61,120
2500	Electrical	Electrical	\$96,130
2600	Carpentry	Carpentry	\$272,740
2640	Kitchen & Bath Cabinets & Casework	Carpentry	\$352,140
2650	Counter Tops	Carpentry	\$93,607
2670	Clean up	Carpentry	\$2,500
2700	Doors	Doors & Windows	\$209,300
2730	Fixtures & Hardware	Misc. Hardware	\$10,000
2740	Vinyl Windows	Doors & Windows	\$256,705
2800	Roofing & Waterproofing	Roofing & Waterproofing	\$568,611
2900	Exterior Paint & Stain	Finishes	\$78,000
2910	Interior Paint & Stain	Finishes	\$145,900
2920	Flooring & Drywall	Finishes	\$400,909
2960	Glazing, Tile & Tubs	Finishes	\$33,300

Code

2000 - Kitchen Appliances
2001 - Appliance Installation
2070 - Security System
2080 - Blinds, Shades & Curtains
2100 - General Requirements
2160 - Building Permit Fee
2170 - Design & Engineering Services
2180 - Construction Management Services
2190 - Builder's risk
2200 - Site Work
2211 - Office / Clubhouse (FF&E)
2260 - Signage
2280 - Landscaping
2281 - Irrigation System
2300 - Plumbing
2391 - Boiler / Raypak Systems
2400 - Mechanical
2450 - HVAC Equipment
2500 - Electrical
2600 - Carpentry
2640 - Kitchen & Bath Cabinets & Casework
2650 - Counter Tops
2670 - Clean up
2700 - Doors
2730 - Fixtures & Hardware
2740 - Vinyl Windows
2800 - Roofing & Waterproofing
2900 - Exterior Paint & Stain
2910 - Interior Paint & Stain
2920 - Flooring & Drywall
2960 - Glazing, Tile & Tubs

Type	Area	Class	Quantity	Carpet Area	Stairs Area	Vinyl Flooring Area
1BR-A	730	Residential	20	290		440
2BR-B	907	Residential	44	469		438
3BR-C	1061	Residential	14	565		496
Office	1379	Common	1	0		1379
Laundry	376	Common	1	0		376

Unit A		
	Floor Area	Wall Area
Living	230	325
Dining	80	168
kitchen	70	182
pantry	20	140
hall	70	115
bath 1	40	195
bath 2		
closet	40	185
Bedroom 1	180	420
Bedroom 2		
Bedroom 3		
	730	1730

Unit B		
	Floor Area	Wall Area
Living	208	275
Dining	85	212
kitchen	85	258
pantry		
hall/stairs	89	250
bath 1	25	127
bath 2	35	150
closet	40	200
Bedroom 1	200	360
Bedroom 2	140	350
Bedroom 3		
	907	2182

Wall Area	Upper Cabinets Linear Feet	Lower Cabinets Linear Feet	Window Area Square Feet	Window Count	Toilets
1730	5	8	48	5	1
2182	5	10	72	3	2
2541	5	10	66	3	2
2329	6	10	40	2	2
575				0	0

Unit C	Floor Area	Wall Area
Living	230	257
Dining	92	190
kitchen	92	202
pantry	10	100
hall/stairs	155	400
bath 1	25	157
bath 2	47	175
closet	60	200
Bedroom 1	140	305
Bedroom 2	100	260
Bedroom 3	110	295
	1061	2541

Sinks	Lavs	Tubs	Showers	Sliding Glass Doors	Interior Doors
1	1	1	0	1	3
1	2	1	0	1	4
1	2	1	0	2	6
0	2	0	4	3	6
0	0	0	0	0	0

Community	
Rec Room	800
Office	552
Maint	469
Men's RR	219
Women's RR	289
	2329

Laundry
575

Closet Doors	Exterior Doors	Lights	Ceiling Fans	AC Units
5	1			2
6	1			2
8	1			2
2	5			
0	1			

Quantity	Type	Building	Sq.Ft.	Class
4	1BR-A	10602	2,920	Residential
6	2BR-B	10602	5,442	Residential
2	3BR-C	10602	2,122	Residential
6	1BR-A	10632	4,380	Residential
6	2BR-B	10632	5,442	Residential
2	3BR-C	10632	2,122	Residential
6	1BR-A	10652	4,380	Residential
6	2BR-B	10652	5,442	Residential
4	3BR-C	10652	4,244	Residential
4	1BR-A	10692	2,920	Residential
6	2BR-B	10692	5,442	Residential
6	3BR-C	10692	6,366	Residential
14	2BR-B	10622	12,698	Residential
1	Laundry	10622	376	Common
6	2BR-B	10672	5,442	Residential
1	Office	Leasing	1,379	Common

Special Notes

width

10.583

14

10

4

height

7.5

345.3725

16

3

3

Building	Stories	Unit Count	Com Area	Res Area	Wall Area	Stucco Area
10602	2	12	0	10,484	15,900	12,190
10632	2	14	0	11,944	17,010	13,041
10652	2	16	0	14,066	19,170	14,697
10692	2	16	0	14,728	20,220	15,502
10622	2	14	376	12,698	18,750	14,375
10672	2	6	0	5,442	10,500	8,050
Leasing	1	0	1,379	0	3,600	1,920

Siding Area	Mansard Area	Perimeter	Height	Roof Siding Area	Roof Area
2,120	1,590	530	30	1,351	5,322
2,268	1,701	567	30	1,808	6,052
2,556	1,917	639	30	1,808	7,112
2,696	2,022	674	30	1,351	7,442
2,500	1,875	625	30	0	6,914
1,400	1,050	350	30	0	2,802
960	720	240	15	0	1,379

Footprint	Building Type	Special Notes
5,322	Residential	
6,052	Residential	
7,112	Residential	
7,442	Residential	
6,914	Residential	Includes laundry room
2,802	Residential	
1,379	Common	

Sycamore Court - Take Offs - 5/24

Num	Quantity	Units	Description	Category	Basis
1	276	Count	Windows to replace	Windows	Per unit plans
2	95	Count	Sliding Glass Doors to replace	Windows	Per unit plans
3	5,092	Sq. Ft.	Window area	Windows	Per unit plans
4	66	Count	Window coverings 60" wide	Windows	Per unit plans
5	130	Count	Window coverings 48" wide	Windows	Per unit plans
6	60	Count	Window coverings 36" wide	Windows	Per unit plans
7	20	Count	Window coverings 24" wide	Windows	Per unit plans
8	175,961	Sq. Ft.	Property	Site	Google measurement
9	4.04	Acres	Property	Site	Google measurement
10	1,175	Linear Ft.	Block Wall to be repaired	Site	Google measurement
11	9	Count	Carport roofs to be replaced	Site	Google measurement
12	15,200	Sq. Ft.	Carport roof area	Site	Google measurement
13	1,500	Sq. Ft.	Entry trellis to install	Site	Google measurement
14	1,500	Sq. Ft.	Entry trellis to demo	Site	Google measurement
15	48,773	Sq. Ft.	Hardscape to replace	Site	Approximation
16	30,765	Sq. Ft.	Turf to demolish	Site	Per Site plan
17		Linear Ft.	Irrigation to install	Site	Sub to provide
18	20	Count	Trees to remove	Site	Approximation
19	3	Count	Trash enclosures to repair	Site	Per Site plan
20	1	Count	Signage (Monument)	Site	Information Required
21	2,720	Linear Ft.	Fencing to be replace/repair	Site	Google measurement
22	2,400	Linear Ft.	Curb and gutter to repair/replace	Site	Google measurement
23	54,000	Sq. Ft.	A/C Paving to repair/replace	Site	Google measurement
24	600	Linear Ft.	Curb and gutter to install/replace	Off-site	Google measurement
25	1	Count	Fire Hydrants	Off-site	Google calculation
26	138	Count	Toilets to replace	Plumbing	Per unit plans
27	78	Count	Kitchen sinks to replace	Plumbing	Per unit plans
28	138	Count	Lavatories	Plumbing	Per unit plans
29	78	Count	Water Heater to replace	Plumbing	As needed
30	78	Count	Tubs to reglaze	Plumbing	Unit Count
31	7	Count	Buildings to paint	Paint	Per Site plan
32	79,775	Sq. Ft.	Stucco to paint	Paint	Google calculation
33	10,875	Sq. Ft.	Mansard to paint	Paint	Google calculation
34	14,500	Sq. Ft.	Midway siding to paint	Paint	Google calculation
35	84	Count	Exterior Doors	Paint	Per unit plans
36	326	Count	Interior Doors	Paint	Per unit plans
37	478	Count	Closet Doors	Paint	Per unit plans
38	300	Linear Ft.	Railings to paint	Paint	Approximation
39	4	Count	HC Parking to stripe	Paint	Google calculation
40	112	Count	Parking to restripe	Paint	Google calculation
41	169,086	Sq. Ft.	Interior walls to paint	Paint	Per unit plans
42	40	Count	Drywall repair	Finishes	Approximation
43	138	Count	Bathroom Fans	HVAC	Unit Count

Sycamore Court - Take Offs - 5/24

Num	Quantity	Units	Description	Category	Basis
44	156	Count	AC Units to replace	HVAC	Unit Count
45	130	Sq. Ft.	Framing in windows	Framing	Per unit plans
46	36,771	Sq. Ft.	Vinyl Flooring & Base	Flooring	Per unit plans
47	34,346	Sq. Ft.	Carpet to install	Flooring	Per unit plans
48	79	Count	Refrigerators to replace	Appliances	
49	79	Count	Range hoods	Appliances	
50	1,106	Count	Switches to replace	Electrical	Sub to provide
51	1,948	Count	Outlets to replace	Electrical	Sub to provide
52	390	Count	Outlets to replace with GFCI	Electrical	Sub to provide
53	272	Count	Smoke & CO2 Detectors	Electrical	Sub to provide
54		Count	Kitchen Lights	Electrical	Sub to provide
55	136	Count	Bathroom Lighting	Electrical	Sub to provide
56		Count	Exterior Lighting	Electrical	Sub to provide
57		Count	Hallway Lighting	Electrical	Sub to provide
58		Count	Ceiling fans to install	Electrical	Sub to provide
59		Count	Parking Lot & Accent Lighting	Electrical	Sub to provide
60	71,117	Sq. Ft.	Flooring to demo	Demolition	Per unit plans
61	78	Count	Medicine Chests (Bathroom)	Cabinets	Per unit plans
62	396	Linear Ft.	Upper cabinets to install	Cabinets	Per unit plans
63	750	Linear Ft.	Base cabinets to install	Cabinets	Per unit plans
64	3,625	Linear Ft.	Building perimeters	Buildings	Per unit plans
65	10,875	Sq. Ft.	Mansard siding to replace	Buildings	Approximation
66	14,500	Sq. Ft.	Midway siding to replace	Buildings	Approximation
67	6,318	Sq. Ft.	Sloping roofing replace/repair	Buildings	Per record plans
67	40	Count	Stucco to be repaired	Buildings	Approximation
68	69,362	Sq. Ft.	Residential area	Buildings	
70	1,755	Sq. Ft.	Common area	Buildings	
71	37,023	Sq. Ft.	Building coverage	Buildings	

ATTACHMENT NO. 6

Recording Requested By and
When Recorded Mail To:

**City of Garden Grove
11222 Acacia Parkway
Garden Grove, California 92840
Attention: City Manager**

(Space above for Recorder's use.)

(This document is exempt from the payment
of a recording fee pursuant to Government
Code Section 6103.)

RELEASE OF CONSTRUCTION COVENANTS

This **RELEASE OF CONSTRUCTION COVENANTS** ("Release") is hereby made as of _____, 201_, by the **CITY OF GARDEN GROVE**, a California municipal corporation ("City"), in favor of **10632 BOLSA AVENUE, LP**, a California limited liability company ("Developer").

RECITALS

A. City and Developer have entered into a HOME Investment Partnership Affordable Housing and Loan Agreement (Sycamore Court Housing Project) dated as of _____, 2017 ("Agreement"), which Agreement provides for Developer's acquisition and Rehabilitation of certain real property situated in the City of Garden Grove, California collectively, the "Properties") and described in Exhibit "A" attached hereto and incorporated herein by this reference, which Properties are improved with a 78-unit rental apartment complex in six (6) separate two-story buildings. As required in the Agreement, City shall furnish Developer with this Release of Construction Covenants upon the completion of the Rehabilitation of the Properties, which Release shall be in such form as to permit it to be recorded in the Orange County Recorder's Office.

B. City has conclusively determined that the completion of the Rehabilitation of the Properties has been satisfactorily completed in accordance with the Agreement.

NOW, THEREFORE, City hereto certifies as follows:

1. As provided in the Agreement, City does hereby certify that the Rehabilitation of the Properties has been fully and satisfactorily performed and completed in accordance with the Agreement.

2. After the recordation of this Release, any person or entity then owning or thereafter purchasing, or otherwise acquiring any interest in the Properties will not (because of such ownership,

**ATTACHMENT NO. 6
RELEASE OF CONSTRUCTION COVENANTS**

purchase, or acquisition) incur any obligation or liability under the Agreement relative to the Rehabilitation of the Properties, except that such party shall be bound by any and all of the use, occupancy, and other covenants, conditions, and restrictions which survive such recordation.

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

4. The recitals above are incorporated in full as part of the substantive text of this Release.

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

CITY:

CITY OF GARDEN GROVE,
a California municipal corporation

By: _____
City Manager or Authorized Designee

ATTEST:

City Clerk

APPROVED AS TO FORM:

STRADLING YOCCA CARLSON & RAUTH

Special Counsel to City

[Developer consent to recordation appears on following page.]

ATTACHMENT NO. 6
RELEASE OF CONSTRUCTION COVENANTS

Page 2 of 3

DEVELOPER CONSENT TO RECORDATION:

10632 BOLSA AVENUE, LP,
a California limited partnership

By: AOF SYCAMORE COURT, LLC,
a California limited liability company,
its Managing General Partner

By: AOF / GOLDEN STATE
COMMUNITY DEVELOPMENT
CORP., a California nonprofit public
benefit corporation,
its Manager

By: _____
Ajay Nayar, Vice President

By: SC-MCO, LLC,
a California limited liability company,
its Co-General Partner

By: MARIMAN & CO., a California
corporation,
its Sole Member

By: _____
Rudy Mariman, President

EXHIBIT "A" TO ATTACHMENT NO. 6

LEGAL DESCRIPTION OF PROPERTIES

That real property located in the State of California, County of Orange, City of Garden Grove, and described as follows:

PARCEL 1:

THE NORTH 350.00 FEET OF THE WEST HALF OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 5 SOUTH, RANGE 10 WEST, IN THE RANCHO LAS BOLSAS, CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SAID SECTION IS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 12 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE WEST 462.00 FEET THEREOF.

ALSO EXCEPT ONE-HALF OF ALL CRUDE OIL, PETROLEUM, GAS, BREA, ASPHALTUM AND ALL KINDRED SUBSTANCES AND OTHER MINERALS UNDER AND IN SAID LAND, EXCEPT THE GRANTOR WILL NOT HAVE ANY SURFACE RIGHTS TO A DEPTH OF 500 FEET, AS RESERVED BY CARL JACOBBER AND EDNA JACOBBER, HUSBAND AND WIFE, IN DEED RECORDED MARCH 16, 1955 IN BOOK 2997, PAGE 52, OFFICIAL RECORDS.

ALSO EXCEPT ALL WATER IN OR UNDER SAID LAND.

PARCEL 2:

THE NORTH 350.00 FEET OF THE EAST HALF OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 5 SOUTH, RANGE 10 WEST, IN THE RANCHO LAS BOLSAS, CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SAID SECTION IS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 12 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE EAST 260.00 FEET THEREOF.

ALSO EXCEPT ONE-HALF OF ALL CRUDE OIL, PETROLEUM, GAS, BREA, ASPHALTUM AND ALL KINDRED SUBSTANCES AND OTHER MINERALS UNDER AND IN SAID LAND EXCEPT THAT THE GRANTORS WILL NOT HAVE ANY SURFACE RIGHTS TO A DEPTH OF 500 FEET AS RESERVED BY LOUIS JACOBBER AND CORA JACOBBER, HUSBAND AND WIFE, IN DEED RECORDED MARCH 16, 1955 IN BOOK 2997, PAGE 59, OFFICIAL RECORDS.

ALSO EXCEPT ALL WATER IN OR UNDER SAID LAND.

APNs: 108-492-77 (Parcel 1) and 108-083-38 (Parcel 2)

**EXHIBIT A TO ATTACHMENT NO. 6
LEGAL DESCRIPTION**

ATTACHMENT NO. 7

MEMORANDUM OF AGREEMENT

Recording Requested By and
When Recorded Mail To:

City of Garden Grove
11222 Acacia Parkway
Garden Grove, California 92840
Attention: City Manager

(Space above for Recorder's use.)

(This document is exempt from the payment of a recording
fee pursuant to Government Code Section 6103.)

**MEMORANDUM OF HOME INVESTMENT PARTNERSHIP AFFORDABLE
HOUSING AND LOAN AGREEMENT
(Sycamore Court Housing Project)**

This **MEMORANDUM OF HOME INVESTMENT PARTNERSHIP AFFORDABLE HOUSING AND LOAN AGREEMENT (Sycamore Court Housing Project)** ("Memorandum"), dated for identification purposes as of June __, 2017, is entered into by and between the **CITY OF GARDEN GROVE**, a California municipal corporation ("City"), and **10632 BOLSA AVENUE, LP**, a California limited liability company ("Developer").

A. Agreement. City and Developer have executed a HOME Investment Partnership Affordable Housing and Loan Agreement (Sycamore Court Housing Project) ("Agreement"), dated as of June 13, 2017, which provides for (1) Developer's acquisition and Rehabilitation of certain real property in the City of Garden Grove, California, more fully described in Exhibit "A" attached hereto and incorporated herein by this reference ("Properties"), improved with a 78-unit apartment complex, and (2) Developer's Rehabilitation of the multi-family apartment buildings and the apartment units located at the Properties ("Project"). The Agreement further provides for Developer to rent the rehabilitated apartment units to 50% AMI Very Low Income Households, and 60% AMI Low Income Households at an Affordable Rent for long term use and occupancy by such qualified households. The Agreement is available for public inspection and copying at the office of the City located at 11222 Acacia Parkway, Garden Grove, California. All of the terms, conditions, provisions and covenants of the Agreement are incorporated in this Memorandum by reference as though written out at length herein, and the Agreement and this Memorandum shall be deemed to constitute a single instrument or document.

B. Purpose of Memorandum. This Memorandum is prepared for recordation purposes and as such is and shall remain an advisement of record of all requirements and covenants by Developer to perform under the agreement. Nothing in this Memorandum in any way modifies the

ATTACHMENT NO. 7

**MEMORANDUM OF HOME INVESTMENT PARTNERSHIP AFFORDABLE
HOUSING AND LOAN AGREEMENT**

terms, conditions, provisions and covenants of the Agreement. In the event of any inconsistency between the terms, conditions, provisions and covenants of this Memorandum and the Agreement, the terms, conditions, provisions and covenants of the Agreement shall prevail.

C. Counterparts. This Memorandum may be executed in counterparts and may be delivered by facsimile or otherwise.

D. Term. This Memorandum shall terminate and be of no further force and effect upon the full repayment of the City Loan, thereafter, the only terms and provisions of the Agreement which shall survive and remain in effect are those set forth in the Regulatory Agreement (Attachment No. 11 to the Agreement).

NOW THEREFORE, the parties have executed this Memorandum of HOME Investment Partnership Affordable Housing and Loan Agreement (Sycamore Court Housing Project) as of the date specified in the first paragraph hereof.

DEVELOPER:

10632 BOLSA AVENUE, LP,
a California limited partnership

By: AOF SYCAMORE COURT, LLC,
a California limited liability company,
its Managing General Partner

By: AOF / GOLDEN STATE
COMMUNITY DEVELOPMENT
CORP., a California nonprofit public
benefit corporation,
its Manager

By: _____
Ajay Nayar, Vice President

By: SC-MCO, LLC,
a California limited liability company,
its Co-General Partner

By: MARIMAN & CO., a California
corporation,
its Sole Member

By: _____
Rudy Mariman, President

[Signatures continue on following page.]

**ATTACHMENT NO. 7
MEMORANDUM OF HOME INVESTMENT PARTNERSHIP AFFORDABLE
HOUSING AND LOAN AGREEMENT**

[Signatures continue from previous page.]

CITY:

CITY OF GARDEN GROVE,
a California municipal corporation

By: _____
City Manager or Authorized Designee

ATTEST:

City Clerk

APPROVED AS TO FORM:

STRADLING YOCCA CARLSON & RAUTH

Special Counsel to City

ATTACHMENT NO. 7
MEMORANDUM OF HOME INVESTMENT PARTNERSHIP AFFORDABLE
HOUSING AND LOAN AGREEMENT

Page 3 of 3

EXHIBIT "A" TO ATTACHMENT NO. 7

LEGAL DESCRIPTION

That real property located in the State of California, County of Orange, City of Garden Grove, and described as follows:

PARCEL 1:

THE NORTH 350.00 FEET OF THE WEST HALF OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 5 SOUTH, RANGE 10 WEST, IN THE RANCHO LAS BOLSAS, CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SAID SECTION IS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 12 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE WEST 462.00 FEET THEREOF.

ALSO EXCEPT ONE-HALF OF ALL CRUDE OIL, PETROLEUM, GAS, BREA, ASPHALTUM AND ALL KINDRED SUBSTANCES AND OTHER MINERALS UNDER AND IN SAID LAND, EXCEPT THE GRANTOR WILL NOT HAVE ANY SURFACE RIGHTS TO A DEPTH OF 500 FEET, AS RESERVED BY CARL JACOBBER AND EDNA JACOBBER, HUSBAND AND WIFE, IN DEED RECORDED MARCH 16, 1955 IN BOOK 2997, PAGE 52, OFFICIAL RECORDS.

ALSO EXCEPT ALL WATER IN OR UNDER SAID LAND.

PARCEL 2:

THE NORTH 350.00 FEET OF THE EAST HALF OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 5 SOUTH, RANGE 10 WEST, IN THE RANCHO LAS BOLSAS, CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SAID SECTION IS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 12 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE EAST 260.00 FEET THEREOF.

ALSO EXCEPT ONE-HALF OF ALL CRUDE OIL, PETROLEUM, GAS, BREA, ASPHALTUM AND ALL KINDRED SUBSTANCES AND OTHER MINERALS UNDER AND IN SAID LAND EXCEPT THAT THE GRANTORS WILL NOT HAVE ANY SURFACE RIGHTS TO A DEPTH OF 500 FEET AS RESERVED BY LOUIS JACOBBER AND CORA JACOBBER, HUSBAND AND WIFE, IN DEED RECORDED MARCH 16, 1955 IN BOOK 2997, PAGE 59, OFFICIAL RECORDS.

ALSO EXCEPT ALL WATER IN OR UNDER SAID LAND.

APNs: 108-492-77 (Parcel 1) and 108-083-38 (Parcel 2)

**EXHIBIT A TO ATTACHMENT NO. 7
LEGAL DESCRIPTION**

ATTACHMENT NO. 8

REQUEST FOR NOTICE OF DEFAULT

Recording Requested By and
When Recorded Mail To:

**City of Garden Grove
11222 Acacia Parkway
Garden Grove, California 92840
Attention: City Manager**

(Space above for Recorder's use.)

(This document is exempt from the payment
of a recording fee pursuant to Government
Code Section 6103.)

REQUEST FOR NOTICE UNDER CIVIL CODE SECTION 2924B

(10632 Bolsa Avenue, LP)

In accordance with California Civil Code Section 2924b request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deeds of Trust recorded as Instrument Nos. _____, _____, and _____ on June __, 2017 in the Official Records of Orange County, California, and describing land therein as:

[See Exhibit A attached hereto]

executed by 10632 Bolsa Avenue, LP, a California limited liability company, as Trustor/Borrower, in which _____ is named as Beneficiary, and First American Title Insurance Company, a California Corporation is named as Trustee, be mailed to: City of Garden Grove, 11222 Acacia Parkway, Garden Grove, California 92840, Attn: City Manager.

[Request continued on next page]

**ATTACHMENT NO. 8
REQUEST FOR NOTICE OF DEFAULT**

Page 1 of 2

NOTICE: A COPY OF ANY NOTICE OF DEFAULT AND OF ANY NOTICE OF SALE WILL BE SENT ONLY TO THE ADDRESS CONTAINED THIS RECORDED REQUEST. IF ADDRESS CHANGES, A NEW REQUEST MUST BE RECORDED.

CITY:

CITY OF GARDEN GROVE,
a California municipal corporation

By: _____
City Manager or Authorized Designee

ATTEST:

City Clerk

APPROVED AS TO FORM:

STRADLING YOCCA CARLSON & RAUTH

Special Counsel to City

EXHIBIT "A" TO ATTACHMENT NO. 8

LEGAL DESCRIPTION

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EXCEPT THE WEST 462.00 FEET THEREOF.

