AGENDA

HOUSING AND COMMUNITY DEVELOPMENT COMMISSION (HCDC) SPECIAL MEETING

S. Bre Jackson, Chair
Jared Bunde
Ylonda Calloway
Cassandra James
Amelia Shoulders

THURSDAY, FEBRUARY 23, 2023
7:00 P.M.

Members of the public will be able to participate in person or remotely via Zoom. The Vallejo Room at the bottom floor of the JFK Library at 505 Santa Clara Street will be open to members of the public 30 minutes prior to the start of the meeting.

IMPORTANT NOTICE REGARDING THE FEBRUARY 23, 2023 HCDC MEETING

This AGENDA contains a brief general description of each item to be considered. The posting of the recommended actions does not indicate what action may be taken. If comments come to the Housing and Community Development Commission without prior notice and are not listed on the AGENDA, no specific answers or response should be expected at this meeting per State law.

Pursuant to Government Code Section 54954.3 (The Brown Act), members of the public shall be afforded the opportunity to speak on any agenda item of interest to them provided they are first recognized by the Presiding Officer. Members of the public wishing to be so recognized are requested to submit a completed speaker card to the Secretary of the Commission prior to the consideration of the item.

Members of the public have the right to speak on any item on this agenda. Those wishing to address the Housing and Community Development Commission on an Action Calendar item are limited to five minutes pursuant to Vallejo Municipal Code Section 2.02.420.

PUBLIC COMMENT: Members of the Public may provide public comments during the Housing and Community Development Commission. Hybrid options are available for members of the public to participate.

- In person
- Via Zoom (https://ZoomRegular.Cityofvallejo.net)
- Via phone, by dialing (669) 900-6833. Enter Meeting ID: 914 0075 0676#. Press *9 to digitally raise your hand from the phone

In-person speakers will be recognized first. For additional instructions on how to speak remotely during public comment, please visit www.cityofvallejo.net/publiccomment.

VIEW THE MEETING: There are four different ways you can view this public meeting:

- In person
- Watch Vallejo local channel 28
- Stream from the City website: www.cityofvallejo.net/Streaming
- Join the Zoom webinar: https://ZoomRegular.Cityofvallejo.net

Notice of Availability of Public Records: All public records relating to an open session item, which are not exempt from disclosure pursuant to the Public Records Act, that are distributed to a majority of the Housing and Community Development Commission, will be available for public inspection at the Housing and Community Development Division, 200 Georgia Street, Vallejo, CA 94590 at the same time that the public records are distributed or made available to the Housing and Community Development Commission. Such documents may also be available on the City of Vallejo website subject to staff's ability to post the documents prior to the meeting. Information may be obtained by calling (707) 648-4507, TDD (800) 735-2929.

ADDITIONAL CITY INFORMATION
Members of the public can:
Like us on Facebook and Instagram (@cityofvallejo)
LinkedIn: Linkedin.com/company/city-of-vallejo
Sign up to receive City Communications via e-mail (www.cityofvallejo.net/subscribe)
Sign up for emergency alerts at: alertsolano.com

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk at dawn.abrahamson@cityofvallejo.net Notification at least 48 hours prior to a meeting will enable the City to make reasonable arrangements to ensure accessibility to that meeting. [28 CFR.35.102.35.104 ADA Title II]. The Vallejo Housing and Community Development Division may be contacted as follows: Tel: (707) 648-4507, Fax: (707) 648-5249, or e-mail: Jason.Goltiao@cityofvallejo.net. The hearing impaired may call the California Relay Service at (800) 735-2922 without a TTY/TDD, or (800) 735-2929 with a TTY/TDD.

1. **CALL TO ORDER**

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL**

4. **PRESENTATIONS**

5. **APPROVAL OF MINUTES**

6. **WRITTEN COMMUNICATIONS**

7. **REPORT OF THE SECRETARY**

8. **REPORT OF THE CHAIR AND MEMBERS OF THE HOUSING AND COMMUNITY DEVELOPMENT COMMISSION, AND LIAISON REPORT**

A. Report of the Chair and Members of the Housing and Community Development Commission

B. Report of City Council Liaison to the Housing and Community Development Commission

9. **COMMUNITY FORUM**

The Community Forum is an opportunity for residents to discuss items not on the agenda that are within the purview of the Commission. The Commission may not discuss or act on these items but may require they be placed on a future agenda. If an item is not within the purview of the Commission, the person may be referred to the appropriate party. Members of the public wishing to address the Commission on Action Calendar items may do so by submitting a completed speaker's card to the Secretary or via teleconference. Each speaker participating under the Community Forum shall be limited to a maximum of three minutes pursuant to Vallejo Municipal Code Section 2.02.300.

Any interested members of the public desiring to communicate with the Commission as part of the Community Forum may do so via:

- *In person*
- *Zoom: (https://ZoomRegular.Cityofvallejo.net),*
- *Phone: Dial (669) 900-6833. Enter Meeting ID: 914 0075 0676#. Press *9 to raise your hand digitally from the phone.*

In-person speakers will be recognized first. For additional instructions on how to speak during public comment, please visit www.cityofvallejo.net/publiccomment.

10. PUBLIC COMMENT REGARDING CONSENT CALENDAR ITEMS

Members of the public wishing to address the Commission on Consent Calendar items may do so by submitting a completed speaker's card to the Secretary or via teleconference. Each speaker is limited to three minutes pursuant to Vallejo Municipal Code Section 2.02.310. Request for removal of Consent Items received from the public are subject to approval by a majority vote of the commission. Items removed from the Consent Calendar will be heard immediately after approval of the Consent Calendar and the Agenda.

Any interested members of the public desiring to communicate with the Commission as part of this item may do so via:

- *In person*
- *Zoom: (https://ZoomRegular.Cityofvallejo.net),*
- *Phone: Dial (669) 900-6833. Enter Meeting ID: 914 0075 0676#. Press *9 to raise your hand digitally from the phone.*

In-person speakers will be recognized first. For additional instructions on how to speak during public comment, please visit www.cityofvallejo.net/publiccomment.

11. CONSENT CALENDAR AND APPROVAL OF THE AGENDA

12. ACTION CALENDAR

Members of the public wishing to address the Commission on Action Calendar items may do so by submitting a completed speaker's card to the Secretary or via teleconference. Each speaker is limited to five minutes pursuant to Vallejo Municipal Code Section 2.02.420.

Any interested members of the public desiring to communicate with the Commission as part of this item may do so via:

- *In person*
- *Zoom: (https://ZoomRegular.Cityofvallejo.net),*
- *Phone: Dial (669) 900-6833. Enter Meeting ID: 914 0075 0676#. Press *9 to raise your hand digitally from the phone.*

In-person speakers will be recognized first. For additional instructions on how to speak during public comment, please visit www.cityofvallejo.net/publiccomment.

A. Adopt a Resolution Recommending Approval by the Vallejo City Council of Authorization of the City Manager to Execute a First Omnibus Loan Amendment to Amend the HOME Investment Partnerships Program Loan Agreement, Promissory Note, Deed of Trust, and Regulatory Agreement for the Blue Oak Landing (Sacramento Street) Project

   In order for the City, in part, to clear a HOME Program finding by the U. S. Department of Housing and Urban Development (HUD) issued on December 21, 2022, the City must revise its Loan and Regulatory Agreements for the Blue Oak Landing Project with the developer, Vallejo PSH, L. P., to reduce the City's HOME Program investment from $2,186,710 to $495,229, and to align the project description and HOME Program requirements with the project.

For more information, a staff report is enclosed with the agenda packet.

Recommendation: Adopt the enclosed Resolution recommending approval by the Vallejo City Council of authorization of the City Manager to execute a First Omnibus Loan Amendment to amend the HOME Investment Partnerships Program Loan Agreement, Promissory Note, Deed of Trust, and Regulatory Agreement for the Blue Oak Landing (Sacramento Street) Project.

13. ADJOURNMENT

AFFIDAVIT OF POSTING

I, Jason Goltiao, do hereby certify that I have caused a true copy of the above notice and agenda to be delivered to each of the members of the Housing and Community Development Commission, at the time and in the manner prescribed by law and that this agenda was posted at City Hall, 555 Santa Clara Street, CA at 4:00 p.m. on February 22, 2023.

Dated 22 FEBRUARY 2023

Jason Goltiao, Secretary

City of VALLEJO California

ACTION CALENDAR 12.A.

DATE: February 23, 2023

TO: Chair and Commissioners
Housing and Community Development Commission

FROM: Guy L. Ricca, Temporary Senior Community Development Analyst

SUBJECT: ADOPT A RESOLUTION RECOMMENDING APPROVAL BY THE VALLEJO CITY COUNCIL OF AUTHORIZATION OF THE CITY MANAGER TO E ECUTE A FIRST OMNIBUS LOAN AMENDMENT TO AMEND THE HOME INVESTMENT PARTNERSHIPS PROGRAM LOAN AGREEMENT, PROMISSORY NOTE, DEED OF TRUST, AND REGULATORY AGREEMENT FOR THE BLUE OA   LANDING (SACRAMENTO STREET) PROJECT

RECOMMENDATION

Adopt the enclosed Resolution recommending approval by the Vallejo City Council of authorization of the City Manager to execute a First Omnibus Loan Amendment to amend the HOME Investment Partnerships Program Loan Agreement, Promissory Note, Deed of Trust, and Regulatory Agreement for the Blue Oak Landing (Sacramento Street) Project.

REASONS FOR RECOMMENDATION

In order for the City, in part, to clear a HOME Program finding by the U. S. Department of Housing and Urban Development (HUD) issued on December 21, 2022, the City must revise its Loan and Regulatory Agreements for the Blue Oak Landing Project with the developer, Vallejo PSH, L. P., to reduce the City's HOME Program investment from $2,186,710 to $495,229, and to align the project description and HOME Program requirements with the project.

BACKGROUND AND DISCUSSION

In 2017, the City purchased a property located at 2118 and 2134-36 Sacramento Street in Vallejo, from a private owner, using a combination of City General Funds, federal HUD Community Development Block Grant (CDBG) Program funds, and federal HUD HOME Program funds. The intended purpose of this transaction was to construct permanent housing units for homeless persons, and thereby further the accomplishment of the City's affordable housing goals. In 2018, an RF   was issued by the City in order to retain an affordable housing organization to complete a project at the site. Eden Housing, Inc., a non-profit organization, was selected as the preferred developer for the project, now known as Blue Oak Landing . This project will provide 74 units of affordable rental housing, and one manager's unit, and after full occupancy, the 74 units will remain affordable for a period of at least twenty years, in accordance with HOME Program requirements. Eden Housing has formed a limited partnership entity, Vallejo PSH L. P., which will own and operate the project. Eden Housing is funding the construction of the project through a variety of funding sources, including State of California low-income housing tax credits, private financing, and City of Vallejo and County funds. The Vallejo Housing Authority will also provide project-based vouchers for the units, to help ensure the project's financial stability.

In addition to the purchase of the site, the City's financial commitment to the project includes a $1.6 million Housing Successor Agency loan from the Low- and Moderate-Income Housing Asset Fund (LMIHAF) to the limited partnership, and a City HOME Program loan in the amount of $2,186,710, also to the partnership. These loans assisted Vallejo PSH, L. P. with predevelopment, construction, and related project costs. These funds have been disbursed to the project. Construction started on the project in October, 2021, and is scheduled to be completed in the spring of 2023.

Project Monitoring by HUD

Beginning in 2022, HUD conducted a review of the Blue Oak Landing Project, and in a letter to the City in December, 2022, indicated that the City has not implemented the project in compliance with HOME Program regulations, including completing the project within four years. This has resulted in a HUD Finding (2022-1), and disallowed costs related to Blue Oak Landing, and to one other HOME Community Housing Development Organization (CHDO) activity, which was not completed within a four-year period.

In its December 2022 letter to the City, HUD stated that a portion of the HOME Program funds ($495,229) disbursed by the City to Vallejo PSH, L. P. for Blue Oak Landing is considered an eligible use of HOME Program funds, because: (1) these funds were disbursed in October, 2021, after the execution of HOME loan documents with the limited partnership (2) the project is underway and (3) the project will likely be completed and achieve full occupancy in less than four years, (starting from October 21, 2021). In effect, HUD has determined it may recognize this phase of Blue Oak Landing as a standalone project.

However, in order to clear the finding specifically related to Blue Oak Landing, HUD has informed the City that it must revise its HOME Loan and Regulatory Agreements with Vallejo PSH, L. P. to reduce the City's HOME Program investment to $495,229, and to amend the project description as necessary to comply with HOME Program requirements. HUD has further requested that after the changes are completed, a copy of the amended documents be provided to HUD staff.

Staff has reached agreement with Vallejo PSH, L. P. on the proposed amendments, and has drafted a First Omnibus Loan Amendment revising the HOME Program Loan Agreement, Promissory Note, Deed of Trust, and Regulatory Agreement for the Commission's review and recommendation.

Next Steps

Following City approval, staff will send the executed First Omnibus Loan Amendment to HUD for its review and approval, and will then record the Amendment with the County of Solano Recorder's Office. Staff is currently drafting a new Loan Agreement with Vallejo PSH, L. P. to ensure that the HOME funds disallowed by HUD in the amount of $1,691,481 will be repaid.

FISCAL IMPACT

HUD has determined that the City has incurred $495,229 in eligible HOME Program expenses. However, in order to clear HUD Finding 2022-1 in its entirety, a total of $2,166,493.50 in the City's prior year and unspent HOME Program funds will be recaptured by HUD, at the City's request. This amount in HOME funding has been disallowed by HUD for non-compliance with HOME Program requirements in its implementation of the Blue Oak Landing Project, and one other HOME CHDO project, which was not completed in a timely manner. HUD is in the process of de-obligating these funds, so that it will be made whole . The proposed action will have no impact on the General Fund.

ENVIRONMENTAL REVIEW

This action is exempt from the California Environmental uality Act (CE A) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CE A Guideline section 15378.

ATTACHMENTS

1. Resolution
2. Exhibit A to Resolution
3. 12-21-22 Anderson_Vallejo_Response to HOME Waiver Extension Request
4. City of Vallejo Revised VGR Request to HOME Program Finding 2022-1
5. COV_Vallejo PSH Loan Agreement_D 2021.10.15
6. HOME Program Loan Note

CONTACT

Guy L. Ricca, Temporary Senior Community Development Analyst, (707) 648-4359
Guy.Ricca@cityofvallejo.net.