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ALSO EXCEPT ALL WATER IN OR UNDER SAID LAND.

APNs: 108-492-77 (Parcel 1) and 108-083-38 (Parcel 2)

**EXHIBIT A TO ATTACHMENT NO. 8
LEGAL DESCRIPTION**

ATTACHMENT NO. 9
SECURITY AGREEMENT

This **SECURITY AGREEMENT** ("Agreement"), executed as of June __, 2017, is entered into by and between the **CITY OF GARDEN GROVE**, a California municipal corporation ("City" or "Secured Party") and **10632 BOLSA AVENUE, LP**, a California limited liability company ("Developer" or "Debtor").

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. All initially capitalized terms used herein which are defined in that certain HOME Investment Partnership Affordable Housing and Loan Agreement (Sycamore Court Housing Project) dated as of June 13, 2017 ("HOME Agreement") between Debtor, as borrower, and Secured Party, as lender, shall have the same meaning herein unless the context requires otherwise.

2. Creation of Security Interest. Debtor hereby grants to Secured Party a security interest in and to all personal property in which Debtor now or hereafter owns or acquires any interest or right, including, without limitation leased personal property and the personal property described in Exhibit "B" hereto and by this reference incorporated herein and which are now or hereafter are to be located on or used or useful in the Rehabilitation, operation, use or occupancy of the Project (as defined in the Agreement) or the land (commonly known as 10632 Bolsa Avenue in the City of Garden Grove, County of Orange, State of California) described in Exhibit "A" hereto and by this reference incorporated herein ("Properties"), and all insurance policies and proceeds from any policy of insurance covering any of the aforesaid Properties now or hereafter acquired by Debtor, whether required by the Project Documents or otherwise (such personal property and insurance policies and proceeds are hereinafter collectively called "Collateral"), for the purposes of securing: (a) payment of all amounts due under the City Loan Note, and all modifications, extensions, renewals and replacements thereof; (b) payment of all sums advanced by Secured Party to protect the Collateral, with interest thereon at the rate of ten percent (10%) per annum ("Alternate Rate"); (c) payment of all indebtedness of Debtor, or its successors or assigns, to Secured Party evidenced by a promissory note or notes or other instruments or agreements reciting that they are secured hereby; and (d) performance of every obligation, covenant and agreement of Debtor contained herein and in the Agreement and in any other loan agreement, promissory note or other agreement now or hereafter executed by Debtor which recites that performance of the obligations thereunder is secured hereby.

3. Warranties, Representations and Covenants of Debtor. To induce Secured Party to accept this Security Agreement, Debtor hereby represents, warrants, and covenants as follows:

(a) Except for the security interest granted hereby and the liens of other security agreements expressly approved by City or subordinated and subject to the lien of this Agreement, to Debtor's knowledge, without duty of inquiry, Debtor is, and as to portions of the Collateral to be acquired after the date hereof (subject to purchase money debt) will be, the sole owner of the Collateral, free from any adverse lien, security interest, or adverse claim of any kind whatsoever. Debtor will notify Secured Party of and will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein.

ATTACHMENT NO. 9
SECURITY AGREEMENT

(b) The Collateral is not used or bought for personal, family or household purposes.

(c) Except as otherwise provided in the Agreement, the tangible Collateral will be kept on or at the Properties and Debtor will not, without the prior written consent of Secured Party, which shall not be unreasonably withheld, remove the Collateral therefrom except such portions or items of Collateral which are consumed or worn out in ordinary usage, all of which shall be promptly replaced by Debtor with property of similar nature and equivalent or better quality and useful life.

(d) At the request of Secured Party, Debtor will execute one or more financing statements and fixture filings pursuant to the Uniform Commercial Code of California, in form satisfactory to Secured Party, and will pay the cost of filing the same in all public offices wherever filing is deemed by Secured Party to be necessary or desirable.

(e) Debtor's principal place of business is at the address set forth in the HOME Agreement. Debtor does not do business under any trade name or fictitious business name other than 10632 Bolsa Avenue, LP. Debtor will promptly notify Secured Party in writing of any change in its place of business or the adoption or change of any trade name or fictitious business name, and will upon request of Secured Party, execute any additional financing statements or other certificates necessary to reflect the adoption or change in trade names or fictitious business name.

(f) Debtor will not, without the prior written consent of Secured Party, sell, offer to sell or otherwise transfer, exchange or dispose of the Collateral or any interest therein, unless in the normal course of business the Collateral is being replaced by collateral of similar nature and equivalent or better quality and useful life. If the Collateral or any part thereof is sold, transferred, exchanged, or otherwise disposed of (either with or without the written consent of Secured Party), the security interest of Secured Party shall extend to the proceeds of such sale, transfer, exchange or other disposition and Debtor will hold said proceeds in a separate account for Secured Party's benefit and will, at Secured Party's request, transfer such proceeds to Secured Party in kind.

(g) Debtor will keep the Collateral in good condition and repair, and will not misuse, abuse, allow to deteriorate, waste or destroy the Collateral or any part thereof, except for casualty or ordinary wear and tear resulting from its normal and expected use in Debtor's business. Secured Party may examine and inspect the Collateral at any reasonable time during normal business hours and upon at least seventy-two (72) hours' prior written notice, wherever located.

(h) Debtor, in a timely manner, will execute any document, alone or with Secured Party, procure any document, give any notices, do all other acts, and pay all costs associated with the foregoing that Secured Party determines is reasonably necessary to protect the Collateral against rights, claims or interests of third parties, or will otherwise preserve the Collateral as security hereunder.

(i) Debtor shall promptly notify Secured Party of any claim against the Collateral adverse to the interest of Secured Party therein.

4. Preservation of Collateral by Secured Party. Should Debtor fail or refuse to make any payment, perform or observe any other covenant, condition, or obligation, or take any other

**ATTACHMENT NO. 9
SECURITY AGREEMENT**

action which Debtor is obligated hereunder to make, perform, observe, take or do at the time or in the manner herein provided, then Secured Party may, at Secured Party's sole discretion, without notice to or demand upon Debtor and without releasing Debtor from any obligation, covenant, or condition hereof, make, perform, observe, take or do the same in such manner and to such extent as Secured Party may deem necessary to protect the security interest in or the value of the Collateral. Furthermore, Secured Party, in its sole discretion, may commence, appear or otherwise participate in any action or proceeding purporting to affect Secured Party's security interest in or the value or ownership of the Collateral. Debtor agrees to pay Secured Party, on demand, the amount of any payment made or expense incurred by Secured Party pursuant to the foregoing authorizations (including attorneys' fees), together with interest thereon at the Alternate Rate from the date of each such payment by Secured Party.

5. Use of Collateral by Debtor. Until the occurrence of a Default, Debtor may have possession of the Collateral and use it in any lawful manner not inconsistent with the Agreement and not inconsistent with any policy of insurance thereon.

6. Default. Debtor shall not be in default hereunder unless an Event of Default, as defined in the HOME Agreement, has occurred (a "Default").

7. Remedies Upon Default.

(a) Upon the occurrence of a Default hereunder, Secured Party may, at its option, do any one or more of the following:

(i) Declare all indebtedness secured hereby to be immediately due and payable, whereupon all unpaid principal of and interest on said indebtedness and other amounts declared due and payable shall be and become immediately due and payable without presentment, demand, protest or notice of any kind;

(ii) Either personally, or by means of a court appointed receiver, take possession of all or any part of the Collateral and exclude therefrom Debtor and all others claiming under Debtor, and thereafter hold, store, use, operate, manage, maintain and control, make repairs, replacements, alterations, additions and improvements to and exercise all rights and powers of Debtor with respect to the Collateral or any part thereof. In the event Secured Party demands, or attempts to take possession of the Collateral in the exercise of any rights under the Agreement, Debtor promises and agrees to promptly turn over and deliver complete possession thereof to Secured Party;

(iii) Require Debtor to assemble the Collateral, or any portion thereof, at a place designated by Secured Party and reasonably convenient to both parties, and promptly to deliver such Collateral to Secured Party, or an agent or representative designated by it. Secured Party, and its agents and representatives, shall have the right to enter upon any or all of Debtor's premises and property to exercise Secured Party's rights hereunder;

(iv) Foreclose the Agreement as herein provided or in any manner permitted by law, and exercise any and all of the rights and remedies conferred upon Secured Party by any deed of trust or in any other document executed by Debtor in connection with indebtedness secured hereby, either concurrently or in such order as Secured Party may determine, and sell or

**ATTACHMENT NO. 9
SECURITY AGREEMENT**

cause to be sold in such order as Secured Party may determine, as a whole or in such parcels as Secured Party may determine, the Collateral or the property described in any such deed of trust, or both, without affecting in any way the rights or remedies to which Secured Party may be entitled under the other such instruments;

(v) Sell, lease or otherwise dispose of the Collateral at public sale, without having the Collateral at the place of sale, and upon terms and in such manner as Secured Party may determine. Secured Party may be a purchaser at any sale; and

(vi) Exercise any remedies of a secured party under the Uniform Commercial Code of California or any other applicable law.

(b) Unless the Collateral is perishable or threatens to decline rapidly in value or is of a type customarily sold on a recognized market, Secured Party shall give Debtor at least five (5) days' prior written notice of the time and place of any public sale of the Collateral or other intended disposition thereof to be made. Such notice may be mailed to Debtor at the address set forth in the HOME Agreement.

(c) The proceeds of any sale under Paragraph 7(a) shall be applied by Secured Party, in its sole discretion, to any of the following:

(i) To the repayment of the reasonable costs and expenses of retaking, holding and preparing for the sale and the selling of the Collateral (including attorneys' fees and costs) and the discharge of all assessments, encumbrances, charges or liens, if any, on the Collateral prior to the lien hereof (except any taxes, assessments, encumbrances, charges or liens subject to which such sale shall have been made);

(ii) To the payment of the amount then due and unpaid of the indebtedness of Debtor to Secured Party (including principal and interest) referred to in Paragraph 2 above;

(iii) To the payment of all other amounts (including principal and interest) then secured hereunder; and

(iv) The surplus, if any, shall be paid to the Debtor or whomsoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Secured Party shall have the right to enforce one or more remedies hereunder, successively or concurrently, and such action shall not operate to estop or prevent Secured Party from pursuing any further remedy which it may have, and any repossession or retaking or sale of the Collateral pursuant to the terms hereof shall not operate to release Debtor until full payment of any deficiency has been made in cash.

8. Notices. All notices, requests and demands to be made hereunder to the parties hereto shall be in writing and shall be given as provided in the HOME Agreement.

9. Other Remedies. Any and all remedies herein expressly conferred upon Secured Party shall be deemed cumulative with and not exclusive of any other remedy conferred hereby or by

**ATTACHMENT NO. 9
SECURITY AGREEMENT**

law on Secured Party, and the exercise of any one remedy shall not preclude the exercise of any other.

10. Waiver. By exercising or failing to exercise any of its rights, options or elections hereunder, Secured Party shall not be deemed to have waived any Event of Default under the Agreement nor any Default on the part of Debtor or to have released Debtor from any of its obligations secured hereby, unless such waiver or release is in writing and is signed by Secured Party. In addition, the waiver by Secured Party of any Event of Default under the Agreement or any Default hereunder with respect to the payment of any indebtedness secured hereby shall not be deemed to constitute a waiver of any succeeding Event of Default under the Agreement or Default hereunder.

11. Affixed Collateral. The inclusion in the Agreement of any Collateral which may now be, or hereafter become, affixed or in any manner attached to the Properties shall be without prejudice to any claim at any time made by Secured Party that such Collateral is, or has become, a part of any improvements located on the Properties, or an accession to the Properties.

12. Further Security Agreements. Debtor further promises and agrees to execute from time to time, as Secured Party may reasonably require, security agreements and financing statements specifically including, in addition to the Collateral listed in Exhibit "B", such additional goods, documents, contract rights, accounts receivable or general intangibles of type or kind similar to those listed in Exhibit "B" in which Debtor hereafter owns or acquires any interest or right, including, without limitation, leased personal property, and which are now or hereafter located on or used or useful in the construction, use, ownership, or occupancy of the Project.

13. Attorneys' Fees. Debtor agrees to pay all charges, expenses and costs, including reasonable attorneys' fees, which may be incurred in the enforcement of the Agreement whether or not such enforcement includes the filing of a lawsuit. As used herein, the terms "attorneys' fees" or "attorneys' fees and costs" shall mean the fees and expenses of counsel to the parties hereto (including, without limitation, in-house counsel employed by Secured Party) which may include printing, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals and others not admitted to the bar but performing services under the supervision of an attorney. The terms "attorneys' fees" or "attorneys' fees and costs" shall also include, without limitation, all such fees and expenses incurred with respect to appeals, arbitrations and bankruptcy proceedings, and whether or not any action or proceeding is brought with respect to the matter for which said fees and expenses were incurred.

14. Binding Upon Successors. All agreements, covenants, conditions and provisions of the Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

15. Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of California.

16. Amendment. This Agreement can be modified or rescinded only by a writing expressly referring to the Agreement and signed by all of the parties.

**ATTACHMENT NO. 9
SECURITY AGREEMENT**

17. Invalidity of Provisions. Every provision of the Agreement is intended to be severable. If any term or provision hereof is declared by a court of competent jurisdiction to be illegal, invalid or unenforceable for any reason whatsoever, such illegality, invalidity or unenforceability shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable, and to the extent possible all of the other provisions shall nonetheless remain in full force and effect.

18. Counterparts. This Agreement may be executed in counterparts each of which shall be deemed an original and all of which shall constitute one and the same Agreement with the same effect as if all parties had signed the same signature page. Any signature page of the Agreement may be detached from any counterpart of the Agreement and reattached to any other counterpart of the Agreement identical in form hereto but having attached to it one or more additional signature pages.

19. Non-Recourse Obligation. In the event of any Default under the terms of this Agreement or any of the other Project Documents, the sole recourse of City for any such Default shall be Developer's interest in the Properties and the Project and Developer and its partners and Affiliates shall not be personally liable for the payment of any obligations under this Agreement; provided, however, that the foregoing shall not in any way affect any rights City may have hereunder, or any right of City to recover or collect funds, damages or costs (including without limitation reasonable attorneys' fees and costs) incurred by City as a result of fraud, intentional misrepresentation or bad faith waste, and/or any costs and expenses incurred by City in connection therewith (including without limitation reasonable attorneys' fees and costs).

[Signatures appear on following pages]

IN WITNESS WHEREOF, Debtor has duly executed this Security Agreement as of the day and year first above written.

DEBTOR/Developer:

10632 BOLSA AVENUE, LP,
a California limited partnership

By: AOF SYCAMORE COURT, LLC,
a California limited liability company,
its Managing General Partner

By: AOF / GOLDEN STATE
COMMUNITY DEVELOPMENT
CORP., a California nonprofit public
benefit corporation,
its Manager

By: _____
Ajay Nayar, Vice President

By: SC-MCO, LLC,
a California limited liability company,
its Co-General Partner

By: MARIMAN & CO., a California
corporation,
its Sole Member

By: _____
Rudy Mariman, President

[Signatures continue on following page.]

[Signatures continue from previous page.]

SECURED PARTY:

CITY OF GARDEN GROVE,
a California municipal corporation

By: _____
City Manager or Authorized Designee

ATTEST:

City Clerk

APPROVED AS TO FORM:

STRADLING YOCCA CARLSON & RAUTH

Special Counsel to City

EXHIBIT "A" TO ATTACHMENT NO. 9

LEGAL DESCRIPTION

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EXCEPT THE WEST 462.00 FEET THEREOF.

ALSO EXCEPT ONE-HALF OF ALL CRUDE OIL, PETROLEUM, GAS, BREA, ASPHALTUM AND ALL KINDRED SUBSTANCES AND OTHER MINERALS UNDER AND IN SAID LAND, EXCEPT THE GRANTOR WILL NOT HAVE ANY SURFACE RIGHTS TO A DEPTH OF 500 FEET, AS RESERVED BY CARL JACOBBER AND EDNA JACOBBER, HUSBAND AND WIFE, IN DEED RECORDED MARCH 16, 1955 IN BOOK 2997, PAGE 52, OFFICIAL RECORDS.

ALSO EXCEPT ALL WATER IN OR UNDER SAID LAND.

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ALSO EXCEPT ALL WATER IN OR UNDER SAID LAND.

APNs: 108-492-77 (Parcel 1) and 108-083-38 (Parcel 2)

EXHIBIT A TO ATTACHMENT NO. 9

LEGAL DESCRIPTION

Page 1 of 1

EXHIBIT "B" TO ATTACHMENT NO. 9

**FINANCING STATEMENT
DESCRIPTION OF THE COLLATERAL**

As used in this Exhibit "B", the term "Real Property" means that certain land (commonly known as 10632 Bolsa Avenue in the City of Garden Grove, County of Orange, State of California) described in Exhibit "A" to the Security Agreement, together with all improvements now or hereafter located thereon, more particularly described in Schedule 1 attached hereto.

1. All personal property, including, without limitation, all goods, supplies, equipment, furniture, furnishings, fixture, machinery, inventory and construction materials which Debtor now or hereafter owns or in which Debtor now or hereafter acquires an interest or right, including, without limitation, those which are now or hereafter located on or affixed to the Real Property or used or useful in the operation, use or occupancy thereof or the construction of any improvements thereon, including, without limitation, any interest of Debtor in and to personal property which is leased or subject to any superior security interest, or which is being manufactured or assembled for later installation into the improvements to be located or constructed at the Real Property, wherever located, and all books, records, leases and other documents, of whatever kind or character, relating to the Real Property;

2. All fees, income, rents, issues, profits, earnings, receipts, royalties and revenues which, after the date hereof and while any portion of the indebtedness secured hereby remains unpaid, may accrue from said goods, fixtures, furnishings, equipment and building materials or any part thereof or from the Real Property or any part thereof, or which may be received or receivable by Debtor from any hiring, using, letting, leasing, subhiring, subletting, or subleasing therefor;

3. All of Debtor's present and future rights to receive payments of money, services or property including, without limitation, rights to all deposits from tenants of the Real Property, accounts receivable, deposit accounts, chattel paper, notes, drafts, contract rights (including, without limitation, all rights under any interest rate hedging or similar agreement), instruments, general intangibles and principal, interest and payments due on account of goods sold, services rendered, loans made or credit extended, together with title or interest in all documents evidencing or securing the same;

4. All other intangible property and rights relating to the Real Property or the operation thereof, or used in connection therewith, including but not limited to all governmental permits relating to construction or other activities on the Real Property, all names under or by which the Real Property may at any time be operated or known, all rights to carry on business under any such names, or any variant thereof, all trade names and trademarks relating in any way to the Real Property, good will in any way relating to the Real Property, and all licenses and permits relating in any way to, or to the operation of, the Real Property;

5. All proceeds from sale or disposition of the aforesaid collateral;

6. Debtor's rights under all insurance policies covering the Real Property or any of the aforesaid collateral (whether or not required by Project Documents, as such term is defined in that

**EXHIBIT B TO ATTACHMENT NO. 9
FINANCING STATEMENT DESCRIPTION OF COLLATERAL**

certain HOME Investment Partnership Affordable Housing and Loan Agreement (Sycamore Court Housing Project) by and between Debtor and Secured Party of even date herewith), and all proceeds, loss payments and premium refunds payable regarding the same;

7. All reserves, deferred payments, deposits, refunds, cost savings and payments of any kind relating to the construction of any improvements on the land described in Schedule 1 attached;

8. All water stock relating to the Real Property or any portion of it;

9. All causes of action, claims, compensation and recoveries for any damage to or condemnation or taking of the Real Property or the aforesaid collateral, or for any conveyance in lieu thereof, whether direct or consequential, or for any damage or injury to the Real Property or the aforesaid collateral, or for any loss or diminution in value of the Real Property or the aforesaid collateral;

10. All architectural, structural, mechanical and engineering plans and specifications prepared for construction or improvements or extraction of minerals from the Real Property and all studies, data and drawings related thereto; and also all contracts and agreements of the Debtor relating to the aforesaid plans and specifications or to the aforesaid studies, data and drawings or to the construction of improvements on or extraction of minerals or gravel from the property;

11. All Debtor's rights in proceeds of the loan evidenced by that certain City Loan Note, Promissory Note Secured by Deed of Trust of even date herewith executed by Debtor in favor of City;

All terms used herein which are defined in the California Commercial Code shall have the same meanings when used herein, unless the context requires otherwise.

**EXHIBIT B TO ATTACHMENT NO. 9
FINANCING STATEMENT DESCRIPTION OF COLLATERAL**

SCHEDULE 1 TO EXHIBIT "B" TO ATTACHMENT NO. 9

LEGAL DESCRIPTION

That real property located in the State of California, County of Orange, City of Garden Grove, and described as follows:

PARCEL 1:

THE NORTH 350.00 FEET OF THE WEST HALF OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 5 SOUTH, RANGE 10 WEST, IN THE RANCHO LAS BOLSAS, CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SAID SECTION IS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 12 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE WEST 462.00 FEET THEREOF.

ALSO EXCEPT ONE-HALF OF ALL CRUDE OIL, PETROLEUM, GAS, BREA, ASPHALTUM AND ALL KINDRED SUBSTANCES AND OTHER MINERALS UNDER AND IN SAID LAND, EXCEPT THE GRANTOR WILL NOT HAVE ANY SURFACE RIGHTS TO A DEPTH OF 500 FEET, AS RESERVED BY CARL JACOBBER AND EDNA JACOBBER, HUSBAND AND WIFE, IN DEED RECORDED MARCH 16, 1955 IN BOOK 2997, PAGE 52, OFFICIAL RECORDS.

ALSO EXCEPT ALL WATER IN OR UNDER SAID LAND.

PARCEL 2:

THE NORTH 350.00 FEET OF THE EAST HALF OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 5 SOUTH, RANGE 10 WEST, IN THE RANCHO LAS BOLSAS, CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SAID SECTION IS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 12 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE EAST 260.00 FEET THEREOF.

ALSO EXCEPT ONE-HALF OF ALL CRUDE OIL, PETROLEUM, GAS, BREA, ASPHALTUM AND ALL KINDRED SUBSTANCES AND OTHER MINERALS UNDER AND IN SAID LAND EXCEPT THAT THE GRANTORS WILL NOT HAVE ANY SURFACE RIGHTS TO A DEPTH OF 500 FEET AS RESERVED BY LOUIS JACOBBER AND CORA JACOBBER, HUSBAND AND WIFE, IN DEED RECORDED MARCH 16, 1955 IN BOOK 2997, PAGE 59, OFFICIAL RECORDS.

ALSO EXCEPT ALL WATER IN OR UNDER SAID LAND.

APNs: 108-492-77 (Parcel 1) and 108-083-38 (Parcel 2)

SCHEDULE 1 TO EXHIBIT B TO ATTACHMENT NO. 9

LEGAL DESCRIPTION

SCHEDULE 2 TO EXHIBIT "B" TO ATTACHMENT NO. 9

SIGNATURE OF DEBTOR

DEBTOR/DEVELOPER:

10632 BOLSA AVENUE, LP,
a California limited partnership

By: AOF SYCAMORE COURT, LLC,
a California limited liability company,
its Managing General Partner

By: AOF / GOLDEN STATE
COMMUNITY DEVELOPMENT
CORP., a California nonprofit public
benefit corporation,
its Manager

By: _____
Ajay Nayar, Vice President

By: SC-MCO, LLC,
a California limited liability company,
its Co-General Partner

By: MARIMAN & CO., a California
corporation,
its Sole Member

By: _____
Rudy Mariman, President

ATTACHMENT NO. 10
AFFORDABLE RENT CALCULATION CHART
(Sycamore Court Housing Project)

[See attached]

Sycamore Court - Unit Mix and Affordable Rent Calculation Tables

Income Level	Bdrms	AMI	Units	Sq. Ft.	Monthly Gross Rents	Monthly Utility Allowance	Net Rent	Gross Annual Income	Most Restrictive Rent	HOME Units	TCAC Units	Senior Units	Family Units	Program*
Very Low Income	1	50%	2	730	\$978.00	\$52.00	\$1,030.00	\$24,720.00	TCAC	2	2	N/A	2	TCAC/HOME/HAP
Low Income	1	60%	6	730	\$1,173.00	\$52.00	\$1,225.00	\$88,200.00	TCAC		6		6	TCAC/HAP
Low Income	1	60%	12	730	\$1,173.00	\$52.00	\$1,225.00	\$176,400.00	TCAC		12		12	TCAC
Very Low Income	2	50%	5	906.3	\$1,173.00	\$61.00	\$1,234.00	\$74,040.00	TCAC	4	5		5	TCAC/HOME/HAP
Low Income	2	60%	13	906.3	\$1,407.00	\$61.00	\$1,468.00	\$229,008.00	TCAC		13		13	TCAC/HAP
Low Income	2	60%	24	906.3	\$1,407.00	\$61.00	\$1,468.00	\$422,784.00	TCAC		24		24	TCAC
Very Low Income	3	50%	1	1060.2	\$1,356.00	\$96.00	\$1,452.00	\$17,424.00	TCAC	1	1		1	TCAC/HOME/HAP
Low Income	3	60%	4	1060.2	\$1,627.00	\$96.00	\$1,723.00	\$82,704.00	TCAC		4		4	TCAC/HAP
Low Income	3	60%	10	1060.2	\$1,627.00	\$96.00	\$1,723.00	\$206,760.00	TCAC		10		10	TCAC
2BD manager unit	2	100%	1	906.3	\$0.00	\$0.00	\$0.00	\$0.00	Unrestricted					MGR
			78	69,474			\$110,170	\$1,322,040		7	77		77	

TCAC = Tax Credit Rent
 HOME = HOME Program Rent (Low HOME)
 HAP = HUD Section 8 Housing Assistance Payment Rent

ATTACHMENT NO. 10
 AFFORDABLE RENT CALCULATION CHART
 Page 2 of 2

ATTACHMENT NO. 11

REGULATORY AGREEMENT

Recording Requested By and
When Recorded Mail To:

**City of Garden Grove
11222 Acacia Parkway
Garden Grove, California 92840
Attention: City Manager**

(Space above for Recorder's use.)

(This document is exempt from the payment of a recording fee pursuant to Government Code Section 6103.)

REGULATORY AGREEMENT

This **REGULATORY AGREEMENT** ("Agreement") is entered into this ____ day of June 2017, by and between the **CITY OF GARDEN GROVE**, a California municipal corporation ("City") and **10632 BOLSA AVENUE, LP**, a California limited liability company ("Developer").

RECITALS

A. Developer has acquired those certain two (2) parcels of real property located at 10632 Bolsa Avenue in the City which are more particularly described in the legal description attached hereto as Exhibit A and fully incorporated by this reference ("Properties").

B. Developer desires to rehabilitate the existing seventy-eight (78) Housing Units on the Properties and to restrict occupancy to and make available all but one of such Housing Units to 50% AMI Very Low Income Households and 60% AMI Low Income Households, all at an Affordable Rent, one Housing Unit being reserved for an on-site property manager, and including the seven (7) HOME Units. Developer intends to acquire and rehabilitate the Properties utilizing the proceeds of a loan from City in the amount of One Million Two Hundred Thousand Dollars (\$1,200,000) sourced from HOME Program funds, or as much thereof as is disbursed by City to Developer.

C. City has agreed to extend the City Loan to Developer pursuant to the terms and conditions of that certain HOME Investment Partnership Affordable Housing and Loan Agreement (Sycamore Court Housing Project) ("HOME Agreement") dated as of June 13, 2017 entered into by and between Developer and City.

D. City has agreed to make the City Loan to Developer on the condition that the Project be maintained and operated in accordance with the restrictions concerning affordability, operation, and maintenance of the Project, as specified in the HOME Agreement.

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REGULATORY AGREEMENT**

E. A purpose of the HOME Agreement is to ensure that the Housing Units rehabilitated and operated pursuant to the requirements hereunder shall be available at an Affordable Rent for fifty-five (55) years from the issuance by City and recordation of the Release of Construction Covenants pursuant to the HOME Agreement and that all but one Housing Units shall be restricted to rental to and occupancy by 50% AMI Very Low Income Households and 60% AMI Low Income Households paying an Affordable Rent in accordance with the provisions of the HOME Agreement and this Regulatory Agreement.

NOW, THEREFORE, the foregoing recitals are a substantive part of the Agreement and in consideration of the mutual covenants and conditions set forth herein and in the HOME Agreement, the parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

1.1 Definitions. Capitalized words and terms used in this Regulatory Agreement, if not defined in this Regulatory Agreement, shall have the meanings ascribed thereto in the HOME Agreement.

ARTICLE 2

LAND USE RESTRICTIONS

2.1 Permitted Uses. The Properties shall be used only for private rental dwelling purposes and related amenity uses and for no other purposes. Commencing upon and throughout the Affordability Period, Developer covenants and agrees to make available, restrict occupancy to, and rent one hundred three (103) of the Housing Units at the Properties to 50% AMI Very Low Income Households, and 60% AMI Low Income Households, all at an Affordable Rent as set forth in Sections 2.2, 2.3, and 2.4 herein, one Housing Unit being reserved for the on-site property manager. None of the Housing Units at the Properties shall at any time be utilized on a transient basis, nor shall the Properties or any portion thereof ever be used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, short-term rental, vacation home such as Air BnB or VRBO, or hospital, nursing home, sanitarium or rest home. Developer shall not convert the Properties to condominium ownership during the Affordability Period without the prior consideration and action approving such conversion by the City Council, which approval may be granted, withheld or denied in the sole and absolute discretion of the City Council and until such approval is granted, if at all by City Council, it shall be a violation of such restriction to file a "White Report" and/or to record a condominium plan for the Properties. Developer shall not maintain or cause to be maintained any public nuisance or private nuisance on or about the Properties.

2.2 Tenant Selection Covenants.

2.2.1 Compliance with *Limon* Judgment; Selection of Tenants. Developer shall be responsible for the selection of tenants for the Housing Units in compliance with the applicable federal, state and local laws, Federal Program Limitations, the HOME Program and all lawful and reasonable criteria as set forth in the Management Plan that is required to be submitted to and approved by the City as a Condition Precedent and under the HOME Agreement and this Agreement.

ATTACHMENT NO. 11 REGULATORY AGREEMENT

Developer shall adopt a tenant selection system for the HOME Units in conformance with Section 92.253(d) of the HOME Regulations, which shall be approved by City Manager in his reasonable discretion, which establishes a chronological waiting list system for selection of tenants and meets the requirements of this Section 2.2.1 and the HOME Agreement.

(a) Following the completion of the Rehabilitation and re-occupancy by the existing occupants of the Housing Units, as applicable, as a critical and essential part of its tenant selection for vacant Housing Units, if any, and as Housing Units available for occupancy by 60% AMI Low Income Households first become vacant, subject to applicable Fair Housing Laws, the Developer shall grant a first priority to 60% AMI Low Income Households who were displaced from the former improvements called the "Travel Country Recreational Vehicle Park" ("RV Park") by activities of the Garden Grove Agency for Community Development ("Former Agency"), now a dissolved redevelopment agency, or as otherwise described in that certain Judgment in *Marina Limon v. Garden Grove Agency for Community Development, et al.*, Orange County Superior Court Case No. 30-2009-00291597 ("*Limon* Judgment"), and a second priority to any 60% AMI Low Income Households who were otherwise displaced by activities of the Former Agency at the income category that corresponds to the income of the displaced households.

(i) Developer shall provide written notice to the City at least thirty (30) days prior to Developer commencing its marketing activities for the initial lease-up of the Project in conformance with the approved Management Plan. In addition, this prior notice from Developer to City also shall include a complete copy of the form of the "application" with a description of necessary supporting materials to be completed by applicants for prospective tenancy at the Project, in particular so that the displacees described in the subparagraphs below (and the plaintiffs' counsels in the *Limon* Judgment) can be notified in writing and have an adequate time to prepare and submit an application and in order for the Garden Grove Housing Authority or the Successor Agency to the Garden Grove Agency for Community Development (or the City) to perform under and implement the requirements of such *Limon* Judgment.

(ii) Subject to applicable Fair Housing Laws, Developer's waiting list of prospective, eligible tenants for Housing Units at the Project shall include and follow the following order of priority for selection of tenants:

A. first priority to 60% AMI Low Income Households who were displaced from the RV Park by activities of the Former Agency or as otherwise described in the *Limon* Judgment;

B. second priority to 60% AMI Low Income Households who were otherwise displaced by activities of the Former Agency at the income category that corresponds to the income of the previously displaced households;

C. third priority to 50% AMI Very Low Income Households and 60% AMI Low Income Households, as applicable, who were previously displaced from their residences within the City of Garden Grove due to programs or projects implemented by the Garden Grove Housing Authority, the City, or another governmental entity that operates within the City of Garden Grove; and

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D. fourth priority to 50% AMI Very Low Income Households and 60% AMI Low Income Households, as applicable, who then currently live and/or currently work in the City as of the date of application to Developer for prospective tenancy at the Project.

2.2.2 Selection of Tenants. In addition to Developer's compliance with Section 2.2.1 above, the Developer shall be responsible for the selection of tenants for the Housing Units in compliance with the HOME Program, the Federal Program Limitations and all lawful and reasonable criteria, as set forth in the Management Plan that is required to be submitted to and approved by City pursuant to this Agreement. Subject to Developer's first compliance with Section 2.2.1 above, Developer shall use its best efforts to rent vacant Housing Units to eligible households on the Garden Grove Housing Authority's tenant waiting list and eligible households currently holding portable Section 8 vouchers, who are otherwise qualified to be tenants in accordance with the approved tenant selection criteria. In addition, with respect to tenants selected to occupy Housing Units receiving Project Based Section 8 assistance, Developer shall give preference to eligible tenants who are elderly or disabled or to eligible tenant households receiving supportive services, in accordance with 24 CFR Section 983.56, who are otherwise qualified to be tenants in accordance with the approved tenant selection criteria. Developer shall adopt a tenant selection system for the HOME Units in conformance with Section 92.253(e) of the HOME Regulations, which shall be approved by City Manager in his reasonable discretion, which establishes a chronological waiting list system for selection of tenants. The tenant selection system shall include, without limitation, a method for investigation of the credit history of proposed tenants through obtaining a credit report on the proposed tenant. To the extent Housing Units are available, Developer shall not refuse to lease to a holder of a certificate of family participation under 24 CFR part 882 (Rental Certificate Program) or a rental voucher under 24 CFR part 887 (Rental Voucher Program) or to the holder of a comparable document evidencing participation in a HOME Program, Section 8 program or other tenant-based assistance program solely on the basis of such certificate, voucher or comparable document, who is otherwise qualified to be a tenant in accordance with the approved tenant selection criteria.

2.2.3 Income and Occupancy Restrictions. As included in the annual income certification provided by Developer or as otherwise reasonably requested by City, Developer shall endeavor to make available for City Manager's review and approval such information as Developer has reviewed and considered in its selection process, together with the statement by Developer that Developer has determined that each selected tenant will comply with all applicable terms and conditions of this Agreement in each tenant's occupancy of a Housing Unit, including without limitation, that each corresponding household satisfies the income eligibility requirements, Affordable Rent requirements, and other applicable requirements of this Agreement.

(a) In this regard, Developer covenants and agrees that (i) each tenant (other than the on-site property manager) shall and will be a 50% AMI Very Low Income Household or a 60% AMI Low Income Household as defined herein, and (ii) the cost to each tenant household (other than the on-site property manager) for the corresponding Housing Unit on the Properties shall be at and within the defined Affordable Rent for the a 50% AMI Very Low Income Household or a 60% AMI Low Income Household, and (iii) each tenant household (other than the on-site property manager) shall meet HQS occupancy standards for the Housing Unit (subject to Section 2.2.5), and (iv) the occupancy and use of the Properties shall comply with all other covenants and obligations of this Agreement (collectively, "Tenant Selection Covenants").

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2.2.4 Income/Unit Mix. Developer covenants that:

(i) Two (2) of the 1-bedroom Housing Units at the Project shall be occupied by 50% AMI Very Low Income Households at an Affordable Rent of which two (2) units shall be designated as Low HOME Units;

(ii) Eighteen (18) of the 1-bedroom Housing Units at the Project shall be occupied by 60% AMI Low Income Households at an Affordable Rent;

(iii) Five (5) of the 2-bedroom Housing Units at the Project shall be occupied by 50% AMI Very Low Income Households at an Affordable Rent of which four (4) units shall be designated as Low HOME Units;

(iv) Thirty-seven (37) of the 2-bedroom Housing Units at the Project shall be occupied by 60% AMI Low Income Households at an Affordable Rent;

(v) One (1) of the 3-bedroom Housing Units at the Project shall be occupied by 50% AMI Very Low Income Households at an Affordable Rent and which unit shall be designated as a Low HOME Unit);

(vi) Fourteen (14) of the 3-bedroom Housing Units at the Project shall be occupied by 60% AMI Low Income Households at an Affordable Rent; and

(vii) one (1) 2-bedroom Housing Unit at the Project shall be occupied by an on-site property manager. The on-site manager is not required to income qualify as a 50% AMI Very Low Income Household or 60% AMI Low Income Household; nor shall the monthly housing payment charged for the on-site manager's Housing Unit be restricted to an Affordable Rent, nor shall Developer be required to comply with any other requirements set forth in this Agreement relating to the income or other Tenant Selection Covenants when selecting and retaining such on-site manager.

2.2.5 Minimum and Maximum Occupancy Limits. The minimum occupancy of the Housing Units in the Project shall not be less than one person per bedroom. The maximum occupancy of the Housing Units in the Project shall not exceed more than such number of persons as is equal to two persons per bedroom, plus one; thus: (i) for the one-bedroom Housing Units the maximum occupancy shall not exceed three (3) persons, (ii) for the two (2) bedroom Housing Units the maximum occupancy shall not exceed five (5) persons; and (iii) for the three (3) bedroom Housing Units the maximum occupancy shall not exceed seven (7) persons.

2.2.6 Housing Units Intended as Replacement Housing by City and its Affiliated Entities. Developer acknowledges that City is investing in the Project and providing the City Loan to Developer to cause long-term affordable housing, qualifying under the HOME Program as HOME Units during the HOME Compliance Period, qualifying as replacement housing required under that certain *Limon* Judgment (defined above) and qualifying as reserved or banked replacement housing under federal or state laws, as, if, and when applicable to the City or its affiliated entities such as the Garden Grove Housing Authority and the Successor Agency to the Garden Grove Agency for Community Development. Therefore, this Agreement shall serve as notice and evidence that the City is investing in the Project and providing the City Loan to Developer to qualify, use, and bank all

78 affordable housing units in this Project (excluding the onsite manager's unit) for purposes of replacement housing (i) as defined and required under federal and state laws, as, if and when applicable, to the City, Housing Authority or Successor Agency, and (ii) in satisfaction of the Successor Agency's replacement housing obligations that may remain under and in implementation of the *Limon* Judgment.

2.3 Income Certification Requirements. Following the completion of the Rehabilitation and re-occupancy by the existing occupants of the Housing Units, and annually thereafter (on or before March 31 of each year), Developer shall submit to City, at Developer's expense, as part of the annual report required by Section 3.8 and Exhibit C, a written summary of the income, household size and rent payable by each of the tenants of the Housing Units. At City's request, but not less frequently than prior to each initial and subsequent rental of each Housing Unit to a new tenant household (but not lease renewals) and annually thereafter, Developer shall also provide to City completed income computation, asset evaluation, and certification forms, for any such tenant or tenants. Developer shall obtain, or shall cause to be obtained by the Property Manager, an annual certification from each household leasing a Housing Unit demonstrating that such household is a 50% AMI Very Low Income Household or 60% AMI Low Income Household, as applicable, and meets the eligibility requirements established for the Housing Unit. Developer shall verify, or shall cause to be verified by the Property Manager, the income certification of each tenant household. In order to comply with this Section, Developer shall submit to City any and all tenant income and occupancy certifications and supporting documentation required to be submitted to TCAC pursuant to the Tax Credit Rules and the Tax Credit Regulatory Agreement for the Project; provided, City may request (and Developer shall provide) additional documentation to assist City's evaluation of Developer's compliance with this Agreement, if determined to be necessary in the reasonable discretion of the City Manager, specifically including (without limitation) any documentation or additional certifications that may be necessary to verify compliance with the HOME Regulations and Federal Program Limitations, as applicable. This requirement is in addition to and does not replace or supersede Developer's obligation to annually submit the Certificate of Continuing Program Compliance to City.

2.3.1 Verification of Income of New and Continuing Tenants. Gross income calculations for prospective (and continuing) tenants shall be determined in accordance with 25 Cal. Code Regs. Section 6914. Developer shall verify the income and information provided in the income certification of the proposed tenant as set forth below.

(a) Developer shall verify the income of each proposed tenant of the Project pursuant to the Tenant Selection Covenants set forth in Section 2.2 herein, and by at least one of the following methods as appropriate to the proposed tenant:

(i) obtain two (2) paycheck stubs from the person's two (2) most recent pay periods.

(ii) obtain a true copy of an income tax return from the person for the most recent tax year in which a return was filed.

(iii) obtain an income verification certification from the employer of the person.

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(iv) obtain an income verification certification from the Social Security Administration and/or the California Department of Social Services if the person receives assistance from such agencies.

(v) obtain an alternate form of income verification reasonably requested by City, if none of the above forms of verification is available to Developer.

2.4 Affordable Rent.

2.4.1 Maximum Monthly Rent. The maximum monthly rent chargeable for the HOME Units during the HOME Compliance Period shall be annually determined by City in accordance with Section 92.252 of the HOME Regulations, and the maximum monthly rent chargeable for all other Housing Units (including the HOME Units after the HOME Compliance Period) shall be annually determined under the Tax Credit Regulatory Agreement and Tax Credit Rules, as applicable, under the following formulas:

(a) The Affordable Rent for the Housing Units to be rented to 50% AMI Very Low Income Households shall not exceed:

(i) for the seven (7) Low HOME Units: the rent shall be the *lesser* of: (A) one-twelfth (1/12) of thirty percent (30%) of fifty percent (50%) of AMI for Orange County as determined and published by TCAC for a family of a size appropriate for the unit pursuant to the Tax Credit Rules or (B) the applicable Low HOME rent amount in compliance with the HOME Regulations;

(A) In clarification of the Affordable Rent for the seven (7) HOME Units as of June 6, 2016, HUD set the maximum rent inclusive of any utility allowance as listed below and adjustments (annual or more often as promulgated by HUD) shall be made by Developer in compliance with the HOME Regulations during the HOME Compliance Period:

- One bedroom Low HOME rent - \$914
- Two bedroom Low HOME rent - \$1,097
- Three bedroom Low HOME rent - \$1,267; and

(ii) for the Housing Units that are not HOME Units (and for the HOME Units after the HOME Compliance Period for the remaining term of the Affordability Period), the rent shall be one-twelfth (1/12) of thirty percent (30%) of fifty percent (50%) of AMI for Orange County as determined and published by TCAC for a family of a size appropriate to the unit pursuant to the Tax Credit Rules.

(b) The Affordable Rent for the Housing Units to be rented to 60% AMI Low Income Households shall not exceed:

(i) one-twelfth (1/12) of thirty percent (30%) of sixty percent (60%) of AMI for Orange County as determined and published by TCAC for a family of a size appropriate to the unit pursuant to the Tax Credit Rules.

For purposes of this Regulatory Agreement, "Affordable Rent" means the total of monthly payments for (a) use and occupancy of each Housing Unit and land and facilities associated therewith, (b) any separately charged fees or service charges assessed by Developer which are required of all tenants, other than security deposits, (c) a reasonable allowance for an adequate level of service of utilities not included in (a) or (b) above, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuels, but not including telephone service, or cable TV or internet services, and (d) possessory interest, taxes or other fees or charges assessed for use of the land and facilities associated therewith by a public or private entity other than Developer.

2.4.2 Initial Rents for Existing Tenants. For the existing tenants of the Housing Units initially designated as one of the seven (7) HOME Units, who (1) were tenants at the Properties as of the date Developer acquires the Properties, (2) will be temporarily displaced (and not be permanently displaced) from the Project, and (3) will return to a Housing Unit after the completion of the Rehabilitation, for the first twelve (12) months of tenancy/occupancy after the completion of the Rehabilitation the tenant's monthly rent (inclusive of a utilities allowance) for such twelve month period shall be the greater of (i) thirty percent (30%) of such household's actual monthly gross income, or (ii) the actual gross Rent (inclusive of utilities) paid by such household as of the date Developer acquires the Properties, but in no event shall such Rent paid by such household exceed the Affordable Rent for the Housing Units under the HOME Agreement and this Agreement.

2.4.3 Rent Schedule and Utility Allowance. City will review and approve the Affordable Rents proposed by Developer for all of the Housing Units together with the monthly allowances proposed by Developer for utilities and services to be paid by the tenant. Developer must annually reexamine the income of each tenant household living in the Housing Units annually in accordance with Sections 2.3 and 3.8 herein. The maximum monthly rent must be recalculated by Developer and reviewed and approved by City annually, and may change as changes in the applicable gross Rent amounts, the income adjustments, or the monthly allowance for utilities and services warrant. Any increase in Rents for the Housing Units is subject to the provisions of outstanding leases. Developer must provide all tenants not less than 30 days prior to written notice before implementing any increase in Rents.

2.4.4 Increases in Tenant Income. A tenant who qualifies as a 50% AMI Very Low Income Household or a 60% AMI Low Income Household prior to occupancy of a Housing Unit in compliance with the Agreement shall be deemed to continue to be so qualified until such time as the annual re-verification of such tenant's income demonstrates that such tenant no longer qualifies as a 50% AMI Very Low Income Household or a 60% AMI Low Income Household, as applicable. A tenant occupying a Housing Unit whose income increases, causing that tenant household to cease to be income qualified in the same category shall, if that tenant household continues to qualify in a higher income category provided for under this Agreement, be deemed to so qualify and the Housing Unit occupied by such tenant household shall be counted towards Developer's obligation to provide a Housing Unit for households in such income category. A tenant household whose income increases such that such tenant household ceases to be income qualified to occupy any Housing Unit at the Project, may continue to occupy his Housing Unit and be charged rent including a reasonable utility allowance, not greater than the lesser of thirty percent (30%) of the household's adjusted monthly income, recertified annually, or the market rent applicable to the Housing Unit as published by HUD.

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2.4.5 Most Restrictive Affordable Rent Covenants Govern. To the extent of an inconsistency between or among the foregoing covenants relating to Affordable Rent and other covenants or agreements applicable to the Project, the most restrictive covenants or agreement regarding the Affordable Rent for the Housing Units in the Project shall prevail.

2.4.6 Affordable Rent Calculation Chart. In illustration of the foregoing description of Affordable Rent, attached to this Agreement as Exhibit B and fully incorporated by this reference is an "Affordable Rent Calculation Chart (Sycamore Court Housing Project)." The chart is illustrative only and in the event of any inconsistency between such chart and the specific provisions of this Agreement, the provisions of this Agreement shall prevail.

2.5. Tenant Protections.

2.5.1 Lease. Developer shall execute or cause to be executed a written lease in a form approved in writing by City (other than immaterial modifications thereto) which complies with the applicable HOME Regulations, and all Federal Program Limitations, with each tenant household identifying by name all permitted occupants, both adults and minors, occupying each Housing Unit. The lease between tenants occupying the Housing Units and Developer must be for not less than one year, unless by mutual agreement between the tenant and Developer.

2.5.2 Prohibited Lease Terms. The lease for HOME Units may not contain any of the following provisions:

(i) *Agreement to be Sued.* Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of Developer in a lawsuit brought in connection with the lease;

(ii) *Treatment of Properties.* Agreement by tenant that Developer may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the Housing Unit after the tenant has moved out of the Housing Unit. Developer may dispose of this personal property in accordance with state law;

(iii) *Excusing Developer From Responsibility.* Agreement by the tenant not to hold Developer or Developer's agents legally responsible for any action or failure to act, whether intentional or negligent;

(iv) *Waiver of Notice.* Agreement of the tenant that Developer may institute a lawsuit without notice to the tenant;

(v) *Waiver of Legal Proceedings.* Agreement by the tenant that Developer may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;

(vi) *Waiver of a Jury Trial.* Agreement by the tenant to waive any right to a trial by jury;

(vii) *Waiver of Right to Appeal Court Decision.* Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease; and

(viii) *Tenant Chargeable with Cost of Legal Actions Regardless of Outcome.* Agreement by the tenant to pay attorney's fees or other legal costs even if the tenant wins in a court proceeding by the owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.

2.5.3 Termination of Tenancy. Developer may not terminate the tenancy or refuse to renew the lease of a tenant of a HOME Unit within the Project except for failure to pay rent, serious or repeated violation of the terms and conditions of the lease; for violation of applicable federal, state, or local law; or for other good cause. Any termination or refusal to renew must be preceded by not less than 30 days by Developer's service upon the tenant of a written notice specifying the grounds for the action.

2.5.4 Tenant Selection. Developer shall not refuse to rent a Housing Unit in the Project to a holder of a Rental Voucher or a Rental Certificate or comparable document evidencing participation in the Section 8 Program or a HOME tenant-based assistance program solely on the basis of such participation, who is otherwise qualified to be a tenant in accordance with the approved tenant selection criteria. Developer must adopt written tenant selection policies and criteria reasonably approved by City that:

(i) Are consistent with the purpose of providing housing for 50% AMI Very Low Income Households and 60% AMI Low Income Households;

(ii) Are reasonably related to HOME Program eligibility (if applicable), eligibility and the applicants' ability to perform the obligations of the lease;

(iii) Give reasonable consideration to the housing needs of senior citizens that would have a federal preference under 42 U.S.C. § 12744 of the Cranston-Gonzalez National Affordable Housing Act of 1992 and

(iv) Provide for:

(A) the selection of tenants from the Garden Grove Housing Authority's written tenant waiting list in the chronological order of their application, insofar as is practicable;

(B) reasonable preferences for tenants that currently hold portable Section 8 vouchers issued by the City; and

(C) the prompt written notification to any rejected applicant of the grounds for any rejection.