RESOLUTION

WHEREAS, in December 2017, the City purchased the property located at 2118 and 2134-36 Sacramento Street, in Vallejo, California, using a combination of City General Funds, federal Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) Program funds, and federal HUD HOME Program funds, for the purpose of constructing permanent housing units for homeless persons; and

WHEREAS, in February 2018, the City issued a Request for Qualifications (RFQ) in order to select an affordable housing developer to complete the project; and

WHEREAS, after review and ranking of the interested respondents, in June 2018, the City selected a limited partnership entity formed by Eden Housing, Inc., known as Vallejo PSH, L.P., as the preferred developer of the Sacramento Street Project, which is now known as "Blue Oak Landing", and which will provide 74 units of affordable housing at the site, and which, pursuant to HOME Program requirements, will remain affordable for a period of not less than twenty years, upon occupancy; and

WHEREAS, the City's financial commitment to the project has included: (1) a loan of $1.6 million in Low- and Moderate-Income Housing Asset Funds (LMIHAF) from the Housing Successor Agency to Vallejo PSH L. P., which was approved in June 2018, and which has been disbursed to the project, and (2) a loan of $2,186,710 in HOME Program funds to Vallejo PSH L. P., which was approved by the Vallejo City Council on November 17, 2020, and which has been disbursed to the project; and

WHEREAS, construction commenced on the project in October 2021, and is scheduled to be completed in the Spring of 2023; and

WHEREAS, after a review of the City's implementation of the Blue Oak Landing Project, HUD officials have notified the City that it has not performed in compliance with HOME Program regulations at 24 Code of Federal Regulations (CFR) 92.205(e), which imposes a four-year project completion deadline on all HOME projects to which HOME funds are committed on or after August 23, 2013, and therefore, in a letter to the City dated December 21, 2022, issued a Finding, (2022-1), related to the project; and

WHEREAS, the definition of project completion at 92.2 specifies that all construction work must be complete, property standards met, final drawdown of HOME funds disbursed, and the projected must be marked as "completed" in HUD's online system, also known as the Integrated Disbursement and Information System (IDIS), e. g., all of the housing units occupied (leased) to the residents; and

WHEREAS, in 2022, the City notified HUD of its intent to use HOME Program waivers in response to the COVID-19 pandemic which including providing an extension of the four-year project completion deadline until March 31, 2022; and

WHEREAS, HUD subsequently denied the City's request for a waiver, as this waiver was only permitted for projects that experienced delays due to the COVID-19 pandemic; and

WHEREAS, HUD has recognized that a portion of the HOME Program funds disbursed by the City for the project, in the amount of $495,229, represents an eligible use of HOME Program funds, given that this amount was set up, funded, and drawn in IDIS by the City after the execution of HOME Loan documents with Vallejo PSH, L. P., and therefore may be acknowledged by HUD as a standalone project; and

WHEREAS, in order to clear the Finding, in part, HUD has instructed the City to revise its HOME Loan Agreement and HOME Regulatory Agreement with Vallejo PSH, L. P. to reduce the HOME Program investment to $495,229, and to align the project description and HOME Program requirements with the actual project under development, and after the changes are completed, to provide a copy of the amended written Agreements to HUD; and

WHEREAS, staff has drafted a First Omnibus Loan Agreement which revises the HOME Program Loan and Regulatory Agreements, and has reached agreement with Vallejo PSH, L. P. on the terms of the Amendment.

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSING AND COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF VALLEJO AS FOLLOWS:

Section 1. The First Omnibus Loan Amendment which revises the HOME Program Loan and Regulatory Agreements by and between the City of Vallejo and Vallejo PSH, L. P. for the Sacramento ("Blue Oak Landing") Project as shown at Exhibit A attached hereto, is hereby recommended for approval by the Vallejo City Council.

Section 2. The Commission recommends that the Vallejo City Council authorize the City Manager, or his designee, the Assistant City Manager, to execute the aforementioned Amendment and deliver it to HUD for HUD's approval.

Section 3. Upon receipt of HUD's approval, the Commission recommends that the City Clerk be authorized to record a copy of the First Omnibus Loan Amendment in the official records of the County of Solano's Recorder's Office.

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

City of Vallejo
555 Santa Clara Street
Vallejo, CA 94590
Attention: City Clerk

Space above this line for Recorder's use.

APNs: 0051-080-540; 0051-190-390

FIRST OMNIBUS LOAN AMENDMENT

This First Omnibus Loan Amendment (this "Amendment") is entered into effective as of October 15, 2021 ("Effective Date") by and between the **CITY OF VALLEJO**, a municipal corporation ("Lender") and **VALLEJO PSH, L.P.**, a California limited partnership ("Borrower"). Lender and Borrower are collectively referred to herein as the "Parties."

RECITALS

A. The Parties entered into that certain HOME Investment Partnerships Program Loan Agreement dated October 15, 2021 (the "Loan Agreement"), evidenced by a Promissory Note in the original principal amount of $2,186,710 dated May 4, 2021 (the "Promissory Note").

B. The Promissory Note is secured by a Deed of Trust recorded against certain real property located in the City of Vallejo, California, and more particularly described **in** Exhibit A attached hereto, dated May 4, 2021 and recorded in the land records of the County of Solano on October 25, 2021 as document number 202100110391 (the "Deed of Trust").

C. In connection with the Loan Agreement, the Parties entered into that certain HOME Program Rent Limitation and Regulatory Agreement dated October 17, 2021 and recorded on October 25, 2021 in the land records of the County of Solano as Instrument No. 202100110390 (the "Regulatory Agreement"), which Regulatory Agreement was amended by the Parties on August 1, 2022 and recorded in the land records of the County of Solano as Instrument No. 202200063510 (the "First Amendment"). The Regulatory Agreement and its First Amendment, attached hereto as Exhibit B, and Exhibit C, respectively, together with the Deed of Trust, Loan Agreement, and the Promissory Note, are the "Loan Documents."

D. By letter dated December 12, 2022, the U.S. Department of Housing and Urban Development (HUD) directed the City to amend the Loan Documents to reflect the reduction of the City's HOME Program Investment from $2,186,710 to $495,229.

NOW THEREFORE, in consideration of the foregoing Recitals and for the promises and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties, intending to be legally bound hereby, agree as follows:

1. Omnibus Amendment to Loan Documents. References to the original principal amount of TWO MILLION ONE HUNDRED EIGHTY-SIX THOUSAND SEVEN HUNDRED AND TEN AND 00/100 DOLLARS ($2,186,710) under the Loan Documents are hereby deleted and replaced with the new amount of FOUR HUNDRED NINETY-FIVE THOUSAND TWO HUNDRED TWENTY-NINE AND 00/100 DOLLARS ($495,229).

2. No Other Modification. Except as amended by this Amendment, the Loan Documents shall continue unmodified and in full force and effect.

3. Counterparts. This Amendment may be executed in several counterparts each of which will constitute an original document, and all of which shall constitute one agreement, binding on all parties hereto, notwithstanding that all parties are not signatories to the same counterparts.

[Signature Page Follows]

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

LENDER:

CITY OF VALLEJO
a municipal corporation,

By: ___________________________
Michael Malone,
City Manager

APPROVED AS TO FORM:

By: ___________________________
Veronica A. F. Nebb, City Attorney

ATTEST:

By: ___________________________
Dawn G. Abrahamson, City Clerk

BORROWER:

VALLEJO PSH, L.P.,
a California limited partnership

By: Vallejo PSH LLC,
a California limited liability company,
its general partner

By: Eden Development, Inc.,
a California nonprofit public benefit corporation,
its sole member/manager

By: ___________________________
Andrea Osgood
Senior Vice President of Real Estate Development

[Notary Clauses Follow]

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
COUNTY OF ______________________)

On February ___, 2023 before me, __________________, Notary Public, personally appeared, **MICHAEL MALONE**, who proved to me the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument, the entity upon behalf of which she acted, executed the instrument.

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

____
Name: ___________________________
Notary Public

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
COUNTY OF ______________________)

On February ___, 2023 before me, _________________, Notary Public, personally appeared, **ANDREA OSGOOD**, who proved to me the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument, the entity upon behalf of which she acted, executed the instrument.

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

____
Name: __________________________
Notary Public

Exhibit A

Recorded Deed of Trust

(12)

RECORDING REQUESTED BY
North American Title Company
54605-21-1581944SHS

CERTIFIED A TRUE COPY OF THE ORIGINAL RECORDED IN THE OFFICIAL RECORDS OF SAID COUNTY ON 10/25/2021
Under Recorder's Serial No. 202100110391
NORTH AMERICAN TITLE COMPANY, INC.
By [signature]

Escrow No.
RECORDING REQUESTED BY:
City of Vallejo
When Recorded, Mail Document To:
City Clerk
City of Vallejo
555 Santa Clara Street
Vallejo, CA 94590

(Space Above This Line for Recorder's use only)

Exempt from Recording Fees pursuant to Govt. Code § 227383

No fee recording pursuant to GC Code 27383

DEED OF TRUST

THIS DEED OF TRUST ("Security Instrument") is made on May 4, 2021. The Trustor is Vallejo PSH, L.P., a California limited partnership_("Borrower"). The Trustee is **North American Title Company**, The Beneficiary is the **City of Vallejo**, which is organized and existing under the laws of California, and whose address is 555 Santa Clara Street, Vallejo, CA 94590 ("Lender").

Borrower owes Lender the principal sum of Two Million One Hundred Eighty-Six Thousand Seven Hundred Ten Dollars and No Cents **($2,186,710.00)**. This debt is evidenced by Borrower's Promissory Note dated the same date as this Security Instrument ("Note"), which provides for deferred monthly payments, with the full debt, if not paid earlier, due and payable 55 years from the date of this Security Instrument. This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions, and modifications; (b) the payment of all other sums, with interest advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale the following described property located in Solano County, California:

See Exhibit "A"

APN #: 0051-080-540; 0051-190-390, and a portion not currently assessed.

which has the addresses of 2118 Sacramento Street, and 2134-36 Sacramento Street, Vallejo CA. 94590

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water rights and stock, and all fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this **Security Instrument as the "Property."**

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. **Payment of Principal and Interest; Prepayment and Late Charges.** Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

2. **Funds for Taxes and Insurance.** Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") equal to one-twelfth of: (a) yearly taxes and assessments which may attain priority over this Security Instrument; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard insurance premiums; and (d) yearly mortgage insurance premiums, if any. These items are called "escrow items." Lender may estimate the Funds due on the basis of current data and reasonable estimates of future escrow items.

The Funds shall be held in an institution the deposits or accounts of which are insured or guaranteed by a federal or state agency (including Lender if Lender is such an institution). Lender shall apply the Funds to pay the escrow items. Lender may not charge for holding and applying the Funds, analyzing the account or verifying the escrow items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. Borrower and Lender may agree in writing that interest shall be paid on the Funds. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by this Security Instrument.

If the amount of the Funds held by Lender, together with the future monthly payments of Funds payable prior to the due dates of the escrow items, shall exceed the amount required to pay the escrow items when due, the excess shall be, at Borrower's option, either promptly repaid to Borrower or credited to Borrower on monthly payments of Funds. If the amount of the Funds held by Lender is not sufficient to pay the escrow items when due, Borrower shall pay to Lender any amount necessary to make up the deficiency in one or more payments as required by Lender.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If under paragraph 19 the Property is sold or acquired by Lender, Lender shall apply, no later than immediately prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender at the time of application as a credit against the sums secured by this Security Instrument.

3. **Application of Payments.** Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied: first, to late charges due under the Note; second, to prepayment charges due under the Note, third, to amounts payable under paragraph 2; forth, to interest due; and last, to principal due.

4. **Charges; Liens.** Borrower shall pay all taxes, assessments, charges, fines, and impositions attributable to the Property, which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien or forfeiture of any part of the Property; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien, which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within ten days of the giving of notice.

5. **Hazard Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage", and any other hazards for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval, which shall not be unreasonably withheld.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If under paragraph 19 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

6. **Preservation and Maintenance of Property; Leaseholds.** Borrower shall not destroy, damage, or substantially change the Property, or allow the Property to deteriorate or commit waste. If this Security Instrument is on a leasehold, Borrower shall comply with the provisions of the lease, and if Borrower acquires fee title to the Property, the leasehold and fee title shall not merge unless Lender agrees to the merger in writing.

7. **Protection of Lender's Rights in the Property; Mortgage Insurance.** If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation, or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien, which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees, and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the insurance in effect until such time as the requirement for the insurance terminates in accordance with Borrower's and Lender's written agreement or applicable law.

8. **Inspection.** Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

9. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemner offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

10. Borrower Not Released: Forbearance by Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

11. Successors and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of Paragraph 17. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant, and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear, or make any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

12. Loan Charges. If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit, and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

13. Legislation Affecting Lender's Rights. If enactment or expiration of applicable laws has the effect of rendering any provision of the Note or this Security instrument unenforceable according to its terms, Lender, at its option, may require immediate payment in full of all sums secured by this Security Instrument and may invoke any remedies permitted by paragraph 19. If Lender exercises this option, Lender shall take the steps specified in the second paragraph of paragraph 17.

14. Notices. Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

15. Governing Law; Severability. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

16. Borrower's Copy. Borrower shall be given one conformed copy of the Note and of this Security Instrument.

17. Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, Lender shall not exercise this option if federal law as of the date of this Security Instrument prohibits exercise.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

18. Borrower's Right to Reinstate. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) five days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument, or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note had no acceleration occurred, (b) cures any default of any other covenants or agreements, (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees, and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the Property, and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraphs 13 or 17.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

19. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under paragraphs 13 and 17 unless applicable law provides otherwise). The notice shall specify: (a) the default, (b) the action required to cure the default, (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured, and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 19, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Lender's election to cause the Property to be sold. Trustee shall cause this notice to be recorded in each county in which any part of the Property is located. Lender or Trustee shall mail copies of the notice as prescribed by applicable law to Borrower and to the other persons prescribed by applicable law. Trustee shall give public notice of sale to the persons and in the manner prescribed by applicable law. After the time required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the property by public announcement at the time and place of any previously scheduled sale. Lender or its designee may purchase the property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.

20. Lender in Possession. Upon acceleration under paragraph 19 or abandonment of the Property, Lender (in person, by agent, or by judicially appointed receiver) shall be entitled to enter upon, take possession of, and manage the Property and to collect the rents of the Property including those past due. Any rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds, and reasonable attorneys' fees, and then to the sums secured by this Security Instrument.

21. Reconveyance. Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument and all notes evidencing debt secured by this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled to it. Such person or persons shall pay any recordation costs.

22. Substitute Trustee. Lender, at its option, may from time to time appoint a successor trustee to any Trustee appointed hereunder by an instrument executed and acknowledged by Lender and recorded in the office of the Recorder of the county in which the Property is located. The instrument shall contain the name of the original Lender, Trustee, and Borrower, the book and page where this Security Instrument is recorded and the name and address of the successor trustee. Without conveyance of the Property, the successor trustee shall succeed to all the title, powers, and duties conferred upon the Trustee herein and by applicable law. This procedure for substitution of trustee shall govern to the exclusion of all other provisions for substitution.

23. Request for Notices. Borrower requests that copies of the notices of default and sale be sent to Borrower's address, which is the Property Address.

24. The loan secured by this Deed of Trust is intended to make the dwelling affordable to the owner-occupant. In the event that a Borrower ceases to live in the premises as his or her principal residence and rents it to another person or persons, the Lender may, at its sole discretion, require immediate payment in full of all sums secured by this Security Instrument. If Lender exercises this option, Lender shall give Borrower notice of acceleration pursuant to the provisions of paragraph 17.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with it.