2.6. Compliance with Use and Occupancy Laws. Developer agrees that for each lease, Developer shall comply with all applicable State and local laws, statutes, ordinances, rules and regulations, which in any way restrict the use and occupancy and resale of the Properties, including

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the HOME Program, HOME Regulations, and Federal Program Limitations. Notwithstanding the foregoing, Developer shall not permit a Housing Unit to be occupied by a greater number of persons than permitted by the occupancy limits set forth in the Housing Quality Standards (HQS) in 24 CFR 982.401 published by HUD.

2.7. Nondiscrimination Covenants.

2.7.1 Nondiscrimination and Equal Opportunity. Developer hereby covenants, by and for itself, its successors and assigns, and all persons claiming under or through them, to comply with the following laws relating to nondiscrimination and equal opportunity: (1) The Fair Housing Act (42 U.S.C. 3601-19) and implementing regulations at 24 CFR part 100 et seq.; Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1959-1963 Comp., p. 652 and 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing Programs) and implementing regulations at 24 CFR part 107; title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4) (Nondiscrimination in Federally Assisted Programs) and implementing regulations at 24 CFR part 1; the Age Discrimination Act of 1975 (42 U.S.C. 6101-6107) and implementing regulations at 24 CFR part 146; section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at part 8 of this title; title II of the Americans with Disabilities Act, 42 U.S.C. 12101 et seq.; 24 CFR part 8; section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 CFR part 135; Executive Order 11246, as amended by Executive Orders 11375, 11478, 12086, and 12107 (3 CFR, 1964-1965 Comp., p. 339; 3 CFR, 1966-1970 Comp., p. 684; 3 CFR, 1966-1970 Comp., p. 803; 3 CFR, 1978 Comp., p. 230; and 3 CFR, 1978 Comp., p. 264, respectively) (Equal Employment Opportunity Programs) and implementing regulations at 41 CFR chapter 60; Executive Order 11625, as amended by Executive Order 12007 (3 CFR, 1971-1975 Comp., p. 616 and 3 CFR, 1977 Comp., p. 139) (Minority Business Enterprises); Executive Order 12432 (3 CFR, 1983 Comp., p. 198) (Minority Business Enterprise Development); and Executive Order 12138, as amended by Executive Order 12608 (3 CFR, 1977 Comp., p. 393 and 3 CFR, 1987 Comp., p. 245) (Women's Business Enterprise).

2.7.2 Prohibition of Inquiries on Sexual Orientation or Gender Identity. Developer further covenants, by and for itself, its successors and assigns, and all persons claiming under or through them, not to inquire about the sexual orientation or gender identity of an applicant for, or occupant of, the Project or any Housing Unit at the Properties, for the purpose of determining eligibility for occupancy of such Housing Units or otherwise making such Housing Units available. This prohibition on inquiries regarding sexual orientation or gender identity does not prohibit any individual from voluntarily self-identifying sexual orientation or gender identity. Further, determinations of eligibility for occupancy of Housing Units at the Project shall be made in accordance with the eligibility requirements provided for such program by HUD, and such Housing Units shall be made available without regard to actual or perceived sexual orientation, gender identity, or marital status.

The covenants established in this Section 2.7, *et seq.*, shall, without regard to technical classification and designation, be binding for the benefit and in favor of City and its successors and assigns, and shall remain in effect in perpetuity.

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ARTICLE 3

OPERATION AND MANAGEMENT OF THE PROJECT

3.1. Compliance with HOME Agreement. Developer shall comply with all the terms and provisions of the HOME Agreement.

3.2. Taxes and Impositions. After Developer's acquisition of the Properties from the Seller, Developer shall be responsible to and shall pay, prior to delinquency, all of the following (collectively, the "Impositions"): (i) all general and special real property taxes and assessments imposed on the Properties; and (ii) all other taxes and assessments and charges of every kind that are assessed upon the Properties and that create or may create a lien upon the Properties (or upon any personal property or fixtures used in connection with the Properties), including non-governmental levies and assessments pursuant to applicable covenants, conditions or restrictions. If permitted by law, Developer may pay any Imposition in installments (together with any accrued interest).

(a) Right to Contest. Developer shall not be required to pay any Imposition so long as (a) the validity of such Imposition is being actively contested in good faith and by appropriate proceedings, and (b) either (i) Developer has demonstrated to City's reasonable satisfaction that leaving such Imposition unpaid pending the outcome of such proceedings could not result in conveyance of any parcel in satisfaction of such Imposition or otherwise impair City's interests under the Project Documents, or (ii) Developer has furnished City with a bond or other security satisfactory to City in an amount not less than 120% of the applicable claim (including interest and penalties).

(b) Evidence of Payment. Upon demand by the City Manager from time to time, Developer shall deliver to the City Manager within thirty (30) days following the due date of any Imposition, evidence of payment of said Imposition reasonably satisfactory to the City Manager, unless Developer is contesting the imposition in conformity with Section 3.2(a). In addition, upon demand by City from time to time, Developer shall furnish to City a tax reporting service for the Properties of a type and duration, and with a company, reasonably satisfactory to City.

3.3 Management of the Project.

3.3.1 Property Manager. Developer shall cause the Project, and all appurtenances thereto that are a part of the Project, to be managed in a prudent and business-like manner, consistent with property management standards for other comparable high quality, well-managed rental housing projects in Orange County, California. Developer shall contract with a property management company or property manager to operate and maintain the Project in accordance with the terms of this Section 3.3 ("Property Manager"); provided, however, the selection and hiring of the Property Manager (and each successor or assignee Property Manager) is and shall be subject to prior written approval of City Manager in his sole and reasonable discretion and the City has previously approved QRM Corp. as the initial Property Manager of the Project. The Property Manager shall not be an Affiliate of Developer without the prior written consent of the City Manager, which consent shall not be unreasonably withheld, delayed or conditioned. Developer shall conduct due diligence and background evaluation of any potential outside property manager or property management company to evaluate experience, references, credit worthiness, and related qualifications as a property manager. Any proposed property manager shall have prior experience with rental housing projects and properties comparable to the Project and the references and credit record of such

manager/company shall be investigated (or caused to be investigated) by Developer prior to submitting the name and qualifications of such proposed property manager to the City Manager for review and approval. A complete and true copy of the results of such background evaluation shall be provided to the City Manager. Approval of a Property Manager by City Manager shall not be unreasonably delayed but shall be in his sole and reasonable discretion, and City Manager shall use good faith efforts to respond as promptly as practicable in order to facilitate effective and ongoing management of the Project. Furthermore, the identity and retention of any approved Property Manager shall not be changed without the prior written approval of the City Manager, which approval shall not be unreasonably withheld or delayed, but shall be in his sole and reasonable discretion. The selection by Developer of any new Property Manager also shall be subject to the foregoing requirements. The annual fee to be paid to the Property Manager shall not exceed five percent (5%) of annual gross income of the Project.

3.3.2 Management Plan. Prior to and as a Condition Precedent of the initial or any subsequent installment payment of the City Loan proceeds, Developer shall prepare and submit to the City Manager for review and approval an updated and supplemented management plan which includes a detailed plan and strategy for long term operation, maintenance, repair, security, social/supportive services, if any, for, and marketing of the Project, method of selection of tenants, rules and regulations for tenants, and other rental and operational policies for the Project (“Management Plan”). City Manager approval of the Management Plan shall not be unreasonably withheld or delayed. Subsequent to approval of the Management Plan by the City Manager the ongoing management and operation of the Project shall be in compliance with the approved Management Plan. Developer and Property Manager may from time to time submit to the City Manager proposed amendments to the Management Plan, which are also subject to the prior written approval of the City Manager.

(a) Gross Mismanagement. In the event of “Gross Mismanagement” (as that term is defined below) of the Project or any part of the Project, City Manager shall have and retain the authority to direct and require any condition(s), acts, or inactions of Gross Mismanagement to cease and/or be corrected immediately, and further to direct and require the immediate removal of the Property Manager and replacement with a new qualified and approved Property Manager, if such condition(s) is/are not ceased and/or corrected after expiration of thirty (30) days from the date of written notice from City Manager. If Developer or Property Manager has commenced to cure such Gross Mismanagement condition(s) on or before the 20th day from the date of written notice (with evidence of such submitted to the City Manager), but has failed to complete such cure by the 30th day, then Developer or Property Manager shall have an additional ten (10) days to complete the cure of such Gross Mismanagement condition(s). In no event shall any condition of Gross Mismanagement continue uncured for a period exceeding forty-five (45) days from date of the initial written notice of such condition(s). If such condition(s) do persist beyond such period City Manager shall have the sole and absolute right to immediately and without further notice to Developer (or to Property Manager or any other person/entity) replace the Property Manager with a new property manager of the City Manager’s selection at the sole cost and expense of Developer. If Developer takes steps to select a new Property Manager that selection is subject to the requirements set forth above for selection of a Property Manager.

(i) For purposes of this Agreement, the term “Gross Mismanagement” shall mean management of the Project (or any part of the Project) in a manner which violates the terms and/or intention of this Agreement to operate a high quality, affordable

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rental housing complex comparable to other similar complexes in Orange County, California, and shall include, but is not limited to, any one or more of the following:

A. Knowingly leasing to tenants who exceed the prescribed income levels;

B. Knowingly allowing the tenants to exceed the prescribed occupancy levels without taking immediate action to stop such overcrowding;

C. Knowingly allowing the tenants to allow or use any Housing Unit for vacation rental purposes without taking immediate action to stop such activity;

D. Underfunding required reserve accounts, unless funds are not reasonably available to deposit in such accounts;

E. Failing to timely maintain the Project in accordance with the Management Plan and the manner prescribed herein;

F. Failing to submit timely and/or adequate annual reports to City as required herein;

G. Fraud or embezzlement of Project funds, including without limitation funds in the reserve accounts;

H. Failing to reasonably cooperate with the Garden Grove Police Department or other local law enforcement agency(ies) with jurisdiction over the Project, in maintaining a crime-free environment within the Project;

I. Failing to reasonably cooperate with the Garden Grove Fire Department or other local public safety agency(ies) with jurisdiction over the Project, in maintaining a safe environment within the Project;

J. Failing to reasonably cooperate with the Garden Grove Planning & Building Department, including the Code Enforcement Division, or other local health and safety enforcement agency(ies) with jurisdiction over the Project, in maintaining a safe environment within the Project; and

K. Spending funds from the Capital Replacement Reserve account(s) for items that are not defined as capital costs under the standards imposed by generally accepted accounting principles (GAAP) (and/or, as applicable, generally accepted auditing principles.)

(ii) Notwithstanding the requirements of the Property Manager to correct any condition of Gross Mismanagement as described above, Developer is obligated and shall use commercially reasonable efforts to correct any defects in property management or operations at the earliest feasible time and, if necessary, to replace the Property Manager as provided above. Developer shall include advisement and provisions of the foregoing requirements and requirements of this Agreement within any contract between Developer and its Property Manager.

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(b) Marketing. Developer shall comply with an affirmative marketing plan reasonably approved by City, including methods for informing the public and potential tenants about the federal fair housing laws, procedures to inform and solicit applications from persons in the housing market area not likely to apply for tenancy at the Housing Units without special outreach and recordkeeping methods that will permit City to evaluate the actions taken by Developer (or Property Manager) to affirmatively market the Housing Units at the Project. Specific procedures for marketing and releasing Housing Units shall be set forth in the Management Plan and shall include:

(i) Posting advertisements and notices of the availability of the Housing Unit(s) in local newspapers and other publications. Such advertisements and notices shall include a description of the age and income requirements applicable to the Housing Unit(s).

(ii) Posting advertisements and notices of the vacancy(ies) at local religious institutions, community centers, public buildings such as post-offices and City Hall, and the Garden Grove Senior Center.

(iii) Posting advertisements and notices of the vacancy(ies) anywhere Developer believes tenant households eligible for occupancy in the Housing Units at the Project are likely to become informed.

3.3.3 Operation and Management of Properties Post-closing Pending Commencement of Rehabilitation. After the close of the Escrow and Developer's acquisition of the Properties, the day to-day management and operation of the existing seventy-eight (78) townhome apartment units and the overall Properties shall be undertaken by and shall be the sole legal and financial responsibility of Developer. Developer is and shall remain responsible for and shall exercise its best efforts to manage and operate the Properties consistent with good property management standards of comparable affordable residential rental properties in Orange County, California such as those owned or operated by Mariman & Co., or The Related Companies of California, or Jamboree Housing Corporation or other highly reputable owners and developers of high quality affordable rental housing projects in the County. In connection with such property management by Developer: (i) all rents and other income derived from such property management shall be retained by Developer in compensation for such management, and (ii) Developer shall be responsible to undertake, maintain, and pay for all ongoing maintenance, repair, security, and other upkeep of the Properties, (iii) City shall not be required to pay any property management fees to Developer for such management, operation and upkeep; and (iv) Developer shall be responsible to monitor, administer and oversee tenancies so as to not adversely impact the relocation objections triggered by this Project.

3.4 Code Enforcement. Developer acknowledges and agrees that City and City's employees and authorized agents shall have the right to conduct code compliance and/or code enforcement inspections of the Project and the individual units, both exterior and interior, at reasonable times during normal business hours and upon reasonable notice (not less than 72 hours prior notice) to Developer and/or an individual tenant. If such notice is provided by City representative(s) to Developer, then Developer (or its Property Manager) shall immediately and directly advise tenant of such upcoming inspection and cause access to the area(s) and/or units on the Project to be made available and open for inspection. Developer shall include express advisement of such inspection rights within the approved lease/rental agreements for each Housing Unit in the Project in order for each and every tenant and tenant household to be aware of this inspection right.

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3.5 Capital Reserve Requirements. Developer shall annually set aside and fund the Capital Replacement Reserve amounts defined and required under this Agreement (Three Hundred Dollars (\$300) per year for each Housing Unit) or shall cause the Property Manager to do so; provided, that funding of replacement reserves pursuant to the requirements of the Primary Loan, so long as such replacement reserve deposits are no less than the amount required under this Section 3.5, shall satisfy this requirement. The Capital Replacement Reserve deposits shall be allocated from the gross collections for all rents of whatever source received from operation of the Properties and shall be deposited into a separate interest-bearing trust account. Funds in the Capital Replacement Reserve shall be used for capital replacements to the fixtures and equipment on the Properties (including common areas) that are normally capitalized under generally accepted accounting principles, including without limitation the following: carpet and drape replacement; appliance replacement; exterior painting, including exterior trim; hot water heater replacement; plumbing fixtures replacement, including tubs, showers, toilets, lavatories, sinks, faucets; air conditioning and heating replacement; asphalt repair and replacement, and seal coating; roofing repair and replacement; landscape tree replacement; irrigation pipe and controls replacement; gas line pipe replacement; lighting fixture replacement; elevator replacement and upgrade work; miscellaneous motors and blowers; common area furniture replacement; and common area repainting. The non-availability of funds in the Capital Replacement Reserve does not in any manner relieve Developer of the obligation to undertake necessary capital repairs and improvements and to continue to maintain the Properties and all common areas and common improvements in the manner prescribed herein.

(a) Annual Accounting of Reserve. Not less than once per year, Developer, at its expense, shall submit to City an accounting for the Capital Replacement Reserve set forth in the Annual Financial Statement, demonstrating compliance with this Section 3.5.

3.6 Operating Budget. Developer shall submit to City on not less than an annual basis the Operating Budget for the Project that sets forth the projected Operating Expenses for the upcoming year.

3.7 Capitalized Operating Reserve. Commencing on or before the Conversion, Developer shall, or shall cause the Property Manager to, set aside an amount equal to three (3) months of (i) Debt Service on the Primary Loan and (ii) Operating Expenses for the Project (the "Target Amount") in an Capitalized Operating Reserve to be held in a separate interest bearing trust account, which initial deposit shall be funded using proceeds of the Primary Loan and Tax Credit equity; provided, that funding of, and disbursements from, a capitalized operating reserve pursuant to the requirements of the Primary Loan or the Partnership Agreement, so long as such capitalized operating reserve amounts are no less than the amount required under this Section 3.7, shall satisfy this requirement. The Capitalized Operating Reserve shall thereafter be replenished from Annual Project Revenue (if any) only to the extent required by the Lender or the Developer's Tax Credit investor. The amount in the Capitalized Operating Reserve shall be retained to cover shortfalls between Annual Project Revenue and actual Operating Expenses, but shall in no event be used to pay for capital items or capital costs properly payable from the Capital Replacement Reserve.

(a) Annual Accounting of Reserve. Not less than once per year, Developer, at its expense, shall submit to City an accounting for the Capitalized Operating Reserve set forth in the Annual Financial Statement, demonstrating compliance with this Section 3.7.

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3.8 Monitoring and Recordkeeping. Throughout the Affordability Period, Developer shall comply with all applicable recordkeeping and monitoring requirements set forth in the HOME Program, including Section 92.508 (or successor regulation) of the HOME Regulations and shall annually complete and submit to City (a) an annual report including all information required by Exhibit C to this Agreement and (b) a Certification of Continuing Program Compliance substantially in the form of Attachment No. 13 to the HOME Agreement, or other form provided by City Manager. Developer agrees to maintain records in a businesslike manner, to make such records available to City upon seventy-two (72) hours' notice, and to maintain such records for the entire Affordability Period.

3.9 HOME Matching Requirement. Developer acknowledges that City will use HOME Funds to make the HOME Loan and that the HOME Program, specifically 24 CFR 92.218 through 24 CFR 92.222, contains a HOME Matching Requirement. Developer shall deliver documentation to City to assist City in evaluating whether any Developer expenditures or other subsidies to the Project are eligible to be applied to the HOME Matching Requirement in each annual progress report submitted by Developer pursuant to Section 2 of Exhibit C and shall maintain such records pursuant to Section 1 of Exhibit C.

3.10 Right of Entry for Inspection. Representatives of City shall be entitled to enter the Properties during normal business hours, upon at least seventy-two (72) hours' notice, to monitor compliance with the Agreement (including the terms and conditions of Section 3.8 above), to inspect the records of the Project with respect to the Housing Units, and to conduct an independent audit of such records. Developer agrees to reasonably cooperate with City in making the Properties and records relating to the Project available for such inspection. If for any reason City is unable to obtain Developer's consent to such an inspection, Developer understands and agrees that City may obtain at Developer's expense an administrative inspection warrant or other appropriate legal order to obtain access to and search the Properties.

3.11 Supportive Services. Developer shall provide supportive services to the tenant households of the Project as and to the extent required by HUD pursuant to the HAP Contract.

ARTICLE 4

OBLIGATION TO MAINTAIN, REPAIR AND REBUILD

4.1. Maintenance by Developer. Developer shall, at its sole cost and expense, maintain or cause to be maintained the interior and exterior of the Project and all Housing Units thereof and the Properties in a decent, safe and sanitary manner, in accordance with the HUD Housing Quality Standards (HQS) and the maintenance standards required by Section 92.251 of the HOME Regulations, and in accordance with the standard of maintenance of first class apartments within Orange County, California. None of the Housing Units in the Project shall at any time be utilized on a transient basis, nor shall the Properties or any portion of any unit or the Properties ever be used as a hotel, motel, vacation rental, dormitory, fraternity or sorority house, rooming house, hospital, nursing home, sanitarium or rest home, or be converted to condominium ownership. If at any time Developer fails to maintain the Project or the Properties in accordance with this Agreement and the HOME Agreement and such condition is not corrected within five (5) days after written notice from City with respect to graffiti, debris, and waste material, or thirty days after written notice from City with respect to general maintenance, landscaping and building improvements, then City, in addition to

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whatever remedy it may have at law or at equity, shall have the right to enter upon the applicable portion of the Project or the Properties and perform all acts and work necessary to protect, maintain, and preserve the Project and the Properties, and to attach a lien upon the Properties, or to assess the Properties, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by City and/or costs of such cure, including a reasonable administrative charge, which amount shall be promptly paid by Developer to City upon demand. The liens created under this Section shall be subject and subordinate to the lien of the mortgage or deed of trust encumbering the Properties (or any part of the Properties) for the Primary Loan approved pursuant to the terms of the HOME Agreement.

4.2. Maintenance and Replacement. Developer shall maintain the Properties in good repair and working order, and in a safe, decent and sanitary condition, including the walkways, driveways, alleyways and landscaping, and from time to time make all necessary and proper repairs, renewals, and replacements in order to keep the Properties in a safe, decent and sanitary condition. Developer shall manage and maintain the Project in accordance with all applicable HUD housing quality standards and local code requirements, including any regulations concerning marketing, operation, maintenance, repair, security, rental policy and method of selection of tenants.

4.3. Interior Maintenance. Developer shall maintain the interior of buildings, including carpet, drapes and paint, in habitable condition and shall clean each Housing Unit between tenancies.

4.4. Landscaping. All front setback areas that are not buildings, driveways or walkways shall be adequately and appropriately landscaped and maintained in good condition in accordance with the City Municipal Code.

ARTICLE 5

FEDERAL PROGRAM LIMITATIONS; COMPLIANCE WITH LAWS

Developer must carry out each activity in connection with the Project in conformance with the HOME Agreement, this Agreement and, to the extent applicable, with the HOME Program, HOME Regulations, Federal Program Limitations, and the HAL.

5.1 HOME Program. Because the City Loan to Developer will be provided with HOME Program funds, Developer shall carry out the Construction of the Housing Units and the operation of the Project in conformity with all requirements of the HOME Program (including the 2013 Final Rule) to the extent applicable to the Project. In the event Developer desires to change the affordable housing or maintenance requirements for the Properties from the specific requirements set forth in this Agreement in order to comply with a subsequently enacted amendment to the HOME Program, Developer shall notify City in writing of such proposed change and the amendment related thereto at least thirty (30) days prior to implementing such change. In the event City disapproves of such change and Developer's interpretation of the amendment related thereto, City shall notify Developer of its disapproval in writing and the parties shall seek clarification from the appropriate HUD Field Office. Only if HUD concurs with Developer's interpretation of the HOME Program shall Developer be permitted to implement the proposed change.

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Due to the source of funding for the City Loan from HOME Program funds, which is a federal revenue source, Developer shall comply with all applicable Federal Program Limitations, including without limitation, the following federal provisions.

5.2 Property Standards. Developer agrees to ensure that Construction of the Project will comply with all applicable requirements of the HOME Regulations, including 24 CFR §92.251, including the following requirements:

(a) State and Local Requirements. The Project and all Housing Units and common areas at the Properties shall meet all applicable State and local codes, ordinances, and zoning requirements, including all applicable requirements set forth in the Garden Grove Municipal Code and all applicable State and local residential and building codes. The Project and all Housing Units and common areas at the Properties must meet all such applicable requirements upon Project completion.

(b) HUD Requirements. The Project and all Housing Units and common areas at the Properties shall also meet the requirements described in paragraphs (i) through (iv) of this Section 5.2(b):

(i) Accessibility. The Project and all Housing Units and common areas at the Properties shall meet the accessibility requirements of 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131-12189) implemented at 28 CFR parts 35 and 36, as applicable. Covered multifamily dwellings, as defined at 24 CFR 100.201, must also meet the design and construction requirements at 24 CFR 100.205, which implements the Fair Housing Act (42 U.S.C. 3601-3619).

(ii) Disaster Mitigation. Where relevant, the Project must be constructed to mitigate the impact of potential disasters (e.g., earthquakes, hurricanes, flooding, and wildfires), in accordance with State and local codes, ordinances, or other State and local requirements, or such other requirements as HUD may establish.

(iii) Written Cost Estimates, Construction Contracts and Construction Documents. The Construction Contract(s) and Development Plans must describe the Construction work to be undertaken in adequate detail so that the City can conduct inspections in accordance with the HOME Regulations. The Developer shall also provide written cost estimates for Construction for City's review; City shall determine whether such cost estimates are reasonable.

(iv) Construction Progress Inspections. Developer shall permit and facilitate progress and final inspections of Construction by the City to ensure that work is done in accordance with the applicable codes, the Construction Contract(s), and Development Plans.

(c) Ongoing Property Condition Standards: Rental Housing. City has established property standards for rental housing ("City's Property Standards"), which standards include all inspectable items and inspectable areas specified by HUD based on the HUD physical inspection procedures (Uniform Physical Condition Standards (UPCS)) prescribed by HUD pursuant to 24 CFR 5.705. Developer shall ensure that the Project, including all Housing Units and common areas at the Properties, shall comply with the City's Property Standards throughout the Affordability Period. In

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accordance with the City's Property Standards, Developer shall maintain the Project, including all Housing Units and common areas at the Properties: (i) as decent, safe, and sanitary housing in good repair, (ii) free of all health and safety defects and life-threatening deficiencies, and (iii) in compliance with the lead-based paint requirements in 24 CFR part 35.