(Space Below This Line for Acknowledgment)

BORROWER:
VALLEJO PSH, L.P.,
a California limited partnership

By: Vallejo PSH LLC,
a California limited liability company,
its general partner

By: Eden Development, Inc.,
a California nonprofit public benefit corporation,
its sole member/manager

By: ____________________
Andrea Osgood
Senior Vice President of Real Estate Development

ALL PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA

COUNTY OF Alameda

On 10/18/2021, before me, T Schwerin, Notary Public, personally appeared Andrea Osgood, who proved to me on the basis of satisfactory evidence to be the person~~(s)~~ whose name~~(s)~~ is/~~are~~ subscribed to the within instrument and acknowledged to me that ~~he~~/she/~~they~~ executed the same in ~~his~~/her/~~their~~ authorized capacity~~(ies)~~, and that by ~~his~~/her/~~their~~ signature~~(s)~~ on the instrument the person~~(s)~~, or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature: T Schwerin

T. SCHWERIN
Notary Public - California
Solano County
Commission # 2350095
My Comm. Expires Mar 3, 2025

(affix seal in above space)

ATTENTION NOTARY: Although the information requested below is OPTIONAL, it could prevent fraudulent attachment of this certificate to another document.

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED AT RIGHT.

Title of Document ______

Number of Pages ______ Date of Document ______

Signer(s) Other Than Named Above ______

A.P.N.: 0051-080-540 and 0051-190-390 and

EXHIBIT "A"
LEGAL DESCRIPTION

Parcel 1 of Parcel Map PM No. 20-0004, filed on September 24, 2021, in Book 53 of Parcel Maps, at Pages 70-71, in the office of the County Recorder of Solano County.

APN: 0051-080-540; 0051-190-390, and a portion not currently assessed

<u>Exhibit B</u>

Recorded Regulatory Agreement

(11)

RECORDING REQUESTED BY
North American Title Company

S4605 21-1581944-SHS
RECORDING REQUESTED BY:

THE CITY OF VALLEJO
200 Georgia Street
Vallejo, CA 94590

CERTIFIED A TRUE COPY OF THE ORIGINAL RECORDED IN THE OFFICIAL RECORDS OF SAID COUNTY ON 10/25/2021
Under Recorder's Serial No. 202100110390
NORTH AMERICAN TITLE COMPANY, INC.
By

WHEN RECORDED, MAIL DOCUMENT TO:

THE CITY OF VALLEJO
200 Georgia Street
Vallejo, CA 94590
Attn: Gillian Hayes
APN: 0051-080-540 &
0051-190-390

Space above line for Recorder's use only
Exempt from Recording Fees pursuant to Govt. Code § 27383

HOME PROGRAM RENT LIMITATION AND REGULATORY AGREEMENT

This Rent Limitation and Regulatory Agreement (this **"Agreement"**) is made as of October 12, 2021, by and between the City of Vallejo (hereinafter called the **"City"**) and VALLEJO PSH, L.P. a California limited partner (hereinafter called the **"Borrower"**).

WITNESSETH:

In consideration of a loan in the amount of TWO MILLION ONE HUNDRED EIGHTY- SIX THOUSAND FOUR HUNDRED FORTY-EIGHT THOUSAND SEVEN HUNDRED TEN DOLLARS AND NO CENTS ($2,186,710.00) (the **"Loan"**) from the City pursuant to the HOME Investment Partnerships Program (**"HOME Program"**) and of promises hereinafter contained, the City and the Borrower, for itself and its successors and assigns, covenant and agree as follows:

1. PURPOSE.

1.1. This Agreement is made in implementation of that certain HOME Investment Partnerships Program Loan Agreement (the **"Loan Agreement"**), dated June 24, 2021, between the City and the Borrower.

1.2. Pursuant to the Loan Agreement, the City has provided the Loan to the Borrower as evidenced by a promissory note (the **"Note"**) executed by the Borrower in favor of the City regarding real property (the **"Site"**) located in the City of Vallejo, State of California, described in **Attachment A** attached hereto and incorporated herein by reference. The HOME Program Loan is conditioned upon, among other requirements, the Borrower's execution and delivery to the City of this Rent Limitation and Regulatory

*Exempt from fee per GC 27388.1 (a)(2):recorded concurrently, in connection with a transfer subject to the imposition of doc. trans. tax

Agreement, and the Borrower's express agreement that the Borrower, and its successors and assigns, shall comply with this Agreement.

1.3. The Loan funds provided by the City for the development and construction of the Property as described in the Loan Agreement are funds allocated to the City under the HOME Program, for purposes of expanding the community's supply of decent, safe, sanitary, and affordable housing with primary attention to rental housing for very low-income households as defined at 24 CFR Part 92.1., et seq.

1.4. The City approved the HOME Program Loan on the basis that the Borrower shall develop on the Site up to a 75-unit multi-family housing development, and that eleven of the Project's Units (the **"Assisted Units"** or **"HOME Assisted Units"**) shall be rented at an affordable rent to and occupied by very low-income households (as such terms are defined herein), all in accordance with this Agreement and the HOME Program Regulations (as defined herein).

1.5. As an inducement to the City to make the Loan, the Borrower has agreed to enter into this Agreement in accordance with the terms, conditions, and covenants set forth below, and consents to be regulated and restricted by the authority as herein provided and as provided for in the HOME Program Regulations any and all as the same may be amended and supplemented from time to time, and as applicable.

2. FURTHER COVENANTS.

2.1. The Borrower shall not, without the prior written approval of the City:

(a) Convey, transfer, or encumber, or permit the conveyance, transfer or Encumbrance of the Project or the Site (collectively, the **"Property"**), unless such assignee, transferee, or encumbrance has agreed in writing and inform suitable for recordation, to be bound by the terms of this Agreement, and receive written approval from the City pursuant to Section 8.1. below.

(b) Add to, reconstruct, or demolish any part of the Property or improvements thereon, except as provided by the Loan Agreement.

(c) Permit the use of the Assisted Units for any purpose except those set forth in this Agreement.

(d) Rent any Assisted unit for less than one year, unless otherwise mutually agreed to in writing by the Borrower and the Tenant in accordance with the HOME Program Regulations.

(e) Enter into any contracts or agreements that, to the best of the Borrower's knowledge, would result in a conflict of interest between any of the parties to such contracts and its City, its elected and appointed officials, officers, employees, agents, or members of their immediate families.

2.2. Compliance with Program Requirements. The Borrower agrees that at all times, and at its sole cost and expense, the Borrower and the Project shall comply with all provisions of the HOME Investment Partnerships Act as set forth in Title II of the Cranston-Gonzales National Affordable Housing Act of 1990, 42 U. S. C. €12701 et seq., as amended from time to time (the **"Act"**); and regulations promulgates at 24 CFR Part 92, et seq. (the **"Regulations"**); all other applicable federal and state statutes, rules, and regulations; such additional regulations, orders, rulings, interpretations, and directives for the HOME Program as may be promulgated by HUD from time to time; such policies and procedures of HUD pertaining to the HOME Program; the applicable provisions of the HOME Program Loan Agreement; and any and all other requirements of the HOME Program (the **"HOME Program Regulations"**). The Borrower acknowledges and agrees that is familiar with all applicable provisions of the HOME Program Regulations and has been professionally advised to the extent necessary for the purpose of enabling the Borrower to fully comply with such provisions. To the extent that there are any conflicts or inconsistencies between the provisions of this Agreement and the HOME Program Regulations, the HOME Program Regulations shall govern.

3. AFFORDABILITY AND LEASE REQUIREMENTS.

3.1 The Borrower agrees that the Project shall contain at all times not less than eleven HOME Assisted Units. The Assisted Units shall bear rents no greater than the HOME Rent Limits set forth in 24 CFR Part 92.252. The Assisted Units' rents shall be reviewed and approved by the City. The Borrower, for and on behalf of itself and its successors and assigns, agrees and shall ensure that all Assisted Units shall be rented and occupied as follows:

(a) Not less than eleven Units in the Project shall be rented to and occupied households whose gross monthly income is at or below 50 percent (**"Very Low Income Households"**) of the area median income for the area in which the Project is located, as determined by HUD from time to time and adjusted for family size (**"Area Median Income"**). For those Assisted Units to be occupied by Very Low Income Households, the rents shall not be greater than 30 percent of the adjusted income of a household whose gross income equals 50 percent of the Area Median Income.

(b) The Assisted Units shall be floating Units as permitted under the HOME Program Regulations. The Units designated as Assisted Units may be changed from time to time, provided that: (1) at all times there shall not less than eleven Units that qualify as Assisted Units in the Project, and (2) each substituted Unit is comparable in terms of size, features, and number of bedrooms to the originally designated Assisted Unit.

3.2 The Borrower shall not raise rents for the Assisted Units, except as follows: One year following the initial occupancy of the Assisted Units, and annually thereafter, the Borrower shall review and recertify the incomes and rents of the Tenants occupying each of the Assisted Units, except that the parties acknowledge that any Assisted Units that have been allocated low-income housing tax credits pursuant to Section 42 of the

Internal Revenue Code of 1986 shall be subject to the rent restrictions pursuant to Section 42 as set forth in 24 CFR Part 92,252(i)(2). The Borrower may raise the rents of the Assisted Units upon such review and recertification, provided that the new rents do not exceed the maximum HOME rent limits allowed under 24 CFR Part 92.252, as it may be amended from time to time.

3.3 A holder of a Certificate of Family Participation under 24 CFR Part 887 (Rental Certification Program) or a Rental Voucher under 24 CFR Part 982 (Rental Voucher Program), or a hold of a comparable document evidencing participation in a HOME tenant-based assistance program, shall not be refused for leasing because of the status of the prospective Tenant as a holder of such certificate, voucher, or comparable HOME tenant-based assistance document. All of the Assisted Units shall be made available to holders of Certificates of Family Participation or a Rental Voucher.

3.4 The Borrower agrees that the leases between the Borrower and the Tenants of the Assisted Units shall not be less than one year unless by mutual agreement between the Tenant and the Borrower, and shall comply with the provisions of 24 CFR Part 92.253(b) and (c), as it may from time to time be amended.

3.5 The Borrower shall maintain and manage the Project, and each of the Assisted Units to be constructed within the Project, in accordance with written tenant selection policies and criteria that comply with 24 CFR Part 92,253(d), as it may from time to time be amended. Upon execution hereof and annually thereafter, the Borrower shall provide the City copies of such written policies and criteria.

3.6 The Project may receive Project Based Section 8 vouchers or other rental subsidies (the "Rental Subsidies") throughout the term of this Agreement. If, during the term of this Agreement, any change in federal law occurs or any action (or inaction) by Congress or any federal or State agency occurs, which results in a reduction, termination or nonrenewal of the Rental Subsidies, such that the rental subsidy projected on the budget for the Project is reduced or no longer available, Borrower may request to increase the rents on one or more of the HOME Assisted Units during the remainder of the Term up to 60% AMI, provided Borrower demonstrates to the satisfaction of the City that such rental increase is necessary to maintain the financial stability of the Project and no alternative rental subsidies are available.

4. MANAGEMENT.

4.1 Borrower's Responsibilities. Subject to the rights set forth in Section 4.3, the Borrower will be specifically and solely responsible for causing all maintenance, repair, and management functions performed in connection with the Project, including the selection of tenants, the recertification of income and household size, evictions, the collection of rents, routine and extraordinary repairs, and the replacement of capital items. The Borrower must maintain or cause to be maintained the Project, including the Units and the common areas, in a safe and sanitary manner in accordance with local health, building, and housing codes; California Health and Safety Code 1792010; the applicable provisions of 24 CFR Part 35; and all applicable federal requirements.

4.2 The Borrower must take prudent measures to ensure the security of the Site. These measures may include erecting a fence; covering and securing all openings in any vacant building; and hiring security guards, as appropriate for the circumstances.

4.3 Contracting with Management Agent.

(a) The Borrower may contract or permit contracting with a management agent for the performance of the services or duties required in Subject 4.1, subject to the City's prior written approval of both the management agent and, at the City's discretion, the management contract between the Borrower and the management agent, *provided, however,* that the arrangement will not relieve the Borrower of responsibility for the performance of those duties. Any management contract must contain a provision allowing the Borrower to terminate the contract without penalty upon no more than 30 days' notice. The City hereby agrees that Eden Housing Management, Inc. is an approved management agent.

(b) The City will provide written notice to the Borrower of any determination that the Management agent performing the functions required in Section 4.1 has failed to operate and manage the Project in accordance with this Agreement. If the management agent has not cured the failure within a reasonable time period, as determined by the City, the Borrower must exercise its right of termination immediately, and make immediate arrangements for continuous and continuing performance of the functions required in Section 4.1 to the City's approval.

4.4 Borrower Management. The Borrower may manage the Project itself only with the City's prior written approval. The City will provide written notice to the Borrower of any determination that the Borrower has failed to operate and manage the Project in accordance with this Agreement, in which case of the Borrower does not cure the deficiencies within a reasonable period of time, the City may require the Borrower to contract or cause contracting with a management agent to operate the Project, or to make other arrangements the City deems necessary to ensure performance of the functions required in Section 4.1.

5. MONITORING REQUIREMENTS.

5.1 Each year during the term of this Agreement, the Borrower shall provide to the City, for the City's approval, a written report which contains the following:

(a) The rental rate for each of the Assisted Units.

(b) The income of each household residing in each of the Assisted Units, and the

Borrower's recalculation of the maximum monthly rent to be paid by each tenant household.

(c) The family size of each household residing in each of the Assisted Units.

(d) The monthly allowances proposed by the Borrower for utilities and services to be paid by the tenants of each of the Assisted Units.

5.2 Each year, with not less than 48 hours' prior written notice to the Borrower, the City may conduct an on-site monitoring of the Assisted Units to ensure that the Units meet HUD's minimum Housing Quality Standards (HQS), and applicable local codes and zoning ordinances. The Borrower agrees, promptly and diligently, to make required corrections of a result of this monitoring.

6. MAINTENANCE.

The City and the Borrower anticipate that the Project will be subject to certain maintenance reserve requirements established under other affordable housing financing programs applicable to the Project. To the extent any such maintenance reserve requirements are applicable to the Project, and so long as the Borrower fully complies with such maintenance reserve requirements, the Borrower shall be deemed to be in compliance with the requirements of this Section 6.

7. NONDISCRIMINATION.

The Borrower shall not discriminate against any prospective tenant in the use, enjoyment, occupancy, conveyance, lease, sublease, or rental of any part of the Project on the basis of race, color, creed, ancestry, national origin, religion, sex, sexual preference, marital status, family status, source of income, physical or mental disability, Acquired Immune Deficiency Syndrome (AIDS) or AIDS-related conditions (ARC), or any other arbitrary basis. The Borrower shall otherwise comply with all applicable local, state, and federal laws concerning discrimination in housing.

8. RESTRICTIONS ON SALE, ENCUMBRANCE, AND OTHER ACTS.

8.1 The Borrower shall not make any sale, encumbrance, hypothecation, assignment, pledge, conveyance or transfer in any form of all or any part of, or any interest in, the Project or the Property, or remove, replace or transfer the interests of the managing general partner, except with the prior written approval of the City, which shall not be unreasonably withheld. The City hereby approves the following transfers: (i) a transfer to the managing general partner of the Partnership or a replacement of the general partner with the special limited partner of the Borrower or an affiliate (as defined in the limited partnership agreement) of the special limited partner, when such replacement occurs pursuant to the terms of the Borrower's limited partnership agreement (**"Affiliate"**), provided that: (1) no default exists hereunder, (2) the Affiliate agrees in writing to assume all obligations of the Borrower under the Loan Documents, and (3) the Affiliate agrees in writing to seek the City's prior written approval of any and all of its management or ownership agreements, which approval shall not be unreasonably withheld; (ii) the granting of easements or permits to facilitate the development of the Project; (iii) transfers of any limited partner interest of the Borrower; (iv) the leasing of Units after construction of the Project is complete; (v) transfers of the general partnership or manager's interest in the Borrower to a nonprofit public benefit corporation approved in advance by the City; or (vi) the grant or exercise of an option agreement between the Borrower and the Borrower's general partner or manager or any of its affiliates in connection with the tax credit syndication of the Project. The City's approval of a sale, transfer or conveyance maybe based on conditions imposed by the City, in its reasonable discretion, including without limitation the following:

(a) the Borrower is in compliance with this Agreement or the sale, transfer or conveyance will result in the cure of any existing violations of the Agreement;

(b) the successor-in-interest to the Borrower agrees to assume all obligations of the Borrower pursuant to this Agreement and the HOME Program;

(c) the successor-in-interest demonstrates to the City's satisfaction that it can own and operate the Project in full compliance with all HOME Program requirements; and

(d) any terms of the sale, transfer, or conveyance shall not threaten the City's security or the successor's ability to comply with all HOME Program requirements.

8.2 Any such grant of City approval for a sale, transfer or conveyance shall be further subject to terms and conditions as may be necessary to ensure compliance with HOME Program requirements.

9. TERM OF AGREEMENT; COVENANTS RUN WITH PROJECT.

9.1 The covenants, conditions, restrictions, and agreements set forth in this Agreement (collectively, the **"Obligations"**) shall be deemed to run with, bind, and burden the Project, and shall be deemed to bind the Borrower and all of the successors, assigns, and any other future owners of the Project, and the holder of any legal, equitable or beneficial interest therein for the Affordability Period (as hereinafter defined). The **"Affordability Period"** shall mean a period of fifteen years from the date that the Agreement is recorded in the land records of the County of Solano (the **"County"**). In the event of a foreclosure or a deed in lieu of foreclosure relating to any other loan encumbering the Project, the City shall have the right, subject to any Senior loan or foreclosure, but not the obligation, to acquire the Project prior to such foreclosure or deed in lieu of foreclosure to preserve affordability, in accordance with 24 CFR Part 92.252.

9.2 It is hereby expressly acknowledged by the Borrower that the undertakings, covenants, and agreements by the Borrower stated in this Agreement are given to induce the City to make the Loan and that, notwithstanding that the Loan may be repaid prior to the expiration of the Affordability Period, the Borrower's undertaking to perform the

Obligations for the period set forth in Paragraph 9.1 above is a condition precedent willingness of the City to make the Loan. This Agreement shall remain in full force and effect, notwithstanding that the Loan may be repaid prior to the expiration of the Affordability Period.

10. AMENDMENT.

This Agreement shall not be altered or amended except in writing, executed by the parties hereto. The parties agree to modify or amend this Agreement if such modification or amendment is determined by the City to be necessary to comply with the HOME Program requirements.

11. PARTIAL INVALIDITY.

If any portion of this Agreement shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

12. BINDING ON SUCCESSORS.

This Agreement shall bind, and benefits thereof shall inure to, the respective parties hereto, their legal representatives, executors, administrators, successors-in-interest, and assigns, and notwithstanding the foregoing, the Borrower may not assign this Agreement or any of its obligations hereunder, voluntarily or by operation of law, without the prior written approval of the City.

13. RECORDING AGREEMENT.

This Agreement, and all amendments thereto, shall be executed by each of the parties. This Agreement, and all amendments thereto, shall be recorded against the Property in the Official Records of the County.

14. HOLD HARMLESS.

Absent the gross negligence or willful misconduct of the City, the Borrower, and its successors-in-interest agree to indemnify, defund, and hold harmless the City and its respective agents, employees, and officers from any and all claims, losses, liabilities, or causes of action (including reasonable attorneys; fees) arising from or in connection with the Project.

15. WAIVER.

No waiver by the City of any breach of or default under this Agreement shall be deemed to be a waiver of any other or subsequent breach or default hereunder.

16. CAPTIONS.

The captions used in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or the intent of this Agreement.

17. GOVERNING LAW.

This Agreement shall be construed in accordance with and governed by the laws of the State of California.

18. NOTICE.

Any notice required or authorized under this Agreement shall be effective if, and only if, in writing and if, and only if, mailed, postage prepaid, by registered or certified mail, to the party in question at the addresses shown below:

Borrower: Vallejo PSH, L.P.
22645 Grand Street
Hayward, CA 94541
Attn: Director of Real Estate Development

City: City of Vallejo
200 Georgia Street
Vallejo, CA 94590
Attn: Housing and Community Development Manager

19. ATTORNEYS' FEES.

The prevailing party in any action to enforce this Agreement shall be entitled to reasonable attorneys' fees as determined by the trier of facts in that forum.

[*Signature Page Follows.*]

IN WITNESS WHEREOF, the City and the Borrower have executed this Agreement as of the date first set forth above.

THE CITY:

CITY OF VALLEJO

By: ______________________________
Mike Malone, Interim City Manager

APPROVED AS TO FORM:

By: ______________________________
Veronica A.E. Nebb, City Attorney

ATTEST:

By: ______________________________
Dawn G. Abrahamson, City Clerk

(City Seal)

THE BORROWER:

Vallejo PSH, L.P.,
a California limited partnership

By: Vallejo PSH LLC,
a California limited liability company,
its general partner

By: Eden Development, Inc.,
a California nonprofit public benefit corporation, its sole member/manager

By: ______________________________
Andrea Osgood
Senior Vice President of Real Estate Development

ACKNOWLEDGEMENT

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of SOLANO)

On OCTOBER 14, 2021 before me, ELINORE L. REGRESADO
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

ELINORE L. REGRESADO
Notary Public - California
Solano County
Commission # 2294600
My Comm. Expires Jul 12, 2023

Signature Elinore L. Regresado (Seal)

ALL PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA

COUNTY OF Alameda

On 10/18/2021, before me, T Schwerin, Notary Public, personally appeared Andrea Osgood, who proved to me on the basis of satisfactory evidence to be the person~~(s)~~ whose name~~(s)~~ is/~~are~~ subscribed to the within instrument and acknowledged to me that ~~he~~/she/~~they~~ executed the same in ~~his~~/her/~~their~~ authorized capacity~~(ies)~~, and that by ~~his~~/her/~~their~~ signature(s) on the instrument the person~~(s)~~, or the entity upon behalf of which the person~~(s)~~ acted, executed the instrument.

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

WITNESS my hand and official seal.

T. SCHWERIN
Notary Public - California
Solano County
Commission # 2350095
My Comm. Expires Mar 3, 2025

Signature: T Schwerin

(affix seal in above space)

ATTENTION NOTARY: Although the information requested below is OPTIONAL, it could prevent fraudulent attachment of this certificate to another document.

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED AT RIGHT.

Title of Document ____________

Number of Pages ____ Date of Document ____________

Signer(s) Other Than Named Above ____________

ATTACHMENT A
to
RENT LIMITATION AND AFFORDABILITY AGREEMENT

LEGAL DESCRIPTION OF THE SITE

Real Property in the City of Vallejo, County of Solano, State of California, described as follows:

Parcel 1 of Parcel Map PM No. 20-0004, Filed on September 24, 2021, in Book 53 of Parcel Maps, at Pages 70-71, in the office of the County Recorder of Solano County.

APN: 0051-080-540; 0051-190-390

Exhibit C

Recorded First Amendment to the Regulatory Agreement

Recording Requested By:
North American Title Company, Inc.
Order No.: 54605-21-1581944
Escrow No.: 54605-21-1581944-SHS

AND WHEN RECORDED MAIL TO:

Name:	City of Vallejo
Street Address	200 Georgia Street
City & State	Vallejo, CA 94590

Electronically Recorded in Official Records of Solano County
Marc C. Tonnesen
Assessor/Recorder
ES-Simplifile

10/4/2022
8:00:00 AM
AR60
9F

Doc # **202200063510**

Titles: 1	**Pages: 8**
Fees	$0.00
Taxes	$0.00
SB2 Fee	$0.00
Other	$0.00
Paid	$0.00

Space Above This Line for Recorder's Use Only

A.P.N. 0051-080-540 and 0051-190-390

Notice: This page has been added for the sole purpose of providing adequate space for capturing the recording information only and does not constitute a change to the original document which follows.
(Government Code 27361.6)

Recorder: Please index the document title as follows:

First Amendment to Home Program Rent Limitation
and Regulatory Agreement

Recording Requested by: DOMA
S4605-21-1581944-SHS

RECORDING REQUESTED BY:

THE CITY OF VALLEJO
200 Georgia Street
Vallejo, CA 94590

WHEN RECORDED, MAIL DOCUMENT TO:

THE CITY OF VALLEJO
200 Georgia Street
Vallejo, CA 94590
Attn: Gillian Hayes

APNs: 0051-080-540
0051-190-390

(Space above for Recorder's use only)

Exempt from Recording Fees pursuant to Government Code § 27383

FIRST AMENDMENT TO HOME PROGRAM RENT LIMITATION AND REGULATORY AGREEMENT

THIS FIRST AMENDMENT TO HOME PROGRAM RENT LIMITATION AND REGULATORY AGREEMENT (this "**Amendment**") is dated as of August 1, 2022 ("**Effective Date**") and is entered into by and between the City of Vallejo (the "**City**") and Vallejo PSH, L.P., a California limited partnership (the "**Borrower**").

RECITALS

A. City and Borrower are parties to that certain HOME Program Rent Limitation and Regulatory Agreement dated October 12, 2021, and recorded on October 25, 2021, in the official records of the County of Solano as Instrument No. 2021-00110390 (the "**Regulatory Agreement**"), in connection with that certain HOME Investment Partnerships Program Loan Agreement dated October 15, 2021 (the "**Loan Agreement**") wherein City agreed to loan to Borrower funds in the amount of $2,186,710.00 pursuant to the HOME Investment Partnerships Program to finance, in part, Borrower's proposed development of up to a 75-unit multi-family housing development on that certain real property located in the City of Vallejo, State of California, as more particularly described in **Exhibit A** attached hereto and incorporated herein by reference.

B. The Parties now desire to amend the Regulatory Agreement to clarify the required affordability period.

C. All capitalized terms used but not defined herein have the meaning set forth in the Regulatory Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Amendment to Regulatory Agreement. Section 9.1 of the Regulatory Agreement is hereby deleted and replaced with the following:

"9.1 The covenants, conditions, restrictions, and agreements set forth in this Agreement (collectively, the **"Obligations"**) shall be deemed to run with, bind, and burden the Project, and shall be deemed to bind the Borrower and all of the successors, assigns, and any other future owners of the Project, and the holder of any legal, equitable or beneficial interest therein for the Affordability Period (as hereinafter defined). The **"Affordability Period"** shall mean a period of twenty years from the date that the Agreement is recorded in the land records of the County of Solano (the **"County"**). In the event of a foreclosure or a deed in lieu of foreclosure relating to any other loan encumbering the Project, the City shall have the right, subject to any Senior loan or foreclosure, but not the obligation, to acquire the Project prior to such foreclosure or deed in lieu of foreclosure to preserve affordability, in accordance with 24 CFR Part 92.252."

2. No Other Modification. Except as amended by this Amendment, the Regulatory Agreement is not being modified, supplemented, or amended in any way and it remains in full force and effect in all other respects. To the extent of any inconsistency or conflict between the provisions of the Regulatory Agreement and this Amendment, the provisions of this Amendment supersede those inconsistent or conflicting provisions of the Regulatory Agreement.

3. Governing Law. This Amendment is governed by California law without regard to its choice of law rules.

4. Counterparts. This Amendment may be executed in multiple counterparts, each of which shall be deemed an original as against the Party signing such counterpart, but which together shall constitute one and the same instrument.

[Signature Pages Follow]

IN WITNESS WHEREOF, City and Borrower have executed this Amendment as of the date first set forth above.

BORROWER:

VALLEJO PSH, L.P.,
a California limited partnership

By: Vallejo PSH LLC,
a California limited liability company,
its general partner

By: Eden Development, Inc.,
a California nonprofit public benefit corporation,
its sole member/manager

By:______________________________
Andrea Osgood
Its: Senior Vice President of
Real Estate Development

CITY:

CITY OF VALLEJO

By:______________________________
Mike Malone
City Manager

APPROVED AS TO FORM:

By:______________________________
Veronica A. F. Nebb
City Attorney

ATTEST:

By:______________________________
Dawn G. Abrahamson
City Clerk

This Notary Acknowledgement is attached to a document entitled **FIRST AMENDMENT TO RENT LIMITATION AND AFFORDABILITY AGREEMENT** between City of Vallejo and Vallejo PSH, L.P.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA
COUNTY OF Alameda

On 8/19/2022 before me, T Schwerin, Notary Public
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature [signature] **(Seal)**

T. SCHWERIN
Notary Public - California
Solano County
Commission # 2350095
My Comm. Expires Mar 3, 2025

This Notary Acknowledgement is attached to a document entitled **FIRST AMENDMENT TO RENT LIMITATION AND AFFORDABILITY AGREEMENT** between City of Vallejo and Vallejo PSH, L.P.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA
COUNTY OF Solano

On August 30, 2022 before me, Livian Ellis, Notary Public
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature Livian Ellis **(Seal)**

LIVIAN ELLIS
COMM. #2255314
Notary Public - California
Solano County
My Comm. Expires Sep. 17, 2022
NR01

Government Code 27361.7

I certify under penalty of perjury that the notary seal on the document to which this statement is attached reads as follows:

Name of Notary: Livian Ellis

Commission Number: 2255314

Commissioned in: California - Solano County

Date Commission Expires: September 17, 2022

Vendor ID Number: NRO1

Date: August 30, 2022.

Livian Ellis

By: Livian Ellis

City of Vallejo

Firm Name (if any)

EXHIBIT A

Legal Description of the Site

Real Property in the City of Vallejo, County of Solano, State of California, described as follows:

Parcel 1 of Parcel Map PM No. 20-0004, Filed on September 24, 2021, in Book 53 of Parcel Maps, at Pages 70-71, in the office of the County Recorder of Solano County.