(d) Inspections; Corrective and Remedial Actions. In accordance with the HOME Regulations, City shall undertake ongoing inspections of the Project in accordance with §92.504(d). City has developed written inspection procedures and procedures for ensuring that timely corrective and remedial actions are taken by the Developer to address identified deficiencies.

5.3 Labor Standards (Davis-Bacon). Due to only seven (7) HOME Units (i.e., < 11), the provisions of the Secretary of the United States Department of Labor under the Davis-Bacon Act (40 U.S.C. §276a-276a-5) ("Davis-Bacon") are not triggered for this Project. Further, the HAP Contract renewal, if implemented under Chapter 15 of the Section 8 Renewal Policy – Guidance for the Renewal of Project-Based Section 8 HAP Contracts memorandum effective as of November 1, 2015, and in the absence of FHA financing, will not trigger Davis-Bacon requirements. Developer acknowledges and understands that other federal and/or state funding sources and financing scenarios may trigger compliance with applicable state and federal prevailing wage laws and regulations. The highest applicable wage requirements will apply.

5.4 Handicapped Accessibility. Developer shall comply with (a) Section 504 of the Rehabilitation Act of 1973, and implementing regulations at 24 CFR 8C governing accessibility of projects assisted with federal funds; and (b) the Americans with Disabilities Act of 1990, and implementing regulations at 28 CFR 35-36 in order to provide handicapped accessibility to the extent readily achievable.

5.5 Use of Debarred, Suspended, or Ineligible Participants. Developer shall comply with the provisions of 24 CFR 24 relating to the employment, engagement of services, awarding of contracts, or funding of any contractor or subcontractor during any period of debarment, suspension, or placement in ineligibility status.

5.6 Maintenance of Drug-Free Workplace. Developer shall certify that Developer will provide a drug-free workplace in accordance with 2 CFR 2429.

5.7 Lead-Based Paint. City, as a recipient of federal funds, has modified and conformed all of its federally funded housing programs to the Lead-Based Paint Poisoning Prevention Act, Title X of the 1992 Housing and Community Development Act, 42 U.S.C. §4800, *et seq.*, specifically §§4821-4846, and the implementing regulations thereto. In this regard, Developer shall comply with all applicable federal requirements relating to lead-based paint.

5.8 Affirmative Marketing. Developer shall adopt and implement affirmative marketing procedures and requirements at the Properties in accordance with Section 92.351 of the HOME Regulations.

5.9 Nondiscrimination, Equal Opportunity and Fair Housing. Developer shall carry out the Project and perform its obligations under this Agreement and the HOME Agreement in compliance with all of the federal laws and regulations regarding equal opportunity and fair housing described in 24 CFR 92.350 and 24 CFR 5.105.

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5.10 Energy Conservation Standards. As applicable to the Project, Developer shall cause the Properties to meet the cost-effective energy conservation and effectiveness standards in 24 CFR 965 and 24 CFR 990.185.

5.11 Displacement and Relocation. Developer acknowledges and agrees that, pursuant to Federal Program Limitations and consistent with the other goals and objectives of that part and pursuant to the adopted relocation plan, City must ensure that it has taken all reasonable steps to minimize the displacement of persons as a result of the Construction work. Furthermore, to the extent feasible, and subject to the tenant screening criteria set forth in the Management Plan, residential tenants must be provided a reasonable opportunity to lease and occupy a suitable, decent, safe, sanitary and affordable Housing Unit at the Properties or comparable outside property upon completion of the Construction work. Developer shall cause all Relocation of tenants and occupants of the Properties to be conducted in accordance with the Relocation Laws and all Federal Program Limitations. Developer further agrees to cooperate with City in meeting the requirements of the Federal Program Limitations and shall take all actions and measures reasonably required by Executive Director (or his duly authorized representative) in connection therewith.

5.12 Requests for Disbursements of Funds. Developer may not request disbursements of funds hereunder until the funds are needed for payment of eligible costs of the Project. The amount of each request shall be limited to the amount needed for the acquisition of the Properties and the Construction as set forth in the Final Budget.

5.13 Eligible Costs. Developer shall only use HOME Program funds to pay costs defined as "eligible costs" under Federal Program Limitations.

5.14 Records and Reports. Developer shall maintain and from time to time submit to City such records, reports and information as Executive Director may reasonably require in order to permit City to meet the recordkeeping and reporting requirements required of them pursuant to 24 CFR 92.508. Without limiting the following, Developer shall maintain records and submit annual reports as required by this Agreement and Exhibit C hereto.

5.15 Conflict of Interest. Developer shall comply with and be bound by the conflict of interest provisions set forth at 24 CFR 570.611.

5.16 Conflicts between and among Federal Program Limitations and the HAL. If and to the extent applicable for any source of federal revenue expended to implement the Project and in the event of any conflict or inconsistency between applicable Federal Program Limitations and/or the HAL, then the more stringent requirement(s) shall control.

5.17 Flood insurance. Under the Flood Disaster Protection Act of 1973, HOME Program funds may not be used with respect to the acquisition or Rehabilitation of a project located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, unless:

(a) The community in which the area is situated is participating in the National Flood Insurance Program, or less than a year has passed since FEMA notification regarding such hazards; and

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- (b) Flood insurance is obtained as a condition of approval of the commitment.

ARTICLE 6

COVENANTS

6.1. Affordability Period. The provisions of this Agreement shall apply to the Properties, even if the City Loan is paid in full, until the date which is fifty-five (55) years after the issuance by City and recordation of the Release of Construction Covenants for the Project. This Agreement shall bind any successor, heir or assign of Developer, whether a change in interest occurs voluntarily or involuntarily, by operation of law or otherwise, with or without the approval of City, except as expressly released by City. City has made the City Loan on the condition, and in consideration of, this provision, and would not do so otherwise.

6.2. Covenants to Run With the Land. City and Developer hereby declare their express intent that the covenants and restrictions set forth in this Agreement shall run with the land, and shall bind all successors in title to the Properties. Each and every contract, deed or other instrument hereafter executed covering or conveying the Properties or any portion thereof shall be held conclusively to have been executed, delivered and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument, unless City expressly releases such conveyed portion of the Properties from the requirements of the Agreement.

6.3. Transfers; General Prohibition of Transfer without City Consent. The qualifications and identity of Developer as the qualified Developer and as an experienced and successful developer and operator/manager of affordable housing are of particular concern to City. It is because of these identities and the qualifications of each of the partners that comprise the Developer entity that City has entered into the HOME Agreement and this Agreement with Developer. Accordingly, commencing upon Developer's acquisition of the Properties and continuing through and including the completion of the Rehabilitation of the Properties and the final payment on the City Loan Note or the end of the Affordability Period, whichever occurs later, no voluntary or involuntary successor in interest of Developer shall acquire any rights or powers under the HOME Agreement or this Agreement, nor shall Developer make any total or partial sale, transfer, conveyance, assignment, subdivision, refinancing or lease of the Properties, or any part thereof, or the HOME Agreement or this Agreement (collectively referred to herein as a "Transfer") without the prior written approval of City, except as expressly set forth herein, which approval shall not be unreasonably withheld or delayed.

(a) Permitted Transfers. Notwithstanding the provisions of this Agreement or any other Project Document prohibiting transfer of any interest in Developer, the Properties, the Project, the HOME Agreement, this Agreement or any of the other Project Documents, City approval of a Transfer shall not be required in connection with any of the following:

(i) The conveyance or dedication of any portion of the Properties to the City or other appropriate governmental agency, or the granting of easements or permits to facilitate the Rehabilitation (as defined herein).

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(ii) An assignment for financing purposes to secure the funds necessary for the acquisition of the Properties and undertaking through completion of the Rehabilitation or the refinancing thereof, so long as such construction and/or permanent loan documents have been duly reviewed and approved by City and City has approved such financing or refinancing pursuant to this Agreement.

(A) Further, the City and Developer acknowledge that the City, Developer and CalPFA (as defined in the Agreement) have entered into that certain Subordination Agreement (as defined in the Agreement) and this Regulatory Agreement is one of the Subordinate Loan Documents (described and defined in the Subordination Agreement) and this Regulatory Agreement is subject to such Subordination Agreement during the term thereof, which term ends as of the Maturity Date as such term is defined in the Subordination Agreement.

(iii) Leasing of individual Housing Units to qualified tenants in accordance with Section 1200, *et seq.* of the HOME Agreement and this Agreement.

(iv) The transfer of or all or any part of the Properties or the Project, or assignment of any Project Document to an entity controlled by AOF Pacific Affordable Housing Corporation, a nonprofit corporation ("Parent") in which a majority of the board of directors are members of the board of directors of the Parent (collectively "Parent Affiliate Entity"), or an entity or entities in which a Parent Affiliate Entity is a general partner or managing member.

(v) The substitution of the general partner of Developer (the "General Partner") as directed by the limited partner of Developer that is the tax credit equity investor (the "Investor Limited Partner") in accordance with the terms of the Partnership Agreement, subject to the following terms and conditions. Such Investor Limited Partner may substitute an affiliate (the "Interim General Partner") on an interim basis for a period reasonably calculated to identify and admit into the partnership a new general partner as set forth below (the "Substitute General Partner"). The Interim General Partner is hereby approved by the City. The Substitute General Partner must be an entity reasonably acceptable to the City Manager, which approval shall not be unreasonably withheld or delayed.

(vi) The pledge by the General Partner of Developer to the Investor Limited Partner of the General Partner's interest in Developer, as security for the performance of all of the General Partner's obligations under the Partnership Agreement.

(vii) The pledge by the General Partner of Developer to Lender of the General Partner's interest in Developer, as security for the performance of all of Developer's obligations under the Primary Loan (or any approved refinancing thereof).

(viii) The pledge by the Investor Limited Partner to Lender of the Investor Limited Partner's interest in Developer, as security for the performance of all of the Developer's obligations under the Primary Loan (or any approved refinancing thereof).

(ix) The sale, transfer or pledge of any limited partnership interest or non-managing member's interest in Developer or of any partnership or membership interest in the Limited Partner.

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(xi) Any dilution of the General Partner's interest in Developer in accordance with the Partnership Agreement.

(xii) The sale, transfer, or conveyance of the General Partner's interest in Developer to a Parent Affiliate Entity.

In the event of a Transfer by Developer not requiring City's prior approval, Developer nevertheless agrees that at least fifteen (15) days prior to such Transfer it shall give written notice to City of such assignment and satisfactory evidence that the assignee will and shall assume all of the obligations of this Agreement and the HOME Agreement in writing through an assignment and assumption agreement in a form reasonably acceptable to City. The form of each assignment and assumption agreement shall be submitted to City for review and approval by City's legal counsel not later than fifteen (15) days prior to the proposed date of the Transfer.

(b) City Consideration of Requested Transfer. City agrees that it will not unreasonably withhold, condition, or delay approval of a request for approval of a Transfer made pursuant to this Section 6.3, *et seq.*, provided Developer delivers written notice to City requesting such approval and includes the proposed assignment and assumption contract and, if required by City, all necessary and relevant background and experience information related to the proposed transferee.

An assignment and assumption agreement in form satisfactory to City's legal counsel shall be required for each proposed Transfer. Within fifteen (15) days after the receipt of Developer's written notice requesting City approval of a Transfer pursuant to this Section 6.3, *et seq.*, City shall either approve or disapprove such proposed assignment or shall respond in writing by stating what further information, if any, City reasonably requires in order to determine the request complete and determine whether or not to grant the requested approval. Upon receipt of such a response, Developer shall promptly furnish to City such further information as may be reasonably requested. Upon the effective date of the approved or permitted Transfer, if an assignment and assumption agreement acceptable to City has been executed and delivered to City, the assignor Developer shall be released by City from any and all obligations assumed by the approved or permitted assignee.

(c) Payment of City Third Party Costs re Proposed Transfer. Any and all third party costs incurred by City in connection with consideration and approval (or disapproval) of a proposed transferee for any Transfer shall be paid by Developer, and payment thereof shall be and remain a condition precedent to City's obligation to approve and execute any Transfer document, including without limitation any assignment and assumption agreement.

ARTICLE 7

[intentionally omitted]

ARTICLE 8

ENFORCEMENT AND REMEDIES

8.1. Remedies. In the event of default or breach of any of the terms or conditions of this Agreement by Developer, its heirs, executors, administrators or assigns, City may pursue the remedy thereof by any and all means of enforcement, both in equity and at law, as provided by the laws of the State of California, including, but not limited to, injunctive relief and/or specific performance. The provisions of Section 1500, *et seq.*, of the HOME Agreement are hereby incorporated herein by this reference as if set forth in full.

8.2. Rights of City. City has the right to enforce all of the provisions of this Agreement. This Agreement does not in any way infringe on the right or duties of City to enforce any of the provisions of the Municipal Code including, but not limited to, the abatement of dangerous buildings. In addition to the general rights of enforcement, City shall have the right, through City's agents and employees, to enter upon any part of the Properties upon seventy-two (72) hours' notice and during normal business hours for the purpose of enforcing the California Vehicle Code and the ordinances and other regulations of City, and for maintenance and/or repair of any or all publicly owned utilities.

8.3. Nuisance. The result of every act or omission whereby there is a material violation by Developer of any of the covenants contained in the Agreement in whole or in part is hereby declared to be and constitutes a nuisance, and every remedy allowable at law or equity against a nuisance, either public or private, shall be applicable against every such result and may be exercised by City or its successors in interest, without derogation of City's rights under law. Developer does not by this Section 8.3 waive any procedural rights under applicable law (including, without limitation, the rights to notice, cure, and appeal, if any).

8.4. No Third Parties Benefited. Except as provided herein as to the Garden Grove Housing Authority, this Agreement is made for the purpose of setting forth rights and obligations of Developer and City, and no other person shall have any rights hereunder or by reason hereof.

8.5. Right of Entry for Maintenance and Repair. City has the right of entry during normal business hours and upon and after reasonable attempts to contact Developer or Property Manager, to effect emergency repairs or maintenance which Developer has failed to perform. Subsequent to sixty (60) days written notice to Developer (or Property Manager) specifically outlining the noncompliance, City shall have the right of entry during normal business hours to enforce compliance with the Agreement which Developer or Property Manager has failed to perform.

8.6. Costs of Repair. The costs borne by City of any such repairs or maintenance emergency and/or non-emergency pursuant to Section 8.5 above, shall become a charge for which Developer shall be responsible; and may, if unpaid, be assessed as a lien against the Properties.

8.6. Cumulative Remedies. The remedies herein provided for breach of the covenants contained in the Agreement shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

ARTICLE 9

HOLD HARMLESS, INDEMNITY AND INSURANCE

9.1. Hold Harmless and Indemnity. Developer shall, at Developer's expense, defend, indemnify, assume all responsibility for, and save and hold City and the Garden Grove Housing Authority and their past and present elected and appointed officials, officers, employees, attorneys, contractors, elective and appointive boards and commissions, representatives, agents, and volunteers ("Indemnitees") harmless from any and all losses, damages, liabilities, claims, causes of action, judgments, settlements, court costs, demands, defense costs, reasonable attorneys' fees, expert witness fees, and other legal expenses, costs of evidence of title, costs of evidence of value, and other expenses which they may suffer or incur and any liability of any kind or nature arising from or relating to the subject matter of this Agreement or the validity, applicability, interpretation or implementation hereof and for any damages to property or injuries to persons directly or indirectly related to or in connection with the Rehabilitation, operation, management, or ownership of the Properties, including accidental death (including reasonable attorneys' fees and costs), whether such damage shall accrue or be discovered before or after termination of this Agreement. Developer shall not be obligated to indemnify the Indemnitees for property damage or bodily injury to the extent occasioned by the negligence or willful misconduct of any of the Indemnitees or the breach of any of the Project Documents by any of them. Developer shall have the obligation to defend any such action; provided, however, that this obligation to defend shall not be effective if and to the extent that Developer determines in its reasonable discretion that such action is meritorious or that the interests of the parties justify a compromise or a settlement of such action, in which case Developer shall compromise or settle such action in a way that fully protects the Indemnitees from any liability or obligation. In this regard, Developer's obligation and right to defend shall include the right to hire (subject to reasonable written approval by City) attorneys and experts necessary to defend, the right to process and settle reasonable claims, the right to enter into reasonable settlement agreements and pay amounts as required by the terms of such settlement, and the right to pay any judgments assessed against Developer or any other Indemnitees. If Developer defends any such action, as set forth above, (i) to the extent of Developer's indemnification obligations as set forth herein, Developer shall indemnify and hold harmless Indemnitees from and against any claims, losses, liabilities, or damages assessed or awarded against either of them by way of judgment, settlement, or stipulation and (ii) City shall be entitled to settle any such claim only with the written consent of Developer and any settlement without Developer's consent shall release Developer's obligations under this Section 9.1 with respect to such settled claim. The foregoing agreements by Developer shall remain in effect for the Affordability Period. At the request of Developer, City shall cooperate with and assist Developer in its defense of any such claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense; provided that City shall not be obligated to incur any expense in connection with such cooperation or assistance.

9.2. Developer Insurance Requirements. In addition to the separate and severable indemnification covenants and provisions provided by Developer to City in this Article 9, Developer shall provide insurance according to the requirements set forth below, except to the extent alternative coverages are approved in writing by City's Risk Manager, in his or her sole and absolute discretion. Developer shall maintain the following coverages on behalf of the Indemnitees for all claims, damages to property and injuries to persons, including death (including attorneys' fees and litigation costs), which may be caused by any of Developer's activities under this Agreement or related in any respect whatsoever to the Project, regardless of whether such activities or performance thereof be by

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Developer or anyone directly or indirectly employed or contracted with by Developer and regardless of whether such damage shall accrue or be discovered before or after termination of this Agreement. Developer shall cause all requirements of this Section to be obtained and maintained until expiration of the Affordability Period.

(a) Commencement of Work. Developer shall not commence work under this Agreement until all certificates and endorsements have been received and approved by City. All insurance required by this Agreement shall contain a Statement of Obligation on the part of the carrier to notify City of any material change, cancellation, or termination at least thirty (30) days in advance.

(b) Workers Compensation Insurance. For the duration of this Agreement, Developer and all subcontractors shall maintain Workers Compensation Insurance in the amount and type required by law, if applicable. The insurer shall waive its rights of subrogation against City and its respective officers, agents, employees, and volunteers, and shall issue an endorsement to the policy evidencing the same.

(c) Insurance Amounts. Developer shall maintain the following insurance until expiration of the Affordability Period:

(i) Commercial General Liability in an amount not less than \$3,000,000 per occurrence and \$4,000,000 general aggregate. Claims made and modified occurrence policies are not acceptable. Insurance companies must be acceptable to City and have a Best's Guide Rating of A- Class VII or better, as approved by City.

(ii) Automobile liability in an amount not less than \$3,000,000 combined single limit. Claims made and modified occurrence policies are not acceptable. Insurance companies must be acceptable to City and have a Best's Guide Rating of A- Class VII or better, as approved by City.

(iii) [intentionally omitted]

(iv) [intentionally omitted]

(v) [intentionally omitted]

(vi) [intentionally omitted]

(vii) An umbrella "Excess Liability Policy in an amount of \$10,000,000.

A. The Parties intend that the Excess Liability Policy is intended both for increased coverage amounts related to the Commercial General Liability coverage of (a) above and in the event any other underlying policies required hereunder do not meet contractual policy limits.

(viii) [omitted due to duplication in (xx) below]

(ix) An Additional Insured Endorsement(s), commercial general liability policy for the policy under Section 901.3(a) that shall designate the City, and its respective officers,

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officials, agents, employees, and volunteers (together, "Indemnitees") as additional insureds for liability arising out of work or operations performed by or on behalf of the Developer. (Form CG 20 26 11 85 or equivalent).

(x) An Additional Insured Endorsement(s), automobile liability policy, automobile liability, for the policy under Section 901.3(b), shall designate the Indemnitees as additional insureds for automobiles owned, leased, hired, or borrowed, by or on behalf of Developer and mobile equipment, if any. (Form CA 20 48 02 99 or equivalent for the automobile liability policy, and the mobile equipment coverage by separate endorsement).

(xi) [intentionally omitted]

(xii) [intentionally omitted]

(xiii) [intentionally omitted]

(xiv) [intentionally omitted]

(xv) An Additional Insured Endorsement(s) for the Excess Liability Policy required under Section 901.3(g) shall designate the Indemnitees as additional insureds for liability arising out of work or operations performed by or on behalf of the Developer.

(xvi) A Schedule of Underlying Policies for the Excess Liability Policy, for the policy under Section 901.3(g), including policy numbers for the excess liability policy and underlying policies.

(xvii) An Insurance Certificate, Excess Liability Policy, for the policy under Section 901.3(g), stating that the excess liability policy "Follows Form."

(xviii) [intentionally omitted]

(xix) All carriers shall provide an endorsement for each respective policy giving the City of Garden Grove thirty (30) days advance written notice prior to any material change, cancellation, or termination.

(xx) All insurance companies providing insurance policies required by this Agreement must be acceptable to City and have a Best's Guide Rating of A-Class VII or better, as approved by City. For all insurance policies and endorsements required by this Agreement Developer shall provide to City proof of insurance and endorsement forms that conform to the requirements set forth herein.

(d) Primary Insurance. For any claims related to this Agreement, Developer's insurance coverage shall be primary insurance as respects to the Indemnitees. Any insurance or self-insurance maintained by City and Garden Grove Housing Authority and their officers, officials, employees, agents, or volunteers shall be in excess of the Developer's insurance and shall not contribute with it.

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(e) General Conditions Pertaining to Provision of Insurance Coverage by Developer. Developer agrees to the following provisions regarding all insurance provided by Developer for the Project:

(i) Developer agrees to provide insurance in accordance with the requirements set forth herein. If Developer uses existing coverage to comply with these requirements and that coverage does not meet the requirements set forth herein, Developer agrees to amend, supplement or endorse the existing coverage to do so. In the event any policy of insurance required under this Agreement does not comply with these requirements or is canceled and not replaced, City has the right but not the duty to obtain the insurance it deems necessary and any premium paid by City will be promptly reimbursed by Developer.

(ii) The coverage required here will be renewed annually by Developer as long as Developer continues to provide any services under this or any other contract or agreement with City during the Affordability Period.

(iii) No liability insurance coverage provided to comply with this Agreement shall prohibit Developer, or Developer's employees, or agents, from waiving the right of subrogation prior to a loss. Developer waives its right of subrogation against City.

(iv) The provisions of any workers' compensation or similar act will not limit the obligations of Developer under this Agreement. Developer is and shall at all times be considered an independent contractor, and expressly agrees not to use any statutory immunity defenses under such laws with respect to City and its employees, officials and agents.

(v) No liability policy shall contain any provision or definition that would serve to eliminate so-called "third party action over" claims, including any exclusion for bodily injury to an employee of the insured.

(vi) All insurance coverage and limits provided by Developer and available or applicable to this Agreement are intended to apply to the full extent of the policies. Nothing contained in this Agreement or any other agreement relating to City or its operations limits the application of such insurance coverage.

(vii) Any "self-insured retention" must be declared and approved by City. Self-funding, policy fronting or other mechanisms to avoid risk transfer are not acceptable. If Developer has such a program, Developer must fully disclose such program to City.

(viii) Developer shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Proof that such coverage has been ordered shall be submitted prior to expiration. A coverage binder or letter from Developer's insurance agent to this effect is acceptable. A certificate of insurance and/or additional insured endorsement as required in these specifications applicable to the renewing or new coverage must be provided to City within five (5) days of the expiration of the coverages.

(ix) Developer agrees to provide evidence of the insurance required herein, satisfactory to City Manager and the City's Risk Manager, consisting of: certificate(s) of

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insurance evidencing all of the coverages required and an additional insured endorsement to Developer's general liability policy using Insurance Services Office endorsement form No. CG 20 26 1185 or an equivalent additional insured endorsement form(s) presented to and reviewed and approved by the City's Risk Manager in his or her sole, reasonable discretion. Developer agrees, upon request by City Manager or City Risk Manager, to provide complete, certified copies of any policies required by this Section, within ten (10) days of such request. Any actual or alleged failure on the part of City or any other additional insured under these requirements to obtain proof of insurance required under this Agreement in no way waives any right or remedy of City or any additional insured, in this or any other regard. Future insurance requirements will remain the same as long as the loss experience remains insignificant.

(x) Certificate(s) must reflect that the insurer will provide thirty (30) days' notice to City of any cancellation of coverage. Developer agrees to require its insurer to modify such certificates to delete any exculpatory wording which denies an obligation of the insurer to provide such notice or which states that failure of the insurer to mail written notice of cancellation imposes no liability, or that any party will "endeavor" (as opposed to being required) to comply with the requirements of the certificate. All insurance required by this Agreement shall contain a Statement of Obligation on the part of the carrier to notify City of any material change, cancellation, or termination at least thirty (30) days in advance. An endorsement shall be provided for each policy wherein each carrier will give the City thirty (30) days written notice in the event of any material change, cancellation or termination of the respective policy.