APN: 0051-080-540; 0051-190-390

U.S. Department of Housing and Urban Development
San Francisco Regional Office – Region IX
One Sansome Street, Suite 1200
San Francisco, CA 94104-4430
www.hud.gov
espanol.hud.gov

December 21, 2022

Mr. Mike Malone
City Manager
City of Vallejo
200 Georgia Street
Vallejo, CA94590-5930

Dear Mr. Malone:

SUBJECT: Request for Extension
Four-Year HOME Program Project Completion Deadline
CHDC CHDO - IDIS #1045
Acquisition/New Construction 2118 Sacramento St. - IDIS #1066
Permanent Supportive Housing - IDIS #1136
Permanent Supportive Housing Project - IDIS #1146
Vallejo, California

This letter responds to a request from the City of Vallejo (City) that the U.S. Department of Housing and Urban Development (HUD) grant an extension of the four-year project completion deadline for a HOME Investment Partnerships Program (HOME)-assisted project. The project, CHDC CHDO, is a homebuyer housing development project designated as HOME activity #1045 in the Integrated Disbursement and Information System (IDIS). The second project is acquisition and new construction of permanent supportive rental housing designated as HOME activities #1066 and 1136 in IDIS. The City requested that HUD extend the completion deadline for both projects from March 31, 2022, to March 31, 2023. For the reasons outlined below, HUD's Office of Affordable Housing Programs disapproved the extension request.

The 2013 HOME final rule, at 24 CFR 92.205(e), imposes a four-year project completion deadline on all projects to which HOME funds are committed on or after August 23, 2013. The definition of completion at §92.2 specifies that all construction work must be complete, property standards met, final drawdown of HOME funds disbursed, and the project must be marked as "completed" in IDIS. The rule allows HUD to grant an extension of up to one year if the participating jurisdiction can demonstrate that the project will be completed within one year.

For both projects, the City notified HUD of its intent to use the HOME program waivers in response to the COVID-19 pandemic which provided an extension of the four-year project completion deadline until March 31, 2022. HUD did not require participating jurisdictions to submit documentation at the time of notification; however, this waiver was only permitted for projects that experienced delays due to the COVID-19 pandemic.

<u>CHDC CHDO – IDIS #1045</u>

On June 22, 2017, the City set up and funded activity #1045 in IDIS with $12,354 of HOME funds, and by April 25, 2018, the entirety of the HOME commitment was disbursed. In its request for an extension, the City indicated that it does not have a HOME written agreement for this project, however, the City entered July 1, 2015, in the written agreement execution date field in IDIS. The City also indicated that it cannot provide HUD with evidence of sufficient funding to complete the project or a timeline for project completion. In addition, the City did not describe the project, use of HOME funds, the reasons for the delay in completing this project, or the remaining work to be completed. Without a HOME written agreement documenting the actual commitment date, HUD cannot confirm whether the HOME COVID-19 four-year project completion waiver was applicable to this project. Based on the written agreement execution date in IDIS, the City should not have sought the initial COVID-19 waiver for this project because the deadline would have occurred on July 1, 2019, prior to the effective start date of the waiver period. Further, the City did not provide evidence demonstrating that delays were due to the COVID-19 pandemic. In addition, the City did not provide the status of the project or support its request for an extension of the four-year project completion deadline, so HUD cannot determine whether the project can reasonably be expected to be completed within one year. Consequently, the project is involuntarily terminated in accordance with §92.205(e)(2) and the City is required to repay $12,354 to its HOME Investment Trust Funds local account from non-Federal funds.

<u>Acquisition and New Construction 2118 Sacramento St – IDIS #1066 and Permanent Supportive Housing - IDIS #1136</u>

On December 7, 2017, the City set up and funded HOME activity #1066 in IDIS with $458,977 of HOME funds for the acquisition and new construction of permanent supportive rental housing at 2118 Sacramento Street. The City did not provide a written agreement for this project, however, the City entered July 3, 2017, in the written agreement execution date field in IDIS. As of August 21, 2019, the HOME funds committed to activity #1066 were fully disbursed. Subsequently, the City set up and funded HOME activity #1136 with $1,696,437.22 of HOME funds on August 4, 2021, and activity #1146 with of $495,229 HOME funds on March 2, 2022, both with an address at 2118 Sacramento Street in IDIS. The City also entered written agreement execution dates in IDIS of July 1, 2020, and July 1, 2021, respectively.

HOME Activities in IDIS associated with 2118 and 2134-2136 Sacramento Street				
IDIS #	Initial Funding Date	Written Agreement Execution Date	Amount Committed	Amount Expended
1066	12/7/2017	7/3/2017	$458,977.00	$458,977.00
1136	8/4/2021	7/1/2020	$1,696,437.22	$1,695,081.06
1146	3/2/2022	7/1/2021	$495,229.00	$495,229.00

To support its request for an extension, the City submitted a Grant Deed dated November 22, 2017, transferring ownership of 2118 and 2134-2136 Sacramento Street to the City. The City also provided a project development schedule; a regulatory agreement dated October 12, 2021, and a separate HOME written agreement dated October 15, 2021, both executed with a limited partnership entity formed by Eden Housing; and, a Deed of Trust executed on May 4, 2021, by the same parties for the 2118 and 2134-2136 Sacramento Street properties. The October 15, 2021, HOME written agreement committed $2,186,710 of HOME funds for the development of 75 units of affordable rental housing at 2118 and 2134-2136 Sacramento Street, with 11 units designated HOME units. This HOME written agreement describes the same project and physical address as activities #1066, #1136 and #1146, however, the agreement was executed after activities #1066 and #1136 were set up, funded, and drawn in IDIS in violation of §92.2 and §92.502(b) and (c), and the amount committed in IDIS for all three activities is greater.

Based on information submitted by the City, HUD has concluded that the Sacramento Street project did not meet the requirements at §92.2 definition of *Commit to a Specific Local Project* at the time that activity #1066 was funded in IDIS. It appears that the PJ did not execute a legally binding HOME written agreement prior to setting up and funding the project in IDIS. Given the substantial investment of additional HOME funds in IDIS over four years, all necessary financing was not secured, and construction work could not have reasonably been expected to commence within 12 months of the commitment. In addition, the City did not provide evidence demonstrating that delays were due to the COVID-19 pandemic. Instead, documentation provided by the City indicates that the notice to proceed was not issued until October 2021, more than four years from the written agreement execution date in IDIS for activity #1066. Consequently, HUD has concluded that the delays in meeting the project completion deadline were due to the premature commitment of HOME funds and not the COVID-19 pandemic, and therefore, the HOME COVID-19 waiver of the project completion deadline was not applicable to this project.

Without a HOME written agreement documenting the actual commitment date, HUD cannot confirm the applicable four-year project completion date for this project. However, if the PJ had not improperly notified HUD of its intent to use the HOME COVID-19 waiver, this project would have been involuntarily terminated on July 3, 2021, based on the written agreement execution date entered in IDIS. At that time, the project had not yet received a notice to proceed with construction, so the project could not have been reasonably expected to be completed within one year. Consequently, HUD would have requested that the PJ repay the HOME funds to its HOME Investment Trust Fund local account in accordance with §92.503(b)(2). Furthermore, the City improperly set up additional IDIS activities (#1136 and #1146) for the Sacramento Street project rather than increasing the funding amount of activity #1066. The HOME regulation at §92.205(e)(2) requires that a HOME-assisted project be completed within four years of the date of commitment of funds. Consequently, activities #1066 and #1136 are involuntarily terminated because these activities are associated with the Sacramento Street project which was not completed within four years.

<u>Permanent Supportive Housing Project - IDIS #1146</u>

The City provided a HOME regulatory agreement dated October 12, 2021, and a HOME loan agreement for $2,186,710 of HOME funds dated October 15, 2021, both for the development of 75 units of affordable housing at 2118 Sacramento Street. While activities #1066 and #1136 were set up, funded, and drawn prior to the execution of these agreements, activity #1146 was not set up and funded in IDIS with $495,229 of HOME funds until March 2, 2022. In addition, the City issued a notice to proceed on October 25, 2021, and the developer started construction soon thereafter. Consequently, as a standalone project, the City committed HOME funds timely to activity #1146 and construction began within a reasonable period. Further, the developer estimates that the project will be completed, and the Certificate of Occupancy will be issued before January 31, 2023, in compliance with the four-year project completion deadline based on the executed written agreements. The City also confirmed that 11 units will be designated as HOME-assisted including four studio units, four one-bedroom units and three twobedroom units, demonstrating that the HOME funding for #1146 is within maximum per unit subsidy limits.

HOME activity #1146 may move forward as a standalone project. However, the City must revise its HOME regulatory agreement and HOME loan agreement to reduce the HOME investment to $495,229.00 and to align that the project description and HOME requirements with the actual project under development. Please complete these changes and provide a copy of the amended written agreement to HUD. Please be advised that HOME activity #1146 may be the subject of future HOME monitoring. Therefore, please ensure that all documents in the City's project file reflect the final project details including the reduced HOME loan. Please submit the amended written agreements to HUD via email at sfcpdmail@hud.gov and HUD will revise the written agreement execution date field in IDIS to October 15, 2021.

For these reasons, the City's request is disapproved for IDIS Activity #1045, 1066, and 1136. The Department is issuing the following finding.

Finding 2022-1: The City did not comply with the HOME four-year project deadline and commitment requirements for IDIS activity #1045 - CHDC CHDO; IDIS activity #1066 - Acquisition/New Construction 2118 Sacramento St., and IDIS activity #1136 - Permanent Supportive Housing.

Condition: The City's request for an extension of the four-year deadline was denied because the City never executed a legally binding written agreement prior to funding HOME activity #1045, 1066, and 1136; the City improperly applied the HOME COVID-19 waiver to previously extend the deadline; the project delays were due to the premature commitment of HOME funds; and the project could not reasonably have been expected to be completed within one year of the approximate project completion deadline.

Criteria: The HOME regulation at §92.205(e)(2) requires that a HOME-assisted project be completed within four years of the date of commitment of funds. The definition of completion at §92.2 specifies that all construction work must be complete, property standards met, final drawdown of HOME funds disbursed, and the project must be marked as "completed" in IDIS. The project did not meet the requirements at §92.2 definition of *Commit to a Specific Local Project* at the time that activity #1066 and 1136 were funded in IDIS.

Cause: The City never executed a legally binding written agreement prior to funding HOME activity #1045, 1066, and 1136.

Effect: Without following HOME program requirements and the City's policies and procedures, other similar projects will be at risk of not meeting the HOME regulations at §92.2 definition of *Commit to a Specific Local Project* and §92.205(e)(2) which requires projects be completed within four years of the date of commitment of funds.

Requested Corrective Actions:

1. For HOME Activity #1146, the City must revise its HOME regulatory agreement and HOME loan agreement to reduce the HOME investment to $495,229.00 and to align that the

project description and HOME requirements with the actual project under development. Please complete these changes and provide a copy of the amended written agreement to HUD. Please be advised that HOME activity #1146 may be the subject of future HOME monitoring. Therefore, please ensure that all documents in the City's project file reflect the final project details including the reduced HOME loan. Within 30 days of the date of this letter, please submit the amended written agreements to HUD via email at sfcpdmail@hud.gov and HUD will revise the written agreement execution date field in IDIS to October 15, 2021.

2. Within 30 days of the date of this letter, HUD requests that the City repay its HOME Investment Trust Funds local account from non-Federal sources the ineligible costs totaling $2,166,412.06 from the following three IDIS activities.

IDIS Activity Number	Description	Amount
1045	CHDC-CHDO	$12,354.00
1066	Acquisition/New Construction 2118 Sacramento St.	$458,977.00
1136	Permanent Supportive Housing	$1,695,081.06
	Total	$2,166,412.06

After the City provides evidence of repayment, HUD will cancel activities #1045, 1066, and 1136 in IDIS. The City may seek a voluntary grant reduction (VGR) in lieu of repayment from existing HOME grants or future HOME allocations. This will require a formal written request from the City also within 30 days of the date of this letter. The VGR request must include the following elements:

a. be signed by the Chief Elected Official or person authorized to sign the City's grant agreement, according to the City's delegation of powers or duties;
b. waive the City's right to notice and a hearing under 24 CFR 92.552 (HOME);
c. include a brief description of the noncompliance and the IDIS activities associated with the noncompliance; and
d. include the total dollar amount of the grant reduction.

Note: The City is not required to include any justification for requesting a VGR rather than resolving noncompliance with repayment from nonfederal funds.

Once HUD receives the VGR request from the City, it will determine if sufficient uncommitted HOME funds are available to repay the expenditures for the non-compliant activity. HUD will then follow up with the City to discuss next steps in the process including cancelling the activity in IDIS once funds are repaid.

HUD advises the City to review its other current HOME funded activities to ensure that they are meeting program requirements including complying with the §92.2 definition of *Commit to a Specific Local Project.* HUD may assist in providing solutions to those activities that may be a risk of noncompliance. Ina addition, HOME webinars and other program resources are available for grantees on the HUD Exchange.

We look forward to working with you to resolve this matter and to provide any necessary technical assistance. If there are any questions, please contact Chris Anderson, Senior Community Planning and Development Representative at christian.d.anderson@hud.gov.

Sincerely,

KIMBERLY NASH

Digitally signed by: KIMBERLY NASH
DN: CN = KIMBERLY NASH C = US O = U.S. Government OU = Department of Housing and Urban Development, Office of Administration
Date: 2022.12.21 12:19:40 -08'00'

Kimberly Nash
Director
Community Planning and Development Division

cc:
Gillian Hayes, Assistant City Manager
Chari Barrera, Administrative Manager

City of VALLEJO California

Office of the City Manager · 555 Santa Clara Street · Vallejo · CA · 94590 · 707.648.4576

January 31, 2023

Ms. Kimberly Nash
Director, Office of Community Planning and Development
U.S. Department of Housing and Urban Development
One Sansome Street, Suite 1200
San Francisco, CA 94104-4430

SUBJECT: Revised Response to Finding 2022-1: Voluntary Grant Reduction Request
HOME Investment Partnerships Program
Four-Year HOME Program Project Completion Deadline
CHDC CHDO – IDIS #1045
Acquisition/New Construction 2118 Sacramento St. – IDIS #1066
Permanent Supportive Housing – IDIS #1136

Dear Ms. Nash:

We are revising our **Voluntary Grant Reduction (VGR) request for Finding 2022-1** in HUD's letter of determination of non-compliance with the HOME Investment Partnerships Program (HOME) dated December 21, 2022. The drawn amount for IDIS Activity 1045 is $12,435.44, not $12,354.00 as stated in our original response dated January 17, 2023. We are thereby increasing the amount that can be deducted from Program Year 2021 by $81.44.

Finding 2022-01: The City did not comply with the HOME four-year project deadline and commitment requirements for IDIS activity #1045 – CHDC CHDO; IDIS activity #1066 - Acquisition/New Construction 2118 Sacramento St., and IDIS activity #1136 - Permanent Supportive Housing.

The City of Vallejo requests a voluntary grant reduction, in lieu of repayment, from existing HOME grants to resolve noncompliance with the four-year project completion deadline in accordance with HOME regulation 24 CFR 92.205(e) which requires all HOME-assisted projects to be completed within four years once HOME funds are committed. We are waiving our right to notice and a hearing under 24 CFR 92.552 (HOME). The IDIS activities associated with the noncompliance are listed below:

IDIS ACTIVITY NUMBER	DESCRIPTION	AMOUNT
1045	*CHDC-CHDO*	*$12,435.44*
1066	Acquisition/New Construction 2118 Sacramento St.	$458,977.00
1136	Permanent Supportive Housing	$1,695,081.06
	Total	**$2,166,493.50**

The VGR, in the amount of $2,166,493.50, can be applied from the City's prior year uncommitted HOME funds as outlined below.

PROGRAM YEAR	AMOUNT
2015	$42,759.91
2016	$60,190.95
2017	$242,853.72
2018	$294,352.31
2019	$461,051.50
2020	$549,154.80
2021	*$516,130.31*
TOTAL	**$2,166,493.50**

We look forward to working with you to resolve the issue. If you have any questions or comments, please contact Assistant City Manager Gillian Hayes at Gillian.Hayes@cityofvallejo.net. Thank you very much for your consideration.

Sincerely,

Robert H. McConnell

ROBERT H. MCCONNELL
Mayor

cc: Chris Anderson, HUD Senior CPD Representative
Mike Malone, City Manager
Gillian Hayes, Assistant City Manager
Chari Barrera, Administrative Manager

HOME INVESTMENT PARTNERSHIPS PROGRAM
LOAN AGREEMENT

By and Between

THE CITY OF VALLEJO,
a municipal corporation,

and

VALLEJO PSH, L.P.,
a California limited partner,

for

Permanent Supportive Housing Development
[2118 Sacramento Street, and 2134-36 Sacramento Street]
[$2,186,710.00]

Dated as of October 15, 2021

TABLE OF CONTENTS

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EXHIBITS

LOAN AGREEMENT
HOME Investment Partnerships Program
City of Vallejo (Solano County)
2118 Sacramento Street, and 2134-2136 Sacramento Street

THIS LOAN AGREEMENT (the "Agreement") is entered into as of October 15, 2021, by and between the **CITY OF VALLEJO**, a municipal corporation (the "City"), represented by the City Manager, acting by and through the Housing and Community Development Division (the "HCD Division"), and **VALLEJO PSH, L.P.** a California limited partner (the "Borrower").

RECITALS

A. The City has acquired the real property located at 2118 Sacramento Street, and 2134-36 Sacramento Street, in Vallejo, California (the "Site"). The City desires to use the properties to fund the demolition of the existing buildings on the Site and the construction of up to 74 units of multifamily rental housing, all of which will be affordable to very low- and low-income households (defined as at or below 80 percent of the federal area median income), and one additional unit which will be set aside for a manager's unit (collectively, the "Units"). The Units as described herein constitute the "Project".

B. The City has received an allocation of federal HOME Investment Partnerships Program ("HOME") Program funds from the United States Department of Housing and Urban Development ("HUD") pursuant to the HOME Investment Partnerships Act as set forth at Title II of the Cranston-Gonzales National Affordable Housing Act of 1990, 42 U.S.C. €12701, et. seq., as amended from time to time, and which created the HOME Program. The City has approved a loan of HOME Program funds to the Borrower to assist with the development of the Project.

C. The City has reviewed the Borrower's project proposal and, in reliance on the accuracy of the statements in that application, has approved a loan of Funds to the Borrower (the "Loan") in an amount not to exceed Two Million One Hundred Eighty-Six Thousand Seven Hundred Ten and No/100 Dollars ($2,186,710.00) (the "Funding Amount") under this Agreement to fund a portion of the construction costs of the Project, including but not limited to a portion of the 25% "Materials Deposit" for the Project's modular construction units, and furthermore, certain units shall be regulated in accordance with all applicable laws, rules, and regulations regarding the use of HOME Program Funds for the benefit of very low- and low-income income persons.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth in this Agreement, the parties agree as follows:

ARTICLE 1. DEFINITIONS.

1.1 Defined Terms. As used in this Agreement, the following words and phrases have the following meanings:

"Accounts" means all depository accounts, including reserve and trust accounts, required or authorized under this Agreement or otherwise by the City in writing. All Accounts must be maintained in accordance with **Article 2.3**.

"Agreement" means this Loan Agreement.

"Agreement Date" means the date first written above.

"Annual Monitoring Report" has the meaning set forth in **Article 10.3**.

"Annual Operating Budget" means an annual operating budget for the Project attached hereto as **Exhibit B-2**, which may not be adjusted without the City's prior written approval.

"Approved Plans" has the meaning set for in **Article 5.2**.

"Approved Specifications" has the meaning set forth in **Article 5.2**.

"Authorization" means any authorization, consent, approval, order, license, permit, exemption or other action by or from, or any filing, registration or qualification with, any Governmental Agency or other person.

"Authorizing Resolutions" means: (a) in the case of a corporation, a certified copy of resolutions adopted by its board of directors; (b) in the case of a partnership (whether general or limited), a certificate signed by all of its general partners; and (c) in the case of a limited liability company (LLC), a certified copy of resolutions adopted by its board of directors or members, satisfactory to the City and evidencing Borrower's authority to execute, deliver, and perform the obligations under the City Documents to which Borrower is a party or by which it is bound.

"Borrower" means VALLEJO PSH, L.P. a California limited partnership, and its authorized successors and assigns.

"CFR" means the Code of Federal Regulations.

"Charter Documents" means: (a) in the case of a corporation, its articles of incorporation and bylaws; (b) in the case of a partnership, its partnership agreement and any certificate or statement of partnership; and (c) in the case of a limited liability company, its operating agreement and any LLC certificate or statement. The Charter Documents must be delivered to the City in their original form and as amended from time to time and be accompanied by a certificate of good standing for the Borrower issued by the California Secretary of State and, if the Borrower is organized under the laws of a state other than California, a certificate of good standing issued by the Secretary of State of the state of organization, issued no more than 90 days before the Agreement Date.

"City" means the City of Vallejo, a municipal corporation, represented by the City Manager, acting by and through the Housing and Community Development Division (the HCD Division). Whenever this Agreement provides for a submission to the City or an approval or action by the City, this Agreement refers to submission to or approval or action by the HCD Division unless otherwise indicated.

"City Documents" means this Agreement, the Promissory Note, the Deed of Trust, the Regulatory Agreement, and any other documents executed or delivered in connection with this Agreement.

"CNA" means a 20-year capital needs assessment or analysis of replacement reserve requirements.

"Completion Date" has the meaning set forth in **Article 5.6**.

"Compliance Term" has the meaning set forth in **Article 3.2**.

"Construction Contract" has the meaning set forth in **Article 5.2**.

"Control of the Site" means Borrower's acquisition of fee ownership in the Site from the City.

"County" means the County of Solano.

"Deed of Trust" means the deed of trust executed by Borrower granting the City a lien on the Site and the Project to secure Borrower's performance under this Agreement and the Note, in substantially the form and substance attached hereto as **Exhibit D**.

"Department of Building Inspection" means the Building Division.

"Developer" means VALLEJO PSH, LP. a California limited partner, and its authorized successors and assigns.

"Developer Fees" has the meaning set forth in **Article 15.1**.

"Development Expenses" means all costs incurred by the Borrower and approved by the City in connection with the development of the Project, including: (a) hard and soft development costs; (b) deposits into required capitalized reserve accounts; (c) costs of converting Project financing, including bonds, into permanent financing; (d) the expense of a cost audit; and (e) allowed Developer Fees.

"Development Proceeds" means the sum of: (a) funds contributed or to be contributed to the Borrower by the Borrower's limited partner as capital contributions, equity or for any other purpose under the Borrower's limited partnership agreement, if any; and (b) the proceeds of all other financing for the Project.

"Disbursement" means the disbursement of all or a portion of the Funding Amount by the City as described in **Article 4**.

"Distributions" has the meaning set forth in **Article 13.1**.

"Early Retention Release Contractors" means contractors who will receive retention payments upon satisfaction of requirements set forth in **Article 4.7.**

"Environmental Activity" means any actual, proposed or threatened spill, leak, pumping, discharge, leaching, storage, existence, release, generation, abatement, removal, disposal, handling or transportation of any Hazardous Substance from, under, into or on the Site.

"Environmental Laws" means all present and future federal, state, local, and administrative laws, ordinances, statutes, rules and regulations, orders, judgments, decrees, agreements, authorizations, consents, licenses, permits, and other governmental restrictions and requirements relating to health and safety, industrial hygiene or the environment, or to any Hazardous Substance or Environmental Activity, including the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (commonly known as the "Superfund" law) (42 U.S.C. §§ 9601 *et seq.*), the Resource Conservation and Recovery Act of 1976, as amended by the Solid Waste and Disposal Act of 1984 (42 U.S.C. §§ 6901 *et seq.*); the California Hazardous Substance Account Act (also known as the Carpenter-Presley-Tanner Hazardous Substance Account Law and commonly known as the "California Superfund" law) (Cal. Health & Safety Code §§ 25300 *et seq.*); and the Safe Drinking Water and Toxic Enforcement Act of 1986 (commonly known as "Proposition 65") (Cal. Health & Safety Code §§ 25249.2 *et seq.*); and Sections 25117 and 25140 of the California Health & Safety Code.

"Event of Default" has the meaning set forth in **Article 19.1**.

"Excess Proceeds" means Development Proceeds less Development Expenses.

"Funds" has the meaning set forth in **Recital C**.

"Funding Amount" has the meaning set forth in **Recital C**.

"HOME Assisted Units" means the eleven multifamily rental housing units that are required to be occupied by and affordable to very low-income households pursuant to the terms and conditions of this Agreement. The HOME Assisted Units shall be floating units as that term is defined in the HOME Program Regulations.

"GAAP" means generally accepted accounting principles in effect on the date of this Agreement and at the time of any required performance.

"Governmental Agency" means: (a) any government or municipality or political subdivision of any government or municipality; (b) any assessment, improvement, community facility or other special taxing district; (c) any governmental or quasi-governmental agency, authority, board, bureau, commission, corporation, department, instrumentality or public body; or (d) any court, administrative tribunal, arbitrator, public utility or regulatory body.

"Hazardous Substance" means any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any Governmental Agency to pose a present or potential hazard to human health or safety or to the environment. Hazardous Substance includes any material or substance listed, defined or otherwise identified as a "hazardous substance," "hazardous waste," "hazardous material," "pollutant," "contaminant," "pesticide" or is listed as a chemical known to cause cancer or reproductive toxicity or is otherwise identified as "hazardous" or "toxic" under any Environmental Law, as well as any asbestos, radioactive materials, polychlorinated biphenyls and any materials containing any of them; petroleum, including crude oil or any fraction, and natural gas or natural gas liquids. Materials of a type and quantity normally used in the construction, operation or maintenance of developments similar to the Project will not be deemed "Hazardous Substances" for the purposes of this Agreement if used in compliance with applicable Environmental Laws.

"HUD" means the United States Department of Housing and Urban Development acting by and through the Secretary of Housing and Urban Development and any authorized agents.

"HUD Requirements" has the meaning set forth in **Article 9.2(e).**

"In Balance" means, from and after the closing date of Borrower's financing for construction or rehabilitation of the Project, that the sum of undisbursed Funds and any other sources of funds that the Borrower has closed or for which the Borrower has firm commitments will be sufficient to complete the construction of the Project, as determined by the City in its sole discretion.

"Income Restrictions" means the maximum household income limits for Qualified Tenants, as set forth in **Exhibit A**.

"Indemnify" means, whenever any provision of this Agreement requires a person or entity (the "Indemnitor") to Indemnify any other entity or person (the "Indemnitee"), that the Indemnitor will be obligated to defend, indemnify, and protect and hold harmless the Indemnitee, its officers, employees, agents, constituent partners, and members of its boards and commissions harmless from and against any and all Losses arising directly or indirectly, in whole or in part, out of the act, omission, event, occurrence or condition with respect to which the Indemnitor is required to Indemnify an Indemnitee, whether the act, omission, event, occurrence or condition is caused by the Indemnitor or its agents, employees or contractors, or by any third party or any natural cause, foreseen or unforeseen; *provided that* no Indemnitor will be obligated to

Indemnify any Indemnitee against any Loss arising or resulting from the gross negligence or intentional wrongful acts or omissions of the Indemnitee or its agents, employees or contractors. If a Loss is attributable partially to the grossly negligent or intentionally wrongful acts or omissions of the Indemnitee (or its agents, employees or contractors), the Indemnitor must indemnify the Indemnitee for that part of the Loss not attributable to its own grossly negligent or intentionally wrongful acts or omissions or those of its agents, employees or contractors.

"Indemnitee" has the specific meaning set forth in **Article 23.1** and the general meaning set forth in the definition of "Indemnify."

"Indemnitor" has the meaning set forth in the definition of "Indemnify."

"Laws" means all statutes, laws, ordinances, regulations, orders, writs, judgments, injunctions, decrees or awards of the United States or any state, county, municipality or Governmental Agency.

"Loan" has the meaning set forth in **Recital C**.

"Loss" or "Losses" includes any loss, liability, damage, cost, expense or charge and reasonable attorneys' fees and costs, including those incurred in a proceeding in court or by mediation or arbitration, on appeal or in the enforcement of the City's rights or in defense of any action in a bankruptcy proceeding.

"Maturity Date" has the meaning set forth in **Article 3.1**.

"Median Income" means area median income as determined by HUD for the Vallejo, Solano County area, adjusted for household size.

"Monthly Project Update" has the meaning set forth in **Article 10.2**.

"Note" means the Promissory Note executed by the Borrower in favor of the City in the original principal amount of the Funding Amount.

"Operating Reserve Account" has the meaning set forth in **Article 12.2**.

"Opinion" means an opinion of Borrower's California legal counsel, satisfactory to the City and its legal counsel, that Borrower is a duly formed, validly existing limited partnership in good standing under the laws of the State of California, has the power and authority to enter into the City Documents and will be bound by their terms when executed and delivered, and that addresses any other matters the City reasonably requests.

"Out of Balance" means that the sum of undisbursed Funds and any other sources of funds that the Borrower has closed or for which the Borrower has firm commitments will not be sufficient to complete the construction of the Project, as determined by the City in its sole discretion.

"Payment Date" means the May 1st following the Completion Date and each succeeding May 1st until the Maturity Date.

"Permitted Exceptions" means liens in favor of the City, real property taxes, and assessments that are not delinquent, and any other liens and encumbrances the City expressly approves in writing in its escrow instructions.

"Project" means the development described in **Recital A**. If indicated by the context, "Project" means the Site and the improvements developed on the Site.