(xi) Developer agrees to require each and all contractors, subcontractors, or other parties hired for this Project to provide workers' compensation, general liability and automobile liability insurance, unless otherwise agreed to by City with minimum liability limits of One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) general aggregate. The contractor's and subcontractor's general liability insurance shall add as additional insureds the Indemnitees using Insurance Services Office additional insured endorsement form No. CG 20 26 1185 or equivalent additional insured endorsement form(s) presented to and reviewed and approved by the City risk management department in its sole, reasonable discretion. Developer agrees to obtain certificates evidencing such coverage and make reasonable efforts to ensure that such coverage is provided as required here.

(xii) Requirements of specific coverage features or limits contained in this Section are not intended as a limitation on coverage, limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue and is not intended by any party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any type.

(xiii) Developer agrees to provide prompt notice to City Manager and City's Risk Manager of any claim or loss against Developer that includes City as a defendant and of any claim or loss arising out of the Rehabilitation or the Project in which the demand or probable ultimate cost exceeds \$25,000. City assumes no obligation or liability by such notice, but City shall have the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve City.

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(xiv) The insurance requirements set forth in this Section 9.2 are intended to be separate and distinct from any other provision in this Agreement and are intended to be interpreted as such.

(xv) The requirements in this Section 9.2 supersede all other Sections and provisions of this Agreement to the extent that any other Section or provision conflicts with or impairs the provisions of this Section.

(xvi) For purposes of insurance coverage only, this Agreement will be deemed to have been executed as of the Date of Agreement.

(xvii) If any contractor and/or subcontractor maintains higher insurance limits than the minimums shown above, such contractor and/or subcontractor shall provide coverage for the higher insurance limits otherwise maintained by the contractor and/or subcontractor.

9.3. Knowledge of Claim. If at any time Developer or any of its contractors and/or subcontractors becomes aware of a claim or a potential claim related to the Project in which the demand or probably ultimate cost exceeds \$25,000, Developer (and as applicable each and all of its contractors and subcontractors) shall promptly provide written notice ("Claim Notice") to City which sets forth the nature of the claim or potential claim and the date on which Developer became aware of such claim or potential claim and shall provide City with copies of any documents relating to such claim or potential claim.

9.4. Notice of Change in Coverage. If, at any time, Developer or any of its contractors and/or subcontractors becomes aware that any of the coverages provided above are going to be canceled, limited in scope or coverage, terminated or non-renewed, then Developer and each contractor and/or subcontractor shall promptly provide City with written notice ("Insurance Notice") of such cancellation, limitation, termination or non-renewal. Upon the receipt of the Insurance Notice or the Claim Notice, or at any time when City has knowledge of (i) the cancellation, limitation, termination or non-renewal of one or more of Developer's or any of its contractors and/or subcontractors insurance policies enumerated above or (ii) a claim or potential claim under one or more of such policies in accordance with Section 9.3 above, then, in addition to its other rights and remedies pursuant to this Agreement, City shall have the right to suspend City's obligations under this Agreement until such time as Developer and each of its contractors and/or subcontractors furnishes, or causes to be furnished to City, duplicate originals or appropriate certificates of insurance for coverages in the amount of not less than those specified above or until the time such claim or potential claim has been resolved to the reasonable satisfaction of City, whichever first occurs.

9.5. Waiver of Subrogation. Developer and each of its contractors and subcontractors hereby waive all rights to recover against the Indemnitees for any loss incurred by Developer and each or any of its contractors and subcontractors from any cause insured against or required by any Project Document to be insured against; provided, however, that this waiver of subrogation shall not be effective with respect to any insurance policy if the coverage thereunder would be materially reduced or impaired as a result. Developer and each of its contractors and subcontractors shall use their best efforts to obtain only policies that permit the foregoing waiver of subrogation.

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9.6. Obligation to Repair and Restore Damage Due to Casualty Covered by Insurance. Subject to the provisions below and to the rights of the Lender and any replacement primary Lender if the Project shall be totally or partially destroyed or rendered wholly or partly uninhabitable by fire or other casualty required to be insured against by Developer, Developer shall promptly proceed to obtain insurance proceeds and take all steps necessary to begin reconstruction and, immediately upon receipt of insurance proceeds, to promptly and diligently commence the repair or replacement of the Project improvements to substantially the same condition as the Project improvements existed immediately prior to the casualty, if and to the extent the insurance proceeds are available and sufficient to cover the actual cost of repair, replacement, or restoration, and Developer shall complete the same as soon as possible thereafter so that the Project Improvements can be occupied in accordance with this Agreement. Subject to force majeure delays as set forth in Section 1505 of the Agreement, in no event shall the repair, replacement, or restoration period exceed two (2) years from the date Developer obtains insurance proceeds unless City Manager, in his reasonable discretion, approves a longer period of time. City shall cooperate with Developer, at no expense to City, in obtaining any governmental permits required for the repair, replacement, or restoration. If, however, the then-existing laws of any other governmental agencies with jurisdiction over the Properties do not permit the repair, replacement, or restoration, Developer may elect not to repair, replace, or restore the Project Improvements by giving notice to City (in which event Developer will be entitled to all insurance proceeds but Developer shall be required to remove all debris from the applicable portion of the Properties) or Developer may reconstruct such other improvements on the Properties as are consistent with applicable land use regulations and approved by the City and the other governmental agency or agencies with jurisdiction.

9.7. Damage or Destruction Due to Cause Not Required to be Covered by Insurance. If the Project Improvements are completely destroyed or substantially damaged by a casualty for which Developer is not required to (and has not) insured against, or if insurance proceeds are insufficient to rebuild, and subject to the rights of the Lender and any replacement primary Lender, then Developer shall not be required to repair, replace, or restore such improvements and may elect not to do so by providing City with written notice of election not to repair, replace, or restore within ninety (90) days after such substantial damage or destruction. In such event, Developer shall concurrently repay the full outstanding balance of the City Loan to City and this Agreement shall be automatically terminated. As used in this Section 9.7, "substantial damage" caused by a casualty not required to be (and not) covered by insurance shall mean damage or destruction which is ten percent (10%) or more of the replacement cost of the improvements comprising the Project Improvements. In the event Developer does not timely elect to repair, replace, or restore the Project Improvements as set forth in the first sentence of this Section 9.7, Developer shall be conclusively deemed to have waived its right to repair, replace, or restore the Project Improvements.

9.8. Non Liability of City. Developer acknowledges and agrees that:

(a) The relationship between Developer and City is and shall remain solely that of borrower and lender, and by this Agreement or any of the other Project Documents, City neither undertakes nor assumes any responsibility to review, inspect, supervise, approve (other than for aesthetics) or inform Developer of any matter in connection with the Project, including matters relating to: (i) the Scope of Rehabilitation, (ii) architects, contractors, subcontractors and materialmen, or the workmanship of or materials used by any of them, or (iii) the progress of the Rehabilitation of the Project and its conformity with the Scope of Rehabilitation; and Developer shall rely entirely on its own judgment with respect to such matters and acknowledges that any review,

inspection, supervision, approval or information supplied to Developer by City in connection with such matters is solely for the protection of City and that neither Developer nor any third party is entitled to rely on it;

(b) Notwithstanding any other provision of any Project Document: (a) City is not a partner, joint venturer, alter-ego, manager, controlling person or other business associate or participant of any kind of Developer and City does not intend to ever assume any such status; (b) City's activities in connection with the Properties shall not be "outside the scope of the activities of a lender of money" within the meaning of California Civil Code Section 3434, as modified or recodified from time to time, and City does not intend to ever assume any responsibility to any person for the quality or safety of the Properties; and (c) City shall not be deemed responsible for or a participant in any acts, omissions or decisions of Developer;

(c) City shall not be directly or indirectly liable or responsible for any loss or injury of any kind to any person or property resulting from any construction on, or occupancy or use of, the Properties, whether arising from: (a) any defect in any building, grading, landscaping or other on-site or off-site improvement; (b) any act or omission of Developer or any of Developer's agents, employees, independent contractors, licensees, invitees or volunteers; or (c) any accident on the Properties or any fire or other casualty or hazard thereon; and

(d) By accepting or approving anything required to be performed or given to City under the Project Documents, including any certificate, financial statement, survey, appraisal or insurance policy, City shall not be deemed to have warranted or represented the sufficiency or legal effect of the same, and no such acceptance or approval shall constitute a warranty or representation by City to anyone.

Nothing in this Article 9 shall be construed as limiting in any way the extent to which Developer may be held responsible for payments of damages to persons or property resulting from Developer's performance of the work covered under the HOME Agreement or this Agreement.

9.9. Reimbursement of City for Enforcement of Project Documents. Developer shall reimburse City within thirty (30) days upon written demand itemizing all costs reasonably incurred by City (including the reasonable fees and expenses of attorneys, accountants, appraisers and other consultants, whether the same are independent contractors or employees of City) in connection with the enforcement of the Project Documents including the following: (a) City's commencement of, appearance in, or defense of any action or proceeding purporting to affect the rights or obligations of the parties to any Project Document, and (b) all claims, demands, causes of action, liabilities, losses, commissions and other costs against which City is indemnified under the Project Documents and defense of any action if City has tendered the defense of such action to Developer and Developer fails to defend any such action. Such reimbursement obligations shall bear interest from the date occurring 10 days after City gives written demand to Developer at the same rate as is provided in the City Loan Note (or if different interest rates are specified therein, the highest non-default interest rate), and shall be secured by the City Loan Deed of Trust. Such reimbursement obligations shall survive the cancellation of the City Loan Note, release and reconveyance of the City Loan Deed of Trust, issuance of the Release of Construction Covenants, and termination of this Agreement.

ARTICLE 10

ATTACHMENT NO. 11 REGULATORY AGREEMENT

ASSIGNMENT OF AGREEMENT

This Agreement shall be binding upon Developer, its executors, administrators and assigns and all persons claiming under or through Developer. Wherever this Agreement employs the term "Developer," it shall be deemed to include Developer, its executors, administrators and assigns and all persons claiming under or through Developer. Except for Permitted Transfers, Developer shall not voluntarily assign any of its rights or obligations under this Agreement without the prior written consent of City and any purported assignment made without said consent shall be null and void for all purposes.

ARTICLE 11

RECORDATION

Developer agrees that this Agreement and any amendment or cancellation hereof shall be recorded in the official records of Orange County by Developer within ten (10) days after the effective date of this Agreement and within ten (10) days after any amendment or cancellation hereof. Developer agrees to provide City with two copies of the recorded Agreement (or any amendment) within five (5) days of the recording date.

ARTICLE 12

NOTICE

Written notice, demands and communications between City and Developer shall be deemed sufficient if dispatched by personal delivery, overnight delivery by a reputable courier service, registered or certified mail, postage prepaid, return receipt requested to the principal offices of City and Developer, the addresses of which are hereinafter set forth. Such written notices, demands and communications may be sent in the manner prescribed to each other's addresses as either party may, from time to time, designate by mail, or the same may be delivered in person to representatives of either party upon such premises. Said addresses are as follows:

If to Developer: 10632 Bolsa Avenue, LP
 c/o SC-MCO, LLC
 500 Newport Center Drive, Suite 200
 Newport Beach, CA 92660
 Attn: Shawn Boyd

with copy to: 10632 Bolsa Avenue, LP
 c/o AOF Sycamore Court, LLC
 7755 Center Ave., Suite 575
 Huntington Beach, CA 92647
 Attn: Ajay Nayar

If to City: City of Garden Grove
 11222 Acacia Parkway
 Garden Grove, CA 92840
 Attn: City Manager

ATTACHMENT NO. 11 REGULATORY AGREEMENT

With copies to: Omar Sandoval, Esq., City Attorney
11222 Acacia Parkway
Garden Grove, CA 92840

Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, CA 92660-6422
Attn: Celeste Stahl Brady

Notices herein shall be deemed given as of the date of personal service or three (3) consecutive calendar days after deposit of the same in the custody of the United States Postal Service.

ARTICLE 13

WAIVER

Failure by a party to insist upon the strict performance of any of the provisions of the Agreement by the other party or the failure by the party to exercise its rights under or upon a default by the other party herein shall not constitute a waiver of such party's right to demand strict compliance from such other party in the future.

ARTICLE 14

SUBORDINATION

Subordination Agreement. Of even date herewith, Developer and the California Public Finance Authority, a joint exercise of powers agency duly organized and existing under the laws of the State of California ("CalPFA") will be entering into or have entered into that certain Subordination Agreement (Affordable) ("Subordination Agreement"). CalPFA is defined as the "Senior Lender" in the Subordination Agreement and such term includes its successors and assigns and any other Person who becomes the legal holder of the Senior Loan after the date of this Agreement (as such capitalized terms are defined therein). As Senior Lender, the Subordination Agreement agrees to permit the Subordinate Loan (which is the City loan hereunder) and to allow the subordinate mortgage lien against the Mortgaged Property subject to all of the conditions contained in such Subordination Agreement. Further, the Subordination Agreement establishes rights, benefits and obligations between and among the parties relating defaults, mortgagee protections, rights to cure, etc. and shall apply as and between City and Developer until the Maturity Date as defined and set forth therein.

Estoppels and Reaffirmation of Subordination. The Subordination Agreement includes the terms and conditions relating to refinancing and modifications of the Senior Loan (as defined therein) and City agrees to provide estoppel(s) and reaffirmation thereof; provided, however, the reaffirmation shall be evidenced by an agreement in a form reasonably acceptable to City and City's legal counsel. If and to the extent any reaffirmation, new, or amended subordination, or any estoppel certificates, or similar documents are requested and/or necessary, Developer expressly acknowledges and agrees that any and all third party cost incurred or to be incurred by City, including for example attorney fees or other consultant's costs, are and shall be the sole financial responsibility of Developer (or its Lender or other third party, but in no event City). City shall have no obligation to

ATTACHMENT NO. 11 REGULATORY AGREEMENT

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commence work on such additional work relating to subordination or reaffirmation of subordination without a deposit of the estimated third party costs which City may draw upon to pay such third party costs.

ARTICLE 15

SEVERABILITY

If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision(s) had never been contained herein.

ARTICLE 16

CAPTION AND PRONOUNS

The captions and headings of the various Articles and Sections of this Agreement are for convenience only, and are not to be construed as confining or limiting in any way the scope or intent of the provisions hereof. Whenever the context requires or permits, the singular shall include the plural, the plural shall include the singular, and masculine, feminine and neuter shall be freely interchangeable.

ARTICLE 17

ATTORNEYS' FEES

In any action to interpret or enforce any provision of this Agreement, the prevailing party shall be entitled to its costs and reasonable attorneys' fees and expert witness fees.

ARTICLE 18

MODIFICATION OF AGREEMENT

This Agreement may be modified or amended by mutual consent of the parties, provided that all amendments are in writing.

ARTICLE 19

SOLE AND ONLY AGREEMENT

This Agreement and all other Project Documents contain the sole and entire agreement and understanding of the parties with respect to the subject matter hereof. No representations, oral or otherwise, express or implied, other than those contained herein, have been made by the parties. In the event of a conflict between the provisions of this Agreement and the HOME Agreement, this Agreement shall control.

[Signatures appear on following pages]

ATTACHMENT NO. 11 REGULATORY AGREEMENT

Page 36 of 39

IN WITNESS WHEREOF, the parties hereto have caused this Regulatory Agreement to be executed as of the day and year first above written.

DEVELOPER:

10632 BOLSA AVENUE, LP,
a California limited partnership

By: AOF SYCAMORE COURT, LLC,
a California limited liability company,
its Managing General Partner

By: AOF / GOLDEN STATE
COMMUNITY DEVELOPMENT
CORP., a California nonprofit public
benefit corporation,
its Manager

By: _____
Ajay Nayar, Vice President

By: SC-MCO, LLC,
a California limited liability company,
its Co-General Partner

By: MARIMAN & CO., a California
corporation,
its Sole Member

By: _____
Rudy Mariman, President

[Signatures continue on following page.]

[Signatures continue from previous page.]

CITY:

CITY OF GARDEN GROVE,
a California municipal corporation

By: _____
City Manager or Authorized Designee

ATTEST:

City Clerk

APPROVED AS TO FORM:

STRADLING YOCCA CARLSON & RAUTH

Special Counsel to City

EXHIBIT "A" TO ATTACHMENT NO. 11

LEGAL DESCRIPTION

That real property located in the State of California, County of Orange, City of Garden Grove, and described as follows:

PARCEL 1:

THE NORTH 350.00 FEET OF THE WEST HALF OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 5 SOUTH, RANGE 10 WEST, IN THE RANCHO LAS BOLSAS, CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SAID SECTION IS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 12 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE WEST 462.00 FEET THEREOF.

ALSO EXCEPT ONE-HALF OF ALL CRUDE OIL, PETROLEUM, GAS, BREA, ASPHALTUM AND ALL KINDRED SUBSTANCES AND OTHER MINERALS UNDER AND IN SAID LAND, EXCEPT THE GRANTOR WILL NOT HAVE ANY SURFACE RIGHTS TO A DEPTH OF 500 FEET, AS RESERVED BY CARL JACOBBER AND EDNA JACOBBER, HUSBAND AND WIFE, IN DEED RECORDED MARCH 16, 1955 IN BOOK 2997, PAGE 52, OFFICIAL RECORDS.

ALSO EXCEPT ALL WATER IN OR UNDER SAID LAND.

PARCEL 2:

THE NORTH 350.00 FEET OF THE EAST HALF OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 5 SOUTH, RANGE 10 WEST, IN THE RANCHO LAS BOLSAS, CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SAID SECTION IS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 12 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE EAST 260.00 FEET THEREOF.

ALSO EXCEPT ONE-HALF OF ALL CRUDE OIL, PETROLEUM, GAS, BREA, ASPHALTUM AND ALL KINDRED SUBSTANCES AND OTHER MINERALS UNDER AND IN SAID LAND EXCEPT THAT THE GRANTORS WILL NOT HAVE ANY SURFACE RIGHTS TO A DEPTH OF 500 FEET AS RESERVED BY LOUIS JACOBBER AND CORA JACOBBER, HUSBAND AND WIFE, IN DEED RECORDED MARCH 16, 1955 IN BOOK 2997, PAGE 59, OFFICIAL RECORDS.

ALSO EXCEPT ALL WATER IN OR UNDER SAID LAND.

APNs: 108-492-77 (Parcel 1) and 108-083-38 (Parcel 2)

**EXHIBIT A TO ATTACHMENT NO. 11
LEGAL DESCRIPTION**

EXHIBIT "B" TO ATTACHMENT NO. 11
AFFORDABLE RENT CALCULATION CHART
(Sycamore Court Housing Project)

[Attached on next page]

EXHIBIT B TO ATTACHMENT NO. 11
AFFORDABLE RENT CALCULATION CHART

Page 1 of 2

Sycamore Court - Unit Mix and Affordable Rent Calculation Tables as of June 2017

Income Level	Bdrms	AMI	Units	Sq. Ft.	Monthly Gross Rents	Monthly Utility Allowance	Net Rent	Gross Annual Income	Most Restrictive Rent	HOME Units	TCAC Units	Senior Units N/A	Family Units	Program*
Very Low Income	1	50%	2	730	\$978.00	\$52.00	\$1,030.00	\$24,720.00	TCAC	2	2		2	TCAC/HOME/HAP
Low Income	1	60%	6	730	\$1,173.00	\$52.00	\$1,225.00	\$88,200.00	TCAC		6		6	TCAC/HAP
Low Income	1	60%	12	730	\$1,173.00	\$52.00	\$1,225.00	\$176,400.00	TCAC		12		12	TCAC
Very Low Income	2	50%	5	906.3	\$1,173.00	\$61.00	\$1,234.00	\$74,040.00	TCAC	4	5		5	TCAC/HOME/HAP
Low Income	2	60%	13	906.3	\$1,407.00	\$61.00	\$1,468.00	\$229,008.00	TCAC		13		13	TCAC/HAP
Low Income	2	60%	24	906.3	\$1,407.00	\$61.00	\$1,468.00	\$422,784.00	TCAC		24		24	TCAC
Very Low Income	3	50%	1	1060.2	\$1,356.00	\$96.00	\$1,452.00	\$17,424.00	TCAC	1	1		1	TCAC/HOME/HAP
Low Income	3	60%	4	1060.2	\$1,627.00	\$96.00	\$1,723.00	\$82,704.00	TCAC		4		4	TCAC/HAP
Low Income	3	60%	10	1060.2	\$1,627.00	\$96.00	\$1,723.00	\$206,760.00	TCAC		10		10	TCAC
2BD manager unit	2	100%	1	906.3	\$0.00	\$0.00	\$0.00	\$0.00	Unrestricted					MGR
			78	69,474			\$110,170	\$1,322,040		7	77		77	

TCAC = Tax Credit Rent
 HOME = HOME Program Rent (Low HOME)
 HAP = HUD Section 8 Housing Assistance Payment Rent

**EXHIBIT B TO ATTACHMENT NO. 11
 AFFORDABLE RENT CALCULATION CHART**

EXHIBIT "C" TO ATTACHMENT NO. 11

HOME DOCUMENTATION, RECORDKEEPING, REPORTING AND MONITORING REQUIREMENTS

Developer shall comply with the requirements set forth in this Exhibit C at all times during the term of that certain HOME Investment Partnership Affordable Housing and Loan Agreement (Sycamore Court Housing Project) ("HOME Agreement") and that certain Regulatory Agreement to which this Exhibit is attached ("Regulatory Agreement"; and, together with the HOME Agreement, the "Agreement") between City and Developer, to which this Attachment is attached.

1. Documentation and Recordkeeping.

(a) **Records to be maintained.** Developer shall maintain all records required by the federal regulations specified in 24 CFR 92.508(a)(3), which are pertinent to the Construction and operation of the Project funded under this Agreement. Records shall be maintained for each tenant household, each Housing Unit, and each expenditure of HOME Funds for the acquisition of the Properties and Construction of the Project pursuant to the Agreement. Such records shall include but are not limited to:

(i) Records providing a full description of each activity undertaken for which HOME Funds were applied;

(ii) Records required to determine the eligibility of activities for use of HOME Funds;

(iii) Records (including property inspection reports) demonstrating that each Housing Unit meets the property standards of 24 CFR 92.251(d) and 24 CFR 982.401 upon occupancy and at the time of each annual inspection and was constructed and is maintained in accordance with the Agreement.

(iv) Records demonstrating compliance with the property standards and financial reviews and actions pursuant to 24 CFR §92.504(d).

(v) Records demonstrating the eligibility of each tenant household, including documentation showing income eligibility in accordance with 24 CFR 92.203 (for the HOME Units) and Section 1204 of the Agreement, verification that such household satisfied the priorities set forth in Section 1202.1 of the Agreement, and for households to which Developer has provided a preference based on Developer's determination that the households are "Unstably Housed," that such households satisfy the definition of "Unstably Housed. Retained documentation shall include all source documentation collected by the Developer or the Property Manager, written eligibility determinations and documentation regarding any appeals of eligibility determinations.

(vi) Records indicating the designation of each Housing Unit as a HOME Unit and/or HAP Unit, as applicable.

EXHIBIT C TO ATTACHMENT NO. 11 HOME DOCUMENTATION, RECORDKEEPING, REPORTING AND MONITORING REQUIREMENTS

(vii) With respect to the HOME Units, records demonstrating that Developer is in compliance with the City's written tenant selection policies and criteria of 24 CFR 92.209(c), including any targeting requirements, the rent reasonableness requirements of 24 CFR 92.209(f), the maximum subsidy provisions of 24 CFR 92.209(h), and calculation of each Subsidy Payment.

(viii) Records demonstrating that each rental agreement or lease for tenant household occupying a Housing Unit complies with the tenant and participant protections of 24 CFR 92.253 (for the HOME Units) and the Agreement (for all Housing Units).

(ix) Records documenting compliance with Developer's marketing and outreach obligations under the Agreement, including compliance with the fair housing and equal opportunity components of the HOME program, HUD's Affirmative Fair Housing and Marketing regulations and the City's Affirmative Fair Housing Marketing Plan, when adopted.

(x) Records documenting compliance with the lead-based hazards requirements under the Agreement, the HOME Program, and 24 CFR Part 35, subparts A, B, J, K, M and R.

(xi) Financial records as required by 24 CFR §92.508(a)(5) and 24 CFR §84.21-28.

(xii) Records documenting the expenditures at the Project that may be eligible to be applied to the HOME Matching Contributions pursuant to the HOME Program, specifically including 24 CFR 92.218 through 24 CFR 92.222.

(xiii) The specific waiting list or person or entity from which tenant household referrals were received for each tenant household occupying a Housing Unit at the Project.

(xiv) Records demonstrating compliance by Developer, and each of its contractors and subcontractors with Section 3 and all applicable prevailing wage and labor compliance requirements set forth in the Agreement or otherwise required by applicable law.