"Project Expenses" means the following costs, which may be paid from Project Income in the following order of priority to the extent of available Project Income: (a) all charges incurred in the operation of the Project for utilities, real estate taxes if applicable, and assessments and premiums for insurance required under this Agreement or by other lenders providing secured financing for the Project; (b) salaries, wages, and any other compensation due and payable to the employees or agents of the Borrower employed in connection with the Project, including all related withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments, and payment of accounting fees; (c) required payments of interest and principal, if any, on any junior or senior financing secured by the Site and used to finance the Project that has been approved by the City, including but not limited to this Loan; (d) all other expenses actually incurred to cover operating costs of the Project, including maintenance and repairs, and the fee of any managing agent as indicated in the Annual Operating Budget; (e) required deposits to the Replacement Reserve Account, Operating Reserve Account, and any other reserve account required under this Agreement, the Limited Partnership Agreement of the Borrower or any senior loan documents; and (f) any extraordinary expenses approved in advance by the City (other than expenses paid from any Reserve Account). Project Fees are not Project Expenses.

"Project Fees" means annual partnership management fees in the amount of $25,000 increasing by three (3%) percent per annum, annual asset management fees in the amount of $15,000 increasing by three (3%) percent per annum, and deferred Developer Fees approved by the City.

"Project Income" means all income and receipts in any form received by the Borrower from the operation of the Project, including rents, fees, deposits (other than tenant security deposits, loan proceeds, and capital contributions), any accrued interest disbursed from any reserve account required under this Agreement for a purpose other than that for which the reserve account was established, reimbursements, and other charges paid to the Borrower in connection with the Project. Interest accruing on any portion of the Funding Amount is not Project Income.

"Project Operating Account" has the meaning set forth in **Article 11.1**.

"Qualified Tenant" means a Tenant household earning no more than the maximum permissible annual income level allowed under this Agreement as set forth in **Exhibit A**. The term "Qualified Tenant" includes each category of Tenant designated in **Exhibit A**.

"Regulatory Agreement" means the HOME Program Rent Limitation and Regulation Agreement attached hereto as Exhibit E, that requires the Borrower and the Project to comply with the use restrictions in this Agreement for the Compliance Term, even if the Loan is repaid or otherwise satisfied, or this Agreement terminates.

"Rent" means the aggregate annual sum charged to Tenants for rent and utilities in compliance with **Article 7**, with utility charges to Qualified Tenants limited to an allowance determined by the Housing Authority of the City of Vallejo.

"Rent Restrictions" means the limitations on Rents set forth in **Article 7.3** and **Exhibit A**.

"Replacement Reserve Account" has the meaning set forth in **Article 12.1**.

"Residual Receipts" has the meaning set forth in the Note. The amount of Residual Receipts must be based on figures contained in audited financial statements.

"Retention" has the meaning set forth in **Article 4.6**.

"Section 8/Housing Choice Voucher (HCV)" means rental assistance provided under Section 8(c)(2)(A) of the United States Housing Act of 1937 (42 U.S.C. § 1437f), or any successor or similar rent subsidy programs.

"Senior Lender" has the meaning set forth in **Article 24.1(c)**.

"Senior Lien" has the meaning set forth in **Article 24.1**.

"Site" means the real property described in **Recital A** of this Agreement.

"Table" means: the Table of Sources and Uses.

"Table of Sources and Uses" means a table of sources and uses of funds attached hereto as **Exhibit B-1**, including a line item budget for the use of the Funding Amount, which table may not be adjusted without the City's prior written approval.

"TCAC" means the California Tax Credit Allocation Committee.

"Tenant" means any residential household in the Project, whether or not a Qualified Tenant.

"Title Policy" means an American Land Title Association (ALTA) extended coverage lender's policy of title insurance in form and substance satisfactory to the City, issued by an insurer selected by the Borrower and satisfactory to the City, together with any endorsements and policies of coinsurance and/or reinsurance required by the City, in a policy amount equal to the Funding Amount, insuring the Deed of Trust as applicable and indicating the Declaration of Restrictions as valid liens on the Site, each subject only to the Permitted Exceptions.

"Twenty Year Cash Flow Pro Forma" means the Twenty-Year Cash Flow projections for the Project attached as **Exhibit B-3**.

"Unit" means a residential rental unit within the Project.

"VHA" means the City of Vallejo Housing Authority.

"Work Product" has the meaning set forth in **Section 24.23**.

1.2 Interpretation. The following rules of construction will apply to this Agreement and the other City Documents.

(a) The masculine, feminine or neutral gender and the singular and plural forms include the others whenever the context requires. The word "include(s)" means "include(s) without limitation" and "include(s) but not limited to," and the word "including" means "including without limitation" and "including but not limited to" as the case may be. No listing of specific instances, items or examples in any way limits the scope or generality of any language in this Agreement. References to days, months, and years mean calendar days, months, and years unless otherwise specified. References to a party mean the named party and its successors and assigns.

(b) Headings are for convenience only and do not define or limit any terms. References to a specific City Document or other document or exhibit mean the document, together with all exhibits and schedules, as supplemented, modified, amended or extended from time to time in accordance with this Agreement. References to Articles and Exhibits refer to this Agreement unless otherwise stated.

(c) Accounting terms and financial covenants will be determined, and financial information must be prepared, in compliance with GAAP as in effect on the date of performance. References to any Law, specifically or generally, will mean the Law as amended, supplemented or superseded from time to time.

(d) The terms and conditions of this Agreement and the other City Documents are the result of arms'-length negotiations between and among sophisticated parties who were represented by counsel, and the rule of construction to the effect that any ambiguities are to be resolved against the drafting party will not apply to the construction and interpretation of the City Documents. The language of this Agreement must be construed as a whole according to its fair meaning.

1.3 Websites for Statutory References. The statutory and regulatory materials listed below may be accessed through the following identified websites.

(a) CFR provisions: www.access.gpo/nara/cfr

(b) OMB circulars: www.whitehouse.gov/OMB/circular

ARTICLE 2. FUNDING.

2.1 Funding Amount. The City agrees to lend to the Borrower a maximum principal amount equal to the Funding Amount in order to finance predevelopment and construction costs associated with the Project, including but not limited to funding a portion of the 20% "Materials Deposit" for the Project's modular construction units. The Funding Amount will be disbursed according to the terms and subject to the conditions set forth in this Agreement.

2.2 Use of Funds. The Borrower acknowledges that the City's agreement to make the Loan is based in part on the Borrower's agreement to use the Funds solely for the purpose set forth in **Article 2.1**, and agree to use the Funds solely for that purpose in accordance with the approved Table of Sources and Uses.

The Borrower shall comply with all applicable requirements of the HOME Program including without limitation the regulations promulgated at 24 CFR Part 92 et seq; all other applicable federal and state statutes, rules, and regulations; such additional regulations, order, rulings, interpretations, and directives for the HOME Program, as may be promulgated or issued by HUD from time to time; such policies and procedures of HUD pertaining to the HOME Program; the applicable provisions of this Agreement; and any and all other requirements of the HOME Program. The Borrower acknowledges that it is familiar with such applicable provisions, and has been professionally advised to the extent necessary for the purpose of enabling the Borrower to comply fully with such provisions at its sole cost.

The Borrower shall use the proceeds of the Loan only for eligible HOME Program costs, pursuant to 24 CFR Part 92.206, and subject to all other applicable HOME Program regulations, incurred for work approved by the City, in its sole discretion, conducted in connection with the construction of the Project. Any expenditure, or other use by Borrower, of HOME Program funds that is not authorized by this Agreement or is found to be ineligible under the HOME Program regulations shall be disallowed, and such funds shall be returned by the Borrower to the City within 30 days of discovery by the City or the Borrower of such noncompliance, unless HUD approves in writing an alternative plan for the City to address the concern. The Borrower agrees that it will not use the HOME Program funds, either directly or indirectly, in order to obtain any other federal funds under any other federal program without the prior written approval of the City.

In accordance with the HOME Program regulations, including without limitation this Agreement, the Borrower shall provide adequate security to ensure completion off the Project, by furnishing the City with performance and payment bonds, or such other security of assurances. In a form and an amount acceptable to the City in its reasonable discretion.

2.3 Accounts; Interest. Each Account to be maintained by the Borrower under this Agreement must be held in a bank or savings and loan institution acceptable to the City as a segregated account that is insured by the Federal Deposit Insurance Corporation or other comparable federal insurance program. With the exception of tenant security deposit trust accounts, any interest earned on funds in any Account must be used for the benefit of the Project.

2.4 Records. The Borrower must maintain and provide to the City upon request records that accurately and fully show the date, amount, purpose, and payee of all expenditures from each Account authorized under this Agreement or by the City in writing and keep all estimates, invoices, receipts, and other documents related to expenditures from each Account. In addition, the Borrower must provide to the City promptly following the Borrower's receipt, complete copies of all monthly bank statements, together with a reconciliation, for each Account until all funds (including accrued interest) in each Account have been disbursed for eligible uses.

2.5 Conditions to Additional Financing. The City may grant or deny any application by the Borrower for additional financing for the Project in its sole discretion.

2.6 Rent Limitation and Regulatory Agreement. Prior to and as a condition precedent to Borrower acquiring Control of the Site, the Borrower shall execute, in recordable form, and deliver to the City, a Regulatory Agreement in substantially the form attached hereto and incorporated herein as Exhibit E, which shall regulate the HOME Assisted Units to ensure that the HOME Assisted Units are occupied by and affordable to very low-income households. The Regulatory Agreement shall be recorded against the Property in the Official Records of the County of Solano (the "County"). The term of the Regulatory Agreement shall commence upon recordation of the Regulatory Agreement and shall remain in full force and effect through and including the date which is fifteen years following the date of such recordation, even if the Loan is repaid or otherwise satisfied before that date (the "Compliance Term"). The Borrower must comply with all provisions of the City Documents relating to the use of the Site and the Project as set forth in the Regulatory Agreement.

ARTICLE 3. TERMS.

The Borrower's repayment obligations with respect to the Funding Amount will be evidenced and governed by the Note, which will govern in the event of any conflicting provision in this Agreement.

3.1 Maturity Date. The Borrower must repay all amounts owing under the City Documents on the date that is the fifty-fifth anniversary of the date a Certificate of Occupancy for the Project is issued (the "Maturity Date"), provided however that if Borrower fails to acquire Control of the Site on or before December 31, 2022 (the "Outside Acquisition Date"), the Maturity Date shall be the Outside Acquisition Date. The City may agree to extend the Outside Acquisition Date in its sole and absolute discretion. Notwithstanding the foregoing, if Borrower's failure to acquire Control of the Site by the Outside Acquisition Date is not caused by Borrower's acts or omissions, whether direct or indirect, and if Borrower has acted in good faith and no event has occurred and is continuing that constitutes an Event of Default or, with the passage of time would become an Event of Default under any of the City Documents, then in such an event, Borrower shall deliver to City all of the Work Product, the Agreement shall be deemed satisfied in full and Borrower shall be deemed to be released from all obligation or liability with respect to this Note and the Loan.

3.2 Intentionally Omitted.

3.3 Interest. The outstanding principal balance of the Loan will bear interest at a rate of three percent per annum, simple interest, as provided in the Note.

3.4 Default Interest Rate. Upon the occurrence of an Event of Default under any City Document, the principal balance of the Loan will bear interest at the default interest rate set forth in the Note. In addition, the default interest rate will apply to any amounts to be reimbursed to the City under any City Document if not paid when due or as otherwise provided in any City Document.

3.5 Repayment of Principal. The outstanding principal balance of the Loan will be due and payable on the Maturity Date according to the terms set forth in full in the Note.

3.6 Changes In Funding Streams. The City's agreement to make the Loan on the terms set forth in this Agreement and the Note is based in part on the Borrower's projected sources and uses of all funds for the Project, as set forth in the Table of Sources and Uses. The Borrower covenants to give written notice to the City within 30 days of any significant changes in budgeted funding or income set forth in documents previously provided to the City. The City reserves the right to modify the terms of this Agreement based upon any new information so provided, in its reasonable discretion.

3.7 Notification and Repayment of Excess Proceeds. The Borrower must notify the City in writing within 30 days after the Borrower's receipt of Excess Proceeds. Upon the City's demand, the Borrower shall repay all Excess Proceeds to the City. The City shall use such Excess Proceeds to reduce the balance of the Loan.

3.8 Borrower Obligations Upon Acquisition of the Site. Borrower shall cause each of the following requirements to be fully satisfied on or before the date it acquires Control of the Site:

(a) Borrower shall have delivered the Deed of Trust and the Declaration of Restrictions to City, duly executed and acknowledged by Borrower;

(b) Borrower shall have recorded the Deed of Trust and the Declaration of Restrictions in the Official Records, subject only to the Permitted Exceptions;

(c) A title company shall have committed to issue the Title Policy to City, and Borrower shall have delivered all documents reasonably required by such title company to issue the Title Policy. Borrower shall pay all amounts charged by the title company for the issuance of the Title Policy; provided that such amounts may be included in a subsequent Expenditure Request;

(d) The Borrower must have delivered to the City insurance endorsements and, if requested by the City, copies of policies for all insurance required under **Exhibit I** of this Agreement, including performance and completion bonds or other acceptable construction security approved by the City as applicable and meeting the requirements of **Exhibit I**; provided that as an alternative to performance and completion bonds, Borrower may instead obtain security in the form of commercially reasonable insurance that is standard for the modular construction industry; and

(e) The Borrower must have received all land use approvals required to commence construction of the Project.

ARTICLE 4. CLOSING; DISBURSEMENTS.

4.1 Generally. Subject to the terms of this Agreement, the City will make Disbursements in an aggregate sum not to exceed the Funding Amount to or for the account of the Borrower in accordance with this Agreement and the approved line item budget contained in the Table of Sources and Uses.

4.2 Closing. In the event Borrower does not satisfy all of the conditions to closing within a reasonable time, as determined by the City in its sole discretion, the City may declare this Agreement to be null and void.

4.3 Conditions Precedent to Disbursement. The City will authorize the disbursement of the Loan funds upon satisfaction of the conditions in this Section.

(a) The Borrower must have delivered to the City fully executed (and for documents to be recorded, acknowledged) originals of the following documents, in form and substance satisfactory to the City: (i) the Note; (ii) this Agreement (in duplicate); (iii) the Authorizing Resolutions; and (iv) any other City Documents reasonably requested by the City.

(b) The Borrower must have delivered to the City the Borrower's Charter Documents.

(c) The Borrower must have delivered to the City evidence satisfactory to the City in its sole discretion that the Borrower has secured commitments of all outstanding/gap financing sufficient to complete construction of the Project.

(d) The Borrower must have delivered to the City a cost breakdown for the Factory OS modular contract, which must be approved by the City.

(e) The Borrower must have delivered to the City the Factory OS modular contract, which must be approved by the City.

(f) The City must have reviewed and approved a draft guaranteed maximum price construction contract for the Project.

4.4 Disbursements. The City's obligation to approve any expenditure of Funds after Loan closing is subject to the Borrower's satisfaction of the following conditions precedent.

(a) The Borrower must have delivered to the City an Expenditure Request in form and substance satisfactory to the City, together with: (i) electronic copies of invoices, contracts or other documents covering all amounts requested; (ii) a line item breakdown of costs to be covered by the Expenditure Request; and (iii) electronic copies of checks issued to pay expenses covered in the previous Expenditure Request. The City may grant or withhold its approval of any line item contained in the Expenditure Request that, if funded, would cause it to exceed the budgeted line item as previously approved by the City.