(b) **Retention.** The Developer shall retain all financial records, supporting documents, statistical records, and all other records pertinent to the Agreement for a period of five (5) years after the end of each Developer's fiscal year. Notwithstanding the above, if there are litigation matters, claims, audits, negotiations or other actions that involve any of the records cited and that have started before the expiration of the five-year period, then all pertinent records must be retained until completion of the actions and resolution of all issues, or the expiration of the five-year period, whichever occurs later.

(c) **Client Data.** The Developer shall maintain data regarding each tenant household that rents and occupies a Housing Unit at the Project demonstrating eligibility under the Agreement. Such data shall include, but not be limited to, client name, address, income level, and for any household to which Developer has provided a preference based on Developer's determination that the household is Unstably Housed, evidence that the household was Unstably Housed before the household occupied the Housing Unit, or other basis for determining eligibility, Housing Unit

**EXHIBIT C TO ATTACHMENT NO. 11
HOME DOCUMENTATION, RECORDKEEPING,
REPORTING AND MONITORING REQUIREMENTS**

occupied and all written notices or other communications with the household, including any defaults under the applicable lease for nonpayment of rent or otherwise. Such information shall be made available to City monitors or their designees for review upon request.

(d) **Disclosure.** The Developer understands that client information collected under this Agreement is private and the use or disclosure of such information, when not directly connected with the administration of the City's or Developer's responsibilities with respect to Developer's performance under this Agreement, is prohibited unless written consent is obtained from such person receiving housing or any services and, in the case of a minor, that of a responsible parent/guardian.

(e) **Close Outs.** The Developer's obligation to the City shall not end until all close-out requirements are completed. Activities during the close-out period shall include, but are not limited to: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and accounts receivable to the City), and determining the custodianship of records. Notwithstanding the foregoing, the terms of this Agreement shall remain in effect during any period that the Developer has control over HOME Funds, including program income.

(f) **Audits and Inspections.** In accordance with Section 203.3 of the Agreement, all Developer records with respect to any matters covered by this Agreement shall be made available to the City of Garden Grove, the Garden Grove Housing Authority, HUD and the Comptroller General of the United States or any of their authorized representatives, at any time during normal business hours, as often as deemed necessary, to audit, examine, and make excerpts or transcripts of all relevant data. Any deficiencies noted in audit reports must be fully cleared by the Developer within 30 days after receipt by the Developer. Failure of the Developer to comply with the above audit requirements will constitute a violation of this Agreement and may result in the withholding of future payments. The Developer hereby agrees to have an annual agency audit conducted in accordance with current City policy concerning Developer audits and OMB Circular A-122.

2. Annual Reports. Developer shall submit annual reports to the City in a form approved or directed by the City on or before each April 30, which shall include all of the following information regarding Developer's activities during the prior calendar:

(a) The number of tenant applications received, processed, approved and disapproved.

(b) The property inspection report for the Properties, the Project and each Housing Unit therein and confirmation of compliance with the applicable property standards as set forth in the Agreement.

(c) Specific information regarding the number of and ages of all tenant household members, income categories, and Affordable Rent amounts for each Housing Unit and a description of each tenant household's participation in optional supportive services programs, if any, made available to tenant households at the Project or through Developer's supportive services provider, if

**EXHIBIT C TO ATTACHMENT NO. 11
HOME DOCUMENTATION, RECORDKEEPING,
REPORTING AND MONITORING REQUIREMENTS**

any. Documentation regarding the eligibility of each new tenant household to occupy a Housing Unit, in accordance with Section 1(a)(v) above.

(d) The designation of each Housing Unit as a HOME Unit, HAP Unit, MHSA Unit and/or Density Bonus Housing Agreement Unit, as applicable.

(e) The Affordable Rent charged for each Housing Unit and an explanation for the calculation of each such Affordable Rent.

(f) Budget reconciliation information (construction and/or operating budgets, as applicable), including year-to-date expenditures and remaining balance available for Operating Expenses, Debt Service and outstanding Construction Costs or Project costs (as applicable) in accordance with the Agreement.

(g) Number of vacant Housing Units and an explanation for any vacancies lasting over 60 days.

(h) Information regarding any complaints received from tenant households and any correspondence received from community members or organizations or other nonprofit organizations regarding the Project, the Properties, or the Construction or operation of the Project or the Properties.

(i) Documentation of expenditures at the Project that may be eligible to be applied to the HOME Matching Contributions pursuant to the HOME Program, specifically including 24 CFR 92.218 through 24 CFR 92.222.

(j) Evidence that Developer is maintaining a waiting list in accordance with Section 1202.1 of the Agreement.

3. Performance Monitoring.

(a) **Periodic Meetings.** Developer shall be available to attend meetings with City staff every two weeks during the Construction, to review the Construction progress and pending or upcoming draw requests on the HOME Loan and/or other funding sources for the Project. Following completion of Construction Developer shall be available upon request by City staff to review Developer's activities under the Agreement and to ensure the Project is operating in accordance with the Agreement and the HOME Program.

(b) **City Oversight and Review.** In connection with the City's oversight and compliance by Developer and each of its contractors and subcontractors as to all applicable federal and state labor laws, and if applicable, prevailing wage laws, Developer acknowledges that City already has retained and has under contract a professional services agreement with an experienced, professional labor compliance consultant- Labor Compliance Management ("Labor Compliance Consultant"). In this regard, Developer agrees to pay for and reimburse the City for the services provided by the Labor Compliance Consultant within thirty (30) days of the City's submittal of an invoice therefor. Developer shall maintain records, and the Labor Compliance Consultant, will oversee Developer's compliance with and submittal of all labor-related reports including certified

**EXHIBIT C TO ATTACHMENT NO. 11
HOME DOCUMENTATION, RECORDKEEPING,
REPORTING AND MONITORING REQUIREMENTS**

payroll records for review by the City not less frequently than once per month. In the event the City is required to conduct an audit of each of Developer's contractor's and subcontractor's labor compliance activities and/or records to evaluate noncompliance with labor laws evidenced in Developer's submittals under this Section 1303.2, Developer shall pay the City's third party costs incurred in accordance with such labor compliance audit by the Labor Compliance Consultant.

(i) In the event City becomes aware of any noncompliance with federal Section 3 requirements, Labor Code Section 1720, *et seq.*, or other applicable labor requirements, City shall have the right to require the Developer to set aside into a third party escrow account moneys in an amount reasonably determined by City to be sufficient to remedy such noncompliance.

**EXHIBIT C TO ATTACHMENT NO. 11
HOME DOCUMENTATION, RECORDKEEPING,
REPORTING AND MONITORING REQUIREMENTS**

ATTACHMENT NO. 12

**COMPLETION AND LABOR COMPLIANCE GUARANTY
(Sycamore Court)**

This **COMPLETION AND LABOR COMPLIANCE GUARANTY (Sycamore Court)** (“Guaranty”) is made as of June __, 2017 by **MARIMAN & CO.**, a California corporation and by **RUDY A. MARIMAN**, a married man, (each a “Guarantor” and together, jointly and severally, the “Guarantor”), in favor of the **CITY OF GARDEN GROVE**, a California municipal corporation (“City”).

RECITALS

A. City, and 10632 Bolsa Avenue, LP, a California limited partnership (“Developer”) entered into that certain HOME Investment Partnership Affordable Housing and Loan Agreement (Sycamore Court Housing Project), dated as of June 13, 2017 (“HOME Agreement”), under which Developer agreed to acquire and rehabilitate an affordable rental housing development on certain Properties within the time, as capitalize terms are defined in and in accordance with the terms and conditions of the HOME Agreement.

B. Under the HOME Agreement, the City agreed to make a loan to Developer in the amount of One Million Two Hundred Thousand Dollars (\$1,200,000) (“City Loan”) to finance part of the acquisition and substantial rehabilitation of the Properties and development on the Properties, which loan is evidenced by an City Loan Note and secured by an City Loan Deed of Trust encumbering Developer’s fee interest in the Properties (together with the HOME Agreement, the “Loan Documents”).

C. Guarantor, Mariman & Co., is an Affiliate of Developer, has a substantial financial interest in the business and affairs of Developer, serves as the President of Mariman & Co. which corporation is the sole member of the limited liability company that is the co-general partner of the Developer entity under the HOME Agreement and which entity will receive substantial economic benefit should Developer be permitted to acquire, rehabilitate and operate the Properties in the manner and in accordance with the terms of the HOME Agreement.

D. Guarantor, Rudy A. Mariman, is a married man and enters into this Guaranty as a personal guarantor; and in both his capacities, as an individual and as President of Mariman & Co., has a substantial financial interest in the business and affairs of Developer and he will receive substantial economic benefit should Developer be permitted to acquire, rehabilitate and operate the Properties in the manner and in accordance with the terms of the HOME Agreement.

E. Both Guarantor Mariman & Co. and Guarantor Rudy A. Mariman jointly and severally intend to enter into this Guaranty.

THEREFORE, to induce the City to enter into the Loan Documents and to make the City Loan, and in consideration thereof, each Guarantor and both Guarantors, jointly and severally, unconditionally guarantee and agree as follows:

**ATTACHMENT NO. 12
COMPLETION AND LABOR COMPLIANCE GUARANTY**

1. HOME Agreement. Guarantor acknowledges receipt of a copy of the HOME Agreement and all of the instruments described therein and/or attached thereto. HOME Agreement as used herein shall mean, refer to and include the HOME Agreement, as well as any riders, exhibits, addenda, amendments and attachments thereto (which are hereby incorporated herein by this reference) or other documents expressly incorporated by reference in the HOME Agreement. Any capitalized term not otherwise defined herein shall have the meaning ascribed to it in the HOME Agreement.

2. Guaranty. Guarantor hereby guarantees the performance by Developer of its obligation to complete the Rehabilitation of Project and all associated on-site and off-site improvements (collectively, the "Improvements") on the Properties under the terms and conditions set forth in the HOME Agreement and in accordance with the Schedule of Performance attached to the HOME Agreement. Without limiting the generality of the foregoing, Guarantor guarantees that: (a) such Rehabilitation shall be substantially completed within the time limits set forth in the HOME Agreement, subject to force majeure delays, as provided therein; (b) the Rehabilitation of the Properties and completion of the Project shall be undertaken and substantially completed in accordance with the Rehabilitation Plans and all other plans, specifications and the other provisions of the HOME Agreement (collectively, "Specifications") without substantial deviation therefrom, as the same may be modified from time to time in accordance with the HOME Agreement; (c) the Rehabilitation of the Properties and completion of the Project shall be undertaken and completed free and clear of any mechanic's liens, materialmen's liens and equitable liens; and (d) all costs of Rehabilitation shall be paid prior to delinquency.

3. Lien Free Completion. Substantial completion of the Rehabilitation the Properties free and clear of liens shall be deemed to have occurred upon ("Lien Free Completion"): (a) (i) City's receipt of all required occupancy permit(s) for Project issued by the local government agency having jurisdiction and authority to issue same, and (ii) the expiration of the statutory period(s) within which valid mechanic's liens, materialmen's liens and/or stop notices may be recorded and/or served by reason of the Rehabilitation of the Properties and completion of the Project, or, alternatively, City's receipt of valid, unconditional releases thereof from all persons entitled to record said liens or serve said stop notices; or (b) City's receipt of such other evidence of lien free completion as City deems satisfactory in its reasonable discretion.

4. Obligations of Guarantor upon Default by Developer. If the Rehabilitation of the Properties and completion of the Project are not substantially completed in the manner and within the time required by the HOME Agreement, Guarantor shall, within thirty (30) days of receipt of written demand of the City subject to force majeure delays: (a) diligently proceed to complete the Rehabilitation of the Properties and completion of the Project at Guarantor's sole cost and expense; (b) fully pay and discharge all claims for labor performed and material and services furnished in connection with the Rehabilitation of the Properties and completion of the Project; and (c) release and discharge all claims of stop notices, mechanic's liens, materialmen's liens and equitable liens that may arise in connection with the Rehabilitation of the Properties and completion of the Project. Guarantor's obligations hereunder shall be subject to City's unconditional and irrevocable agreement to make the undisbursed City Loan funds available to Guarantor (under the terms and conditions of the Loan Documents) for the purposes of completing the Rehabilitation of the Properties and completion of the Project and fulfilling Guarantor's other obligations under this Guaranty; provided, however, that the obligation of City to make such undisbursed City Loan funds available to

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Guarantor is expressly conditioned upon there being no continuing default by Guarantor under this Guaranty.

5. Remedies. If Guarantor fails to promptly subject to force majeure delays perform its obligations under this Guaranty, the City shall have the following remedies:

5.1 At the City' option with written notice to Guarantor, and without any obligation to do so, to proceed to perform on behalf of Guarantor any or all of Guarantor's obligations hereunder and Guarantor shall, upon demand and whether or not the Rehabilitation of the Properties and completion of the Project are actually completed by the City, pay to the City all sums expended by the City in performing Guarantor's obligations hereunder together with interest thereon at the highest rate specified in the City Loan Note; and

5.2 From time to time and without first requiring performance by Developer or exhausting any or all security for the City Loan, to bring any action at law or in equity or both to compel Guarantor to perform its obligations hereunder, and to collect in any such action compensation for all loss, cost, damage, injury and expense sustained or incurred by the City as a direct or indirect consequence of the failure of Guarantor to perform its obligations.

6. Rights of the City. Guarantor authorizes the City, without giving notice to Guarantor or obtaining Guarantor's consent and without affecting the liability of Guarantor, from time to time to: (a) approve modifications to the Rehabilitation Plans so long as such modifications do not materially increase the cost of completing the Rehabilitation of the Properties and completion of the Project nor materially increase the time necessary to complete the Project; (b) change the terms or conditions of disbursement of the City Loan so long as such changes do not materially interfere with Developer's ability to complete the Rehabilitation of the Properties and completion of the Project as and when required under the HOME Agreement; (c) otherwise modify the Loan Documents, including, without limitation, making changes in the terms of repayment of the City Loan or modifying, extending or renewing payment dates; releasing or subordinating security in whole or in part; changing the interest rate; or advancing additional funds in its discretion for purposes related to the purposes specified in the Loan Documents; or (d) assign this Guaranty in whole or in part.

7. Guarantor's Waivers. Guarantor waives: (a) any defense based upon any legal disability or other defense of Developer, any other guarantor or other person, or by reason of the cessation or limitation of the liability of Developer from any cause other than full payment and performance of those obligations of Developer which are guaranteed hereunder; (b) any defense based upon any lack of authority of the officers, directors, partners or agents acting or purporting to act on behalf of Developer or any principal of Developer or any defect in the formation of Developer or any principal of Developer; (c) any defense based upon the application by Developer of the proceeds of the City Loan for purposes other than the purposes represented by Developer to the City or intended or understood by the City or Guarantor; (d) any and all rights and defenses arising out of an election of remedies by the City, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed Guarantor's rights of subrogation and reimbursement against the principal by the operation of Section 580d of the California Code of Civil Procedure or otherwise; (e) any defense based upon the City' failure to disclose to Guarantor any information concerning Developer's financial condition or any other circumstances bearing on Developer's ability to pay and perform its obligations under the City Loan Note or any of the other Loan Documents; (f) any defense based upon any statute or rule of law

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which provides that the obligation of a surety must be neither larger in amount nor in any other respects more burdensome than that of a principal; (g) any defense based upon the City' election, in any proceeding instituted under the Federal Bankruptcy Code, of the application of Section 1111(b)(2) of the Federal Bankruptcy Code or any successor statute; (h) any defense based upon any borrowing or any grant of a security interest under Section 364 of the Federal Bankruptcy Code; (i) any right of subrogation, any right to enforce any remedy which any of the City may have against Developer and any right to participate in, or benefit from, any security for the City Loan Note or the other Loan Documents now or hereafter held by the City; (j) presentment, demand, protest and notice of any kind; and (k) the benefit of any statute of limitations affecting the liability of Guarantor hereunder or the enforcement hereof.

Guarantor further waives all rights and defenses that Guarantor may have because the Developer's debt is secured by real property. This means, among other things: (1) the City may collect from Guarantor without first foreclosing on any real or personal property collateral pledged by Developer. (2) If any of the City forecloses on any real property collateral pledged by Developer: (A) The amount of the debt may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price. (B) the City may collect from Guarantor even if the City, by foreclosing on the real property collateral, has destroyed any right Guarantor may have to collect from Developer. The foregoing sentence is an unconditional and irrevocable waiver of any rights and defenses Guarantor may have because Developer's debt is secured by real property. These rights and defenses being waived by Guarantor include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d, or 726 of the Code of Civil Procedure.

Without limiting the generality of the foregoing or any other provision hereof, Guarantor further expressly waives to the extent permitted by law any and all rights and defenses, including without limitation any rights of subrogation, reimbursement, indemnification and contribution, which might otherwise be available to Guarantor under California Civil Code Sections 2787 to 2855, inclusive, 2899 and 3433, or under California Code of Civil Procedure Sections 580a, 580b, 580d and 726, or any of such sections. Finally, Guarantor agrees that the performance of any act or any payment which tolls any statute of limitations applicable to the City Loan Note or any of the other Loan Documents shall similarly operate to toll the statute of limitations applicable to Guarantor's liability hereunder.

8. Guarantor's Warranties. Guarantor warrants and acknowledges that: (a) City would not make the City Loan but for this Guaranty; (b) Guarantor has reviewed all of the terms and provisions of the Loan Documents, including the HOME Agreement, Rehabilitation Plans, and Specifications; (c) there are no conditions precedent to the effectiveness of this Guaranty; (d) Guarantor has established adequate means of obtaining from sources other than the City, on a continuing basis, financial and other information pertaining to Developer's financial condition, the Property, the progress of the Rehabilitation of the Properties and completion of the Project, and the status of Developer's performance of its obligations under the Loan Documents, and the City have made no representation to Guarantor as to any such matters; (e) the most recent financial statements of Guarantor previously delivered to lender are true and correct in all material respects, have been prepared in accordance with generally accepted accounting principles consistently applied (or other principles acceptable to the City) and fairly present in all material respects the financial condition of Guarantor as of the respective dates thereof, and no material adverse change has occurred in the financial condition of Guarantor since the respective dates thereof and (f) Guarantor has not and will

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not, without the prior written consent of the City, sell, lease, assign, encumber, hypothecate, transfer or otherwise dispose of all or substantially all of Guarantor's assets, or any interest therein, other than in the ordinary course of Guarantor's business.

9. Subordination. Guarantor subordinates all present and future indebtedness owing by Developer to Guarantor to the obligations at any time owing by Developer to the City under the City Loan Note and the other Loan Documents. Guarantor assigns all such indebtedness to the City as security for this Guaranty, the City Loan Note and the other Loan Documents. Guarantor agrees to make no claim for such indebtedness until all obligations of Developer under the City Loan Note and the other Loan Documents have been fully discharged. Guarantor further agrees not to assign all or any part of such indebtedness unless the City is given prior notice and such assignment is expressly made subject to the terms of this Guaranty. If the City so request, (a) all instruments evidencing such indebtedness shall be duly endorsed and delivered to the City, (b) all security for such indebtedness shall be duly assigned and delivered to the City, (c) such indebtedness shall be enforced, collected and held by Guarantor as trustee for the City and shall be paid over to the City on account of the City Loan but without reducing or affecting in any manner the liability of Guarantor under the other provisions of this Guaranty, and (d) Guarantor shall execute, file and record such documents and instruments and take such other action as the City deem necessary or appropriate to perfect, preserve and enforce the City's rights in and to such indebtedness and any security therefor. If Guarantor fails to take such action, the City, as attorney-in-fact for Guarantor, is hereby authorized to do so in the name of Guarantor. The foregoing power of attorney is coupled with an interest and cannot be revoked. Nothing contained in the foregoing shall prohibit or prevent distributions from Developer to Guarantor in the ordinary course of business provided no Event of Default is continuing.

10. Bankruptcy of Developer. In any bankruptcy or other proceeding in which the filing of claims is required by law, Guarantor shall file all claims which Guarantor may have against Developer relating to any indebtedness of Developer to Guarantor and shall assign to the City all rights of Guarantor thereunder. If Guarantor does not file any such claim, the City, as attorney-in-fact for Guarantor, is hereby authorized to do so in the name of Guarantor or, in the City's discretion, to assign the claim to a nominee and to cause proof of claim to be filed in the name of the City's nominee. The foregoing power of attorney is coupled with an interest and cannot be revoked. The City or their nominee shall have the right, in its reasonable discretion, to accept or reject any plan proposed in such proceeding and to take any other action which a party filing a claim is entitled to do. In all such cases, whether in administration, bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to the City the amount payable on such claim and, to the full extent necessary for that purpose, Guarantor hereby assigns to the City all of Guarantor's rights to any such payments or distributions; provided, however, Guarantor's obligations hereunder shall not be satisfied except to the extent that the City receive cash by reason of any such payment or distribution. If the City receives anything hereunder other than cash, the same shall be held as collateral for amounts due under this Guaranty. If all or any portion of the obligations guaranteed hereunder are paid or performed, the obligations of Guarantor hereunder shall continue and shall remain in full force and effect in the event that all or any part of such payment or performance is avoided or recovered directly or indirectly from the City as a preference, fraudulent transfer or otherwise under the Bankruptcy Code or other similar laws, irrespective of (a) any notice of revocation given by Guarantor prior to such avoidance or recovery, or (b) full payment and performance of all of the indebtedness and obligations evidenced and secured by the Loan Documents.

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COMPLETION AND LABOR COMPLIANCE GUARANTY**

11. City Loan Sales and Participations; Disclosure of Information. Guarantor agrees that City may elect, at any time with written notice to Developer and Guarantor, to sell, assign, or grant participations in all or any portion of its rights and obligations under the Loan Documents and this Guaranty, and that any such sale, assignment or participation may be to one or more financial institutions, private investors, and/or other entities, at City's sole discretion. Guarantor further agrees that City may disseminate to any such actual or potential purchaser(s), assignee(s) or participant(s) all documents and information (including, without limitation, all financial information) which has been or is hereafter provided to or known to City with respect to: (a) the Property and Project and their operation; (b) any party connected with the City Loan (including, without limitation, the Guarantor, the Developer, any partner, joint venturer or member of Developer, any constituent partner, joint venturer or member of Developer, any other guarantor and any non-borrower trustor); and/or (c) any lending relationship other than the City Loan which City may have with any party connected with the City Loan in all cases subject to the City's typical confidentiality practices. In the event of any such sale, assignment or participation, City and the parties to such transaction shall share in the rights and obligations of City as set forth in the Loan Documents only as and to the extent they agree among themselves. In connection with any such sale, assignment or participation, Guarantor further agrees that the Guaranty shall be sufficient evidence of the obligations of Guarantor to each purchaser, assignee, or participant, and upon written request by City, Guarantor shall consent to such amendments or modifications to the Loan Documents as may be reasonably required in order to evidence any such sale, assignment, or participation. Anything in this Guaranty to the contrary notwithstanding, and without the need to comply with any of the formal or procedural requirements of this Guaranty, including this Section, any lender may at any time and from time to time pledge and assign all or any portion of its rights under all or any of the Loan Documents to a Federal Reserve Bank; provided that no such pledge or assignment shall release such lender from its obligations thereunder.

12. Additional, Independent and Unsecured Obligations. This Guaranty is independent of the obligations of Developer under the City Loan Note, the City Loan Deed of Trust and the other Loan Documents. The City may bring a separate action to enforce the provisions hereof against Guarantor without taking action against Developer or any other party or joining Developer or any other party as a party to such action. Except as otherwise provided in this Guaranty, this Guaranty is not secured and shall not be deemed to be secured by any security instrument unless such security instrument expressly recites that it secures this Guaranty.

13. Attorneys' Fees; Enforcement. If any attorney is engaged by the City to enforce or defend any provision of this Guaranty, or any of the other Loan Documents relating to the Rehabilitation of the Properties and completion of the Project, or as a consequence of any Default, breach or failure of condition under the Loan Documents relating to the Rehabilitation of the Properties and completion of the Project, with or without the filing of any legal action or proceeding, Guarantor shall pay to the City, immediately upon demand all reasonable attorneys' fees and costs incurred by the City in connection therewith, together with interest thereon from the date of such demand until paid at the rate of interest applicable to the principal balance of the City Loan Note as specified therein.

14. Rules of Construction. The word "Developer" as used herein shall include both the named Developer and any other person at any time assuming or otherwise becoming primarily liable for all or any part of the obligations of the named Developer under the City Loan Note and the other Loan Documents. The term "person" as used herein shall include any individual, company, trust or

**ATTACHMENT NO. 12
COMPLETION AND LABOR COMPLIANCE GUARANTY**

other legal entity of any kind whatsoever. If this Guaranty is executed by more than one person, the term "Guarantor" shall include all such persons. When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural and vice versa. All headings appearing in this Guaranty are for convenience only and shall be disregarded in construing this Guaranty.

15. Credit Reports. Each legal entity and individual obligated on this Guaranty hereby authorizes the City to order and obtain, from a credit reporting agency of the City' choice, a third party credit report on such legal entity and individual.

16. Governing Law. This Guaranty shall be governed by, and construed in accordance with, the laws of the State of California, except to the extent preempted by federal laws. Guarantor and all persons and entities in any manner obligated to the City under this Guaranty consent to the jurisdiction of any federal or state court within the State of California having proper venue and also consent to service of process by any means authorized by California or federal law.

17. Miscellaneous. The provisions of this Guaranty will bind and benefit the heirs, executors, administrators, legal representatives, nominees, successors and assigns of Guarantor and the City. The liability of all persons and entities that are in any manner obligated hereunder shall be joint and several. If any provision of this Guaranty shall be determined by a court of competent jurisdiction to be invalid, illegal or unenforceable, that portion shall be deemed severed from this Guaranty and the remaining parts shall remain in full force as though the invalid, illegal or unenforceable portion had never been part of this Guaranty.

18. Enforceability. Guarantor hereby acknowledges that: (a) the obligations undertaken by Guarantor in this Guaranty are complex in nature, and (b) numerous possible defenses to the enforceability of these obligations may presently exist and/or may arise hereafter, and (c) as part of the City' consideration for entering into this transaction, the City have specifically bargained for the waiver and relinquishment by Guarantor of all such defenses, and (d) Guarantor has had the opportunity to seek and receive legal advice from skilled legal counsel in the area of financial transactions of the type contemplated herein. Given all of the above, Guarantor does hereby represent and confirm to the City that Guarantor is fully informed regarding, and that Guarantor does thoroughly understand: (i) the nature of all such possible defenses, and (ii) the circumstances under which such defenses may arise, and (iii) the benefits which such defenses might confer upon Guarantor, and (iv) the legal consequences to Guarantor of waiving such defenses. Guarantor acknowledges that Guarantor makes this Guaranty with the intent that this Guaranty and all of the informed waivers herein shall each and all be fully enforceable by the City, and that the City are induced to enter into this transaction in material reliance upon the presumed full enforceability thereof. This Guaranty shall automatically terminate upon the first to occur of the following: (i) Lien-Free Completion of the Improvements as such term is defined in Section 3, (ii) payment in full of all principal and interest due under the Loan Documents or (iii) Developer's dispossession from the Properties by either or both of the City.

19. Spousal Consent. Rudy A. Mariman agrees to cause his spouse, Gloria L. Soto, to receive a copy of this Guaranty and to obtain her signature on the attached form of "spousal consent".

ATTACHMENT NO. 12
COMPLETION AND LABOR COMPLIANCE GUARANTY

IN WITNESS WHEREOF, Guarantor has executed this Completion Guaranty (Hermosa Village Project) as of the date appearing on the first page of this Guaranty.

“GUARANTOR”

MARIMAN & CO., a California corporation

By: _____
Rudy Mariman, President

By: _____
[other authorized corporate officer per
Corporations Code]

Its: _____

“GUARANTOR”

RUDY A. MARIMAN, a married man

Rudy A. Mariman

[notarized signatures; add notary forms/jurats]

CONSENT OF SPOUSE RE COMPLETION AND LABOR COMPLIANCE GUARANTY

I, the undersigned **GLORIA L. SOTO**, by this *Consent of Spouse Re Completion and Labor Compliance Guaranty* (“Consent”) agree, represent, warrant and consent as follows:

I am the spouse of **RUDY A. MARIMAN**.

I acknowledge that I have received a complete copy of that certain *Completion and Labor Compliance Guaranty* dated as of June __, 2017 (“Guaranty”) and that I have read the Guaranty and understand its contents.

I am aware that under the provisions of the Guaranty that my spouse, Rudy A. Mariman, agrees, among other promises, and provides his personal guarantee related to the acquisition, rehabilitation and completion of an affordable housing project referred to as “Sycamore Court”, which is more fully described in that certain *HOME Investment Partnership Affordable Housing and Loan Agreement (Sycamore Court Housing Project)* dated as of June 13, 2017 entered into between the City of Garden Grove and 10632 Bolsa Avenue, LP, a California limited partnership. My husband is the President of Mariman & Co., which corporation is the sole member of the limited liability company that is the co-general partner of 10632 Bolsa Avenue, LP, and also a guarantor under the Guaranty.

The Guaranty made by my spouse, Rudy A. Mariman, would include my community interests, and I hereby knowingly and intentionally consent to my spouse providing the personal guaranty under the Guaranty, my spouse executing such Guaranty and, my spouse performing under such Guaranty, if ever to be performed thereunder.

Capitalized terms used and not otherwise defined in this Consent have the respective meanings given to them in the Guaranty and HOME Agreement.

I have had the opportunity to obtain legal advice from counsel of my choosing and independent of my spouse, Rudy A. Mariman, as to the legal effect of this Consent.

Dated: June __, 2017

Gloria L. Soto, a married woman

[notarized signature; add notary form/jurat]

EXHIBIT A TO COMPLETION GUARANTY

LEGAL DESCRIPTION OF PROPERTIES

That real property located in the State of California, County of Orange, City of Garden Grove, and described as follows:

PARCEL 1:

THE NORTH 350.00 FEET OF THE WEST HALF OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 5 SOUTH, RANGE 10 WEST, IN THE RANCHO LAS BOLSAS, CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SAID SECTION IS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 12 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE WEST 462.00 FEET THEREOF.

ALSO EXCEPT ONE-HALF OF ALL CRUDE OIL, PETROLEUM, GAS, BREA, ASPHALTUM AND ALL KINDRED SUBSTANCES AND OTHER MINERALS UNDER AND IN SAID LAND, EXCEPT THE GRANTOR WILL NOT HAVE ANY SURFACE RIGHTS TO A DEPTH OF 500 FEET, AS RESERVED BY CARL JACOBBER AND EDNA JACOBBER, HUSBAND AND WIFE, IN DEED RECORDED MARCH 16, 1955 IN BOOK 2997, PAGE 52, OFFICIAL RECORDS.

ALSO EXCEPT ALL WATER IN OR UNDER SAID LAND.

PARCEL 2:

THE NORTH 350.00 FEET OF THE EAST HALF OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 5 SOUTH, RANGE 10 WEST, IN THE RANCHO LAS BOLSAS, CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SAID SECTION IS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 12 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE EAST 260.00 FEET THEREOF.

ALSO EXCEPT ONE-HALF OF ALL CRUDE OIL, PETROLEUM, GAS, BREA, ASPHALTUM AND ALL KINDRED SUBSTANCES AND OTHER MINERALS UNDER AND IN SAID LAND EXCEPT THAT THE GRANTORS WILL NOT HAVE ANY SURFACE RIGHTS TO A DEPTH OF 500 FEET AS RESERVED BY LOUIS JACOBBER AND CORA JACOBBER, HUSBAND AND WIFE, IN DEED RECORDED MARCH 16, 1955 IN BOOK 2997, PAGE 59, OFFICIAL RECORDS.

ALSO EXCEPT ALL WATER IN OR UNDER SAID LAND.

APNs: 108-492-77 (Parcel 1) and 108-083-38 (Parcel 2)

ATTACHMENT NO. 13

CERTIFICATION OF CONTINUING PROGRAM COMPLIANCE

_____, a duly authorized officer of and on behalf of 10632 BOLSA AVENUE, LP (“Owner/Operator”), hereby represents and warrants that:

1. He/she has read and is thoroughly familiar with the provisions of the HOME Investment Partnership Affordable Housing and Loan Agreement (Sycamore Court Housing Project) (“Agreement”) by and between the City of Garden Grove (“City”) and 10632 Bolsa Avenue, LP of which this certification is an attachment.

2. As of the date of this certification, each Housing Unit on the Properties (other than one on-site manager’s unit) (i) is currently occupied by tenants qualifying as 50% AMI Very Low Income Households and 60% AMI Low Income Households at an Affordable Rent (as such terms are defined in the Agreement); or (ii) is currently vacant and being held available for occupancy by such tenants in accordance with the Agreement and have been so held continuously since the date the previous qualifying tenant vacated such Housing Unit, as indicated: **[describe number of vacant Housing Units and length of time each such Housing Unit has remained vacant]**; or (iii) is occupied by qualifying tenants whose incomes have increased above such qualifications in accordance with the terms and conditions of Section 2.4 of the Regulatory Agreement.

3. The unit size, the rental amount charged and collected by Owner/Operator, the number of occupants and the income of the occupants for the Properties is set forth below: **[Add attachment if needed]**

This affidavit is made with the knowledge that it will be relied upon by City to determine compliance with the Agreement. Owner/Operator warrants that all information set forth in this document is true, correct and complete and based upon information Owner/Operator deems reliable and based upon such investigation as Owner/Operator deemed necessary.

Owner/Operator acknowledges that Owner/Operator has been advised that the making of any misrepresentation or misstatement in this affidavit will constitute a material breach of the Agreement with City and may entitle City to initiate and pursue all applicable legal and equitable remedies with respect such Agreement.

[CONTINUED ON NEXT PAGE]

Owner/Operator does hereby swear under penalty of perjury that the foregoing statements are true and correct and that this certificate was executed on _____, 20__ at Garden Grove, California.

“OWNER/OPERATOR”

10632 BOLSA AVENUE, LP,
a California limited partnership

By: AOF SYCAMORE COURT, LLC,
a California limited liability company,
its Managing General Partner

By: AOF / GOLDEN STATE
COMMUNITY DEVELOPMENT
CORP., a California nonprofit public
benefit corporation,
its Manager

By: _____
Ajay Nayar, Vice President

By: SC-MCO, LLC,
a California limited liability company,
its Co-General Partner

By: MARIMAN & CO., a California
corporation,
its Sole Member

By: _____
Rudy Mariman, President

ATTACHMENT NO. 14

CERTIFICATE OF SUBCONTRACTOR

This **CERTIFICATE OF SUBCONTRACTOR** ("Certificate") is hereby made as of _____, 201_, by [insert name of each subcontractor] and a duly licensed in the State of California ("subcontractor"), in favor of the **CITY OF GARDEN GROVE**, a California municipal corporation ("City"). Any capitalized terms used herein and not defined shall have the same meanings as set forth in the Agreement.

RECITALS

A. City and 10632 Bolsa Avenue, LP ("Developer") have entered into an HOME Investment Partnership Affordable Housing and Loan Agreement (Sycamore Court Housing Project) dated as of June 13, 2017 ("Agreement"), which Agreement provides for Developer's acquisition and Rehabilitation of certain real property situated in the City of Garden Grove, California ("Properties") improved with a 78-unit townhome apartment complex. The Properties are generally located at 10632 Bolsa Avenue in the City.

B. As required in the Agreement, subcontractor shall furnish City with this Certificate of subcontractor acknowledging that any construction performed pursuant to the terms of the Agreement shall comply with Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. §1701u, *et seq.*, as amended, and the prevailing wage requirements set forth in the federal Davis-Bacon Act (40 U.S.C. §276a-276a-5).

C. Capitalized terms used herein have the meanings set forth in the Agreement.

NOW, THEREFORE, subcontractor hereto certifies as follows:

1. As provided in the Agreement, subcontractor does hereby certify that it understands that the provisions of Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. §1701u, *et seq.*, as amended, and the provisions of the Davis-Bacon Act (40 U.S.C. §276a-276a-5) shall be applicable to any construction work performed pursuant to the Agreement;

2. subcontractor shall be solely responsible for determining the requirements under Section 3 and the prevailing wage laws, and for complying with such requirements; and

3. The recitals above are incorporated in full as part of the substantive text of this Certificate.

IN WITNESS WHEREOF, subcontractor does hereby swear under penalty of perjury that the foregoing statements are true and correct and that this certificate was executed on _____, 20__ at Garden Grove, California.

SUBCONTRACTOR:

By: _____

Name: _____

Title: _____

**ATTACHMENT NO. 14
CERTIFICATE OF SUBCONTRACTOR**

ATTACHMENT NO. 15

(Reserved)

ATTACHMENT NO. 15

[Reserved]

Page 1 of 1

ATTACHMENT NO. 16

[Reserved]

ATTACHMENT NO. 16

[Reserved]

Page 1 of 1

ATTACHMENT NO. 17

DISBURSEMENT PROCEDURES

The proceeds of the City Loan shall be disbursed pursuant to the *HOME Agreement* dated as of June 13, 2017 (“Agreement”) and in accordance with the following disbursement procedures. All initially capitalized terms used herein have the meanings set forth in the Agreement unless expressly otherwise defined herein.

These City of Garden Grove Disbursement Procedures (“GG Procedures”) are also subject to that certain Senior Lender document titled “Modifications to Multifamily Loan and Security Agreement (Rehabilitation Reserve – Moderate Rehabilitation) (“JLL Disbursement Procedures”). The City and Developer acknowledge that each disbursement of the City Loan proceeds, with the exception of the initial disbursement toward acquisition costs at the Close of Escrow, will be remitted to the Senior Lender (Jones Lang LaSalle Multifamily, LLC) (“JLL”) and not to Developer. And, to the extent there is any inconsistent provision between these GG Procedures and the JLL Disbursement Procedures, in all events the JLL Disbursement Procedures shall prevail.

A. ACQUISITION AMOUNT

Subject to the satisfaction of all Conditions Precedent to the initial disbursement of the City Loan, City shall disburse \$360,000 into Escrow concurrently with the Closing, which proceeds shall be used solely for the cost of acquisition of the Properties pursuant to the Agreement.

B. RELOCATION COSTS

Developer shall pay all Relocation costs in accordance with all Relocation Laws and the Agreement from funds sourced from the proceeds of the Bonds/Primary Loan, Tax Credit equity, the Deferred Developer Fee, or other sources of funding or financing but in no event shall such Relocation costs (including without limitation, temporary moves (or permanent displacement, if any), advisory assistance, and monetary benefits paid to eligible persons (as reviewed by City or City’s consultant), consultant fees, attorneys’ fees, and court costs arising or in any way connected with claims for Relocation assistance or benefits under the Relocation Laws as may be asserted by any existing or previous resident of the Properties) be eligible for payment from City Loan proceeds.

C. REHABILITATION

1. Disbursement Account. The balance of City Loan proceeds will not to be disbursed into Escrow but shall be retained by City and deposited into a “Disbursement Account” established in accordance with the provisions set forth herein for the “Eligible Costs” for the Rehabilitation. Notwithstanding the following provisions, the City’s obligation to make any disbursement of the proceeds of the City Loan is expressly conditioned on the availability to City of HOME Funds and City shall have no obligation to use any other source of funding to make the City Loan to Developer.

(a) Subject to the satisfaction of all Conditions Precedent to the disbursement of the City Loan, City has established a progress payment Disbursement Account for the Rehabilitation. The amount deposited in the Disbursement Account shall be the total unexpended balance of the City

Loan, which as of the Date of Agreement is estimated to be approximately \$840,000. All interest, if any, earned on the Disbursement Account shall accrue to City.

(i) Following the initial disbursement of City Loan proceeds at the Close of Escrow, City will make four installment payments of the City Loan as follows:

(A) 20% of the City Loan (\$252,000) when Developer meets the completion milestone of 30% completion of the Rehabilitation;

(B) 20% of the City Loan (\$252,000) when Developer meets the completion milestone of 60% completion of the Rehabilitation;

(C) 20% of the City Loan (\$252,000) when Developer meets the completion milestone of 90% completion of the Rehabilitation; and

(D) 10% of the City Loan (\$84,000) concurrent with the City's issuance of the final certificate of occupancy by the City's Building Official and recordation of the Release of Construction Covenants evidencing that all of the Rehabilitation is complete.

(b) Upon meeting the applicable completion milestone of Rehabilitation work at the Properties, Developer may submit a request for disbursement of City Loan proceeds from the Disbursement Account.

(c) City shall disburse funds from the Disbursement Account on the basis of milestone completion certificates executed by Developer and the applicable contractors and subcontractors and delivered to City, certifying that the percentage of the Rehabilitation work for which payment is requested has been accomplished in accordance with the approved plans and specifications for the Project, including the Rehabilitation Plans ("Plans and Specifications"), and upon approval by the Monitor (as defined below) of (i) such certificates and (ii) the completed Rehabilitation work for which disbursement of City Loan proceeds is being requested. Each such certificate shall be in a form approved by City.

(d) Notwithstanding Developer's compliance with all other Conditions Precedent set forth in Section 403, *et seq.* of the Agreement, City shall not make the Final Disbursement of City Loan Proceeds in the amount of Eighty-Four Thousand Dollars (\$84,000) until City the City's Building Official certifies that 100% of the Rehabilitation work of the Project is complete and final inspection has occurred with issuance of a final certificate of occupancy by the City Building Official and the City has executed and caused to be recorded the Release of Construction Covenants for the Project.

(e) At City's option, and with Senior Lender's consent, disbursements from the Disbursement Account may be made (i) to Developer, or (ii) as joint disbursements to Developer and Mariman & Co., or (iii) as joint disbursements to Developer and Mariman & Co. and one or more contractors and/or subcontractors as determined by the Monitor and City.

(f) All funds disbursed to Developer shall be immediately used to pay or reimburse bills and charges for labor and/or materials with respect to the Rehabilitation in

ATTACHMENT NO. 17
DISBURSEMENT PROCEDURES

accordance with the milestone completion certificate submitted by Developer as provided in paragraph (c) above.

(g) If at any time proposed changes in the Rehabilitation process shall increase the cost of the Project, Developer shall notify City thereof and City may withhold consent to such changes until Developer deposits sufficient funds in the Disbursement Account to cover the increased costs of such proposed changes and furnishes City with written consents to such changes from the sureties on any applicable bonds.

(h) Developer shall evidence continuing compliance with the Section 3 Clause, as set forth in the Agreement.

2. Rehabilitation Monitor. City shall appoint a staff member to serve as a Rehabilitation work monitor ("Monitor") to review the Plans and Specifications, to review periodically the progress of the Rehabilitation, to review, verify the accuracy of, and approve each of the milestone completion certificates submitted by Developer, and each of its applicable contractors and subcontractors, with Developer's written requests for disbursement of City Loan proceeds. City shall have the right to rely on, and City shall have the right to disburse funds in accordance with, each disbursement certificate approved by the Monitor in accordance with Paragraph 1(c) above.

3. Protection of Security. Representatives of City shall have the right to enter upon the Properties during normal business hours and upon seventy-two (72) hours' notice. If in City's opinion the work does not conform with the final, approved Plans and Specifications (as amended or modified with the consent of City), City shall have the right to stop the work and order its replacement whether or not such unsatisfactory work has theretofore been incorporated in the Properties or the improvements thereon, and to withhold all disbursements from the Disbursement Account until the work is satisfactory. If correction of the work is not commenced within thirty (30) calendar days from the date City notifies Developer of the unsatisfactory work, failure to do so shall constitute an Event of Default under the Agreement.

(a) Developer expressly agrees and acknowledges that City (i) does not assume the duties of Developer's or any of its contractors and subcontractors, or architect, (ii) is not required to make inspections of the Rehabilitation work, (iii) does not represent that the funds deposited in the Disbursement Account are sufficient to complete the Rehabilitation (and if such funds are not sufficient for such purpose, City shall not have any obligation to complete the Rehabilitation with City's funds or with any other funds). City's execution of the Agreement and City's selection and engagement of the Monitor shall not constitute a representation that the Rehabilitation conforms to any existing covenants, laws, regulations or codes relating to the Properties. Any inspection by City shall be made solely for the benefit and protection of City. Developer may not rely on any inspection by City. Developer shall notify City in writing if, during the course of its own inspection of the work comprising the Rehabilitation, any labor or materials used therefor are not satisfactory to Developer.

(b) City agrees that City will select the Monitor. City shall have no liability to Developer for such selection or for any inspection, report or other action taken or not taken by the Monitor in connection with the Rehabilitation and disbursements from the Disbursement Account.

ATTACHMENT NO. 17
DISBURSEMENT PROCEDURES

**APPLICATION FOR DISBURSEMENT
SYCAMORE COURT HOUSING PROJECT**

TO: CITY OF GARDEN GROVE ("City")
FROM: 10632 Bolsa Avenue, LP ("Developer")
MILESTONE COMPLETION CERTIFICATE; DISBURSEMENT REQUEST NO. ___[1-4]
DATE: _____, 201__

Under that certain *HOME Agreement* dated as of _____, 2017 ("Agreement") entered into between Developer and City, Developer hereby requests that City disburse \$ _____ of the City Loan. This disbursement is requested to pay for various expenses incurred in reaching the [__%] completion milestone in connection with the Sycamore Court Housing Project ("Project"), as summarized on the schedule attached hereto and detailed in the invoices submitted herewith. Developer hereby certifies that the amounts shown on the attached schedule and the accompanying invoices represent costs set forth in the approved Final Budget and Construction Contract for the Rehabilitation which are eligible for reimbursement at this milestone completion time in accordance with the provisions of the Agreement.

Developer acknowledges that any increased costs of construction arising out of change orders or otherwise are not included in, or provided for, in the Construction Contract or the Final Budget and cannot be invoiced on this Application for Disbursement unless and until such change orders and/or other increases in costs have been approved in writing by City, except as otherwise provided in the Agreement.

Developer certifies that there have been no change orders or changes in the work of the Project increasing the cost of the Project by \$5,000 or more, individually, or when taken together with all previous change orders for the Project, by \$15,000 or more, except as previously expressly approved by City in writing, or as referenced below, with a copy of the appropriate documentation describing the change attached hereto (whether or not a disbursement is requested herein on account of such change). The following change orders, identified by number and date, have been proposed and/or approved since the last Application for Disbursement: _____

SUBMITTED BY: _____

Date: _____, 201__

REVIEWED AND APPROVED BY: _____

City Construction Monitor

Date: _____, 20__

**ATTACHMENT NO. 17
DISBURSEMENT PROCEDURES**

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SUPPORTING DOCUMENTS FOR DISBURSEMENT

[to be attached by Developer or Mariman & Co.]

**ATTACHMENT NO. 18
SECTION 3 CHECKLIST**

HOME Funds Recipient-Section 3 Checklist

HUD may monitor funding recipients (Developer/owner), contractors and subcontractors based on these mandatory requirements. HUD-funded projects that involve construction, reconstruction, rehabilitation, or demolition are subject to Section 3 compliance.

Basis for Section 3 Requirements (24 CFR 135)

- Housing & Urban Development Act of 1968 (12 U.S.C. 1701u) ("Section 3")
- Section 3 Clause [24 CFR 135.38] must appear in all Section 3-covered HUD contracts [24 CFR 135.3].

Responsibilities of Developer to City of Garden Grove and HUD:

To the greatest extent feasible, and consistent with existing federal, state, and local laws and regulations:

- Demonstrate good faith efforts to notify Section 3 residents and businesses about training, employment, and contracting opportunities generated by this Section 3 covered assistance.
- Prepare and maintain records and all supporting documents and actions taken to comply with Section 3 and verifiable, justifiable records reasons if unable to comply.
- Submit Summary Reports (based on form HUD-60002).

As a recipient HUD HOME Program Funds in excess of \$200,000, you are required to comply with Section 3. As a recipient of HUD assistance, you are obligated to meet the safe harbor goals even if none of your contracts exceed \$200,000.

- HUD Section 3 website has sample forms re compliance with Section 3. (https://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/section3/section3)

Section 3 requires that you and your contractors and subcontractors with contracts of more than \$100,000 who hire or award contracts associated with the project take steps so that low- and very low-income residents and Section 3 business concerns have an opportunity to benefit from the project.

Described below are steps you must take to ensure that you comply with Section 3:

1. Include the Section 3 clause in all of your contracts and subcontracts.
2. Develop a list of Section 3 business concerns to use in selecting your contractors and to distribute to your contractors, subcontractors, and persons you will pay or provide any funds.
3. Require all of your contractors and subcontractors to provide you copies of subcontracts over \$100,000 showing inclusion of the Section 3 Clause and retain them for later review by the City of Garden Grove and by HUD and their representatives.
4. If you hire employees for the Project, provide documentation of your efforts to identify and provide training and employment opportunities to Section 3 residents.

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SECTION 3 CHECKLIST**

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5. If you award contracts for more than \$100,000 you must take steps to provide contracts to Section 3 business concerns and document your efforts.
6. If you or your contractors and subcontractors encounter impediments in hiring Section 3 residents or awarding contracts to Section 3 business concerns, provide the City of Garden Grove a written explanation of the impediments before any contracts are signed for the Project.
7. Keep and maintain organized records and supporting documentation of the above items and retain all records for later review by HUD, the City and their representatives.
8. Collect from all of your contractors and subcontractors with contracts over \$100,000 a completed Section 3 data form regarding each entity's efforts and success in providing training and employment opportunities to Section 3 residents, and contracting with Section 3 business concerns.
9. Submit the Section 3 data to City of Garden Grove after the bids have been received but before construction contracts are signed. If new subcontractors are hired, submit the forms before their contracts are signed.