(b) No Event of Default, or event that with notice or the passage of time or both could constitute an Event of Default, may have occurred that remains uncured as of the date of the Expenditure Request.

(c) With respect to any Expenditure Request that covers construction costs, the Borrower must have certified to the City that the Project complies with the Federal Labor Standards set forth in **Exhibit G.1.**, as applicable.

4.5 Loan In Balance. From and after the closing date of Borrower's financing for construction or rehabilitation of the Project, the City may require the Borrower to pay certain costs incurred in connection with the Project from sources of funds other than the Loan at any time the City determines in its reasonable discretion that the Loan is Out of Balance. When the City is satisfied in its reasonable discretion that the Loan is again In Balance, the City will recommence making Disbursements for Expenditure Requests meeting the conditions set forth above.

4.6 Retention. This section will apply only if the Borrower or its affiliate acquires Control of the Site. In addition to the other conditions to Disbursements, the Borrower acknowledges that the amount of hard costs or tenant improvement costs included in any Expenditure Request associated with construction, when added to previously approved costs, may not exceed 90 percent of the approved budgeted costs on a line item basis. The City will retain the remaining ten percent of hard costs or tenant improvement costs associated with construction (the "Retention"). The Borrower may request disbursement of the aggregate amount of the Retention only upon satisfaction of the following conditions, unless otherwise approved in writing by the City: (a) completion of construction of the Project in accordance with the plans and specifications approved by the City, as evidenced by a Certificate of Occupancy or equivalent certification provided by the City's Building Division, and an architect's or engineer's certificate of completion; (b) timely recordation of a notice of completion; and (c) either expiration of the lien period and the absence of any unreleased mechanics' liens or stop notices or recordation of the lien releases of all contractors, subcontractors, and suppliers who provided labor or materials for the Project. After 50 percent of the construction of the Project is complete as determined by the City, and upon the Borrower's written request, the City may elect to reduce the amount of Retention withheld to a level of no less than five percent of the hard costs or tenant improvements, provided that the following prerequisites have been met: (a) all work required to be performed by all parties for whom the City agrees to release the Retention (the "Early Retention Release Contractors") has been completed in conformance with the terms of the applicable contract documents, the plans and specifications approved by the City, and all applicable Laws; (b) the applicable Early Retention Release Contractors have filed unconditional lien waivers satisfactory to the City; (c) no liens or stop notices have been filed against the Project and no claims are pending; (d) the City determines that the contingency is in balance and adequate to complete the Project; and (e) the Project is on schedule.

4.7 Limitations on Approved Expenditures. The City may refuse to approve any expenditure: (a) during any period in which an event that, with notice or the passage of time or both, would constitute an Event of Default remains uncured, or during the pendency of an uncured Event of Default; or (b) for disapproved, unauthorized or improperly documented expenses. The City is not obligated to approve expenditure of the full Funding Amount unless approved Expenditure Requests support disbursement of the full Funding Amount, and in no event may the aggregate amount of all Funds disbursed to the Borrower under this Agreement exceed the Funding Amount.

ARTICLE 5. CONSTRUCTION. This Article will apply if the Borrower or its affiliate acquires Control of the Site.

5.1 Selection Requirements. In the selection of all contractors and professional consultants for the Project, the Borrower must comply with HUD's procurement requirements and procedures as described in 2 CFR Part 200.

5.2 Plans and Specifications. Before starting any construction on the Site, the Borrower must have delivered to the City, and the City must have reviewed and approved, Plans and Specifications, and the Construction Contract for the Project entered into between the Borrower and the Borrower's general contractor (the "Construction Contract"). The plans approved by the City must also be approved by the City of Vallejo's Building Division (collectively, the "Approved Plans") prior to the start of any demolition or construction on the Site. The Approved Plans must be explicitly identified in the Construction Contract. The specifications approved by the City, including the funder requirements and the technical specifications (the "Approved Specifications") must also be explicitly identified in the Construction Contract. The Construction Contract may include funder requirements not otherwise addressed in the Approved Specifications. After completion of the Project, the Borrower must retain the Approved Plans as well as "as-built" plans for the Project, the Approved Specifications, and the Construction Contract, all of which the Borrower must make available to the City upon request.

5.3 Change Orders. The Borrower may not approve or permit any change orders to the Approved Plans and Approved Specifications without the City's prior written consent Unless change orders by the Borrower are $25,000 individually and $100,000 in the aggregate. The Borrower acknowledges that the City's approval of any change order will not constitute an agreement to amend the Table of Sources and Uses or to provide additional Funds for the Project, unless the City agrees in its sole discretion to amend the Table of Sources and Uses or provide additional Funds for that purpose.

5.4 Insurance, Bonds, and Security. Before starting any demolition or construction on the Site, the Borrower must deliver to the City insurance endorsements and bonds or other construction assurance documents as applicable or as described in **Exhibit I**; provided that as an alternative to performance and completion bonds, Borrower may instead obtain security in the form of commercially reasonable insurance that is standard for the modular construction industry which shall be subject to the approval of City. At all times, the Borrower must take prudent measures to ensure the security of the Site.

5.5 Notice to Proceed. No demolition or construction may commence until the Borrower has issued a written notice to proceed with the City's approval.

5.6 Commencement and Completion of Project. Unless otherwise extended in writing, commencement and completion of the Project shall be performed in accordance with the Schedule of Performance in the Disposition and Development Agreement and attached hereto at **Exhibit K** for the convenience of the parties, entered into by City and Borrower, as such schedule may be amended from time to time by mutual agreement by City and Borrower.

5.7 Construction Standards. All construction must be performed in a first class manner, substantially in accordance with final plans and specifications approved by the City, and in accordance with all applicable codes. All newly constructed Units must meet the requirements of the CA Building Code Title 24 Ten percent of the units must meet the accessibility requirements under 24 CFR part 8, implementing Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794), the design and construction requirements under 24 CFR § 100.205, and implementing the Fair Housing Act (42 U.S.C. §§ 3601-3619.

ARTICLE 6. MARKETING. This Article will apply if the Borrower or its affiliate acquires Control of the Site.

6.1 Initial Marketing Plan. Not later than six months before the Completion Date, the Borrower must deliver to the City for the City's review and approval an affirmative marketing plan and a written Tenant selection procedure for marketing and renting the Units in compliance with the restrictions set forth in **Exhibit A**, all in form and substance acceptable to the City. The Borrower may request the City's approval of reasonable alterations to the marketing plan. The Borrower must market the Units in the manner set forth in the marketing plan approved by the City. Before marketing any Units, the Borrower must provide the City with updated implementation and contact information.

6.2 Affirmative Marketing Elements. The Borrower's marketing plan must include as many of the following elements as are appropriate to the Project, as determined by the City:

(a) The marketing plan must include a reasonable accommodations policy that indicates how the Borrower intends to market Units to disabled individuals, including an indication of the types of accessible Units in the Project, the procedure for applying for vacant Units, and a policy giving disabled individuals a priority in the occupancy of accessible Units.

(b) The Borrower must advertise vacant Units in local neighborhood newspapers, community-oriented radio stations, and other media that are likely to reach low-income households. All advertising must display the Equal Housing Opportunity logo.

(c) The Borrower must provide notice of vacant Units to neighborhood-based, nonprofit housing corporations and other low-income housing advocacy organizations that maintain waiting lists or make referrals for below-market-rate housing.

(d) The Borrower must provide notice of vacant Units to VHA.

(e) To the extent practicable, and subject to all applicable fair housing, tax credit, and funding program requirements, the Borrower must work with the City to develop a program that will give preferences to potential tenants that are included on the Vallejo Housing Authority Project Based Voucher wait list. The Borrower shall work collaboratively with the City to develop such a preference program, and the final program shall be subject to review and written approval by the City and the other Project lenders and Borrower's tax credit investor.

6.3 Ongoing Marketing. The Borrower must keep a written plan for ongoing Tenant selection that describes all relevant procedures, including grievance procedures, on file at the Project at all times.

6.4 Marketing Records. The Borrower must keep records of: (a) activities implementing the affirmative marketing plan; (b) advertisements; and (c) other community outreach efforts.

ARTICLE 7. AFFORDABILITY AND OTHER LEASING RESTRICTIONS. This Article will apply if the Borrower or its affiliate acquires Control of the Site.

7.1 Rental Agreement.

(a) Leases of HOME Program Assisted units must comply with all applicable HOME Program regulations, including without limitation 24 CFR 92.253. as summarized below:

(i) Tenant leases must be for an initial term of not less than one year unless by mutual agreement between the tenant and the Borrower.

(ii) Any termination of tenancy or refusal to renew a lease must be preceded by 30 days' written notice specifying the grounds for the action by the Borrower.

(iii) Leases shall be in writing and may not contain the following prohibited clauses:

- Agreement by the Tenant to be sued.
- Statement that the Borrower can confiscate Tenant's property.
- Statement excusing the Borrower from legal responsibility.
- Statement that the Borrower does not have to give notice when instituting a lawsuit.

- Agreement by the Tenant to waive rights to a jury trial.

- Agreement by the Tenant to waive rights to appeal a court decision.

- Agreement by the Tenant to pay attorneys' fees if the Tenant wins a court case.

- Agreement by the Tenant to waive rights to a civil court proceeding to defend eviction.

7.2 Term of Leasing Restrictions. The Borrower acknowledges and agrees that the covenants and other leasing restrictions set forth in this Article will remain in full force and effect: (a) for the Compliance Term and survive the prior repayment or other satisfaction of the Loan, termination of this Agreement or reconveyance of a Deed of Trust; (b) for any Unit that has been subject to a Regulatory Agreement with TCAC, for a period ending three years after the date of any transfer of the Project by foreclosure or deed-in-lieu of foreclosure; and (c) with respect to any Unit occupied by a Qualified Tenant at expiration of either the Compliance Term or the three year period referred to in **Subsection (b)** above, until the Qualified Tenant voluntarily vacates his/her Unit or is evicted lawfully for just cause. The requirements to comply with the provisions of Internal Revenue Code Section 42, including Section 42(h)(6)(E)(ii), are hereby acknowledged.

7.3 Borrower's Covenant.

(a) The Borrower covenants to rent all Units (except one Unit reserved for the manager of the Project) at all times to households certified as Qualified Tenants at initial occupancy, as set forth in **Exhibit A.**

(b) A Tenant who is a Qualified Tenant at initial occupancy may not be required to vacate the Unit due to subsequent rises in household income, except as provided in **Article 7.4**. After the over-income Tenant vacates the Unit, the vacant Unit must be rented only to Qualified Tenants as provided in **Article 7.2**.

7.4 Rent Restrictions.

(a) The Maximum Rent charged to each Qualified Tenant may not exceed the amounts set forth in **Exhibit A,** *provided that* the Maximum Rent for Qualified Tenants or Units for which Housing Choice Voucher/Section 8 assistance is available is the fair market rent established by VHA, HUD or another Governmental Agency with jurisdiction over the rental subsidy program.

(b) intentionally omitted.

(c) Subject to **Article 7.4(d),** annual Rent increases for Units will be limited as follows:

(i) for Units with HCV/Section 8 or similar rental assistance, annual Rent increases may be up to the maximum amount approved by HUD or the VHA, for as long as rental assistance is available; and

(ii) for all other Units, except as permitted under **Article 7.4(c)(iii)** and **Article 7.4(d)** below, annual Rent increases will be limited to the lesser of: (a) the amount which would result in a Rent equal to the Maximum Rent permitted for the unit under **Section 7.4(a)** or **(b)** the amount which corresponds to the percentage of the annual increase in Median Income published by HUD; and,

(iii) for Units occupied by over-income Tenants, rent charged may not exceed 30 percent of the over-income Tenant's adjusted family income.

(d) With the City's prior written approval and in accordance with Maximum Rent limitations set forth in **Article 7.4(a)** and all applicable restrictions, Rent increases for Units exceeding the amounts permitted under **Article 7.4(c)(ii)** will be permitted in order to recover increases in Project Expenses, but in no event may single or aggregate increases exceed ten percent per year, unless such an increase is contemplated in a City-approved temporary relocation plan or is necessary due to the expiration of HCV/Section 8 or other rental subsidies. The City's approval for such rent increases that are necessary to meet all approved project expenses and financial obligations shall not be unreasonably withheld.

7.5 Certification.

(a) As a condition to initial occupancy, each person who desires to be a Qualified Tenant in the Project must be required to sign and deliver to the Borrower a certification in the form shown in **Exhibit E** in which the prospective Qualified Tenant certifies that he/she or his/her household qualifies as a Qualified Tenant. In addition, each person must be required to provide any other information, documents or certifications deemed necessary by the City to substantiate the prospective Tenant's income. Certifications provided to and accepted by the VHA will satisfy this requirement.

(b) Each Qualified Tenant in the Project must recertify to the Borrower on an annual basis his/her household income.

(c) Income certifications with respect to each Qualified Tenant who resides in a Unit or resided therein during the immediately preceding calendar year must be maintained on file at the Borrower's principal office, and the Borrower must file or cause to be filed copies thereof with the City promptly upon request by the City.

7.6 Form of Lease. The form of lease for Tenants must provide for termination of the lease and consent to immediate eviction for failure to qualify as a Qualified Tenant if the Tenant has made any material misrepresentation in the initial income certification. The form of lease must also comply with 24 CFR § 92.253.

7.7 Nondiscrimination. The Borrower agrees not to discriminate against or permit discrimination against any person or group of persons because of race, color, creed, national origin, ancestry, age, sex, sexual orientation, disability, gender identity, height, weight, source of income or acquired immune deficiency syndrome (AIDS) or AIDS related condition (ARC) in the operation and use of the Project except to the extent permitted by law or required by any other funding source for the Project. The Borrower agrees not to discriminate against or permit discrimination against Tenants using Section 8 certificates or vouchers or assistance through other rental subsidy programs.

7.8 Security Deposits. Security deposits may be required of Tenants only in accordance with applicable federal regulations, state law, and this Agreement. Any security deposits collected must be segregated from all other funds of the Project in an Account held in trust for the benefit of the Tenants and disbursed in accordance with California law. The balance in the trust Account must at all times equal or exceed the aggregate of all security deposits collected plus accrued interest thereon, less any security deposits returned to Tenants.

ARTICLE 8. MAINTENANCE AND MANAGEMENT OF THE PROJECT. This Article will apply if the Borrower or its affiliate acquires Control of the Site.

8.1 Borrower's Responsibilities.

(a) Subject to the rights set forth in **Article 8.2**, the Borrower will be specifically and solely responsible for causing all maintenance, repair, and management functions performed in connection with the Project, including selection of tenants, recertification of income and household size, evictions, collection of rents, routine and extraordinary repairs, and replacement of capital items. The Borrower must maintain or cause to be maintained the Project, including the Units and common areas, in a safe and sanitary manner in accordance with local health, building, and housing codes, California Health and Safety Code 17920.10, the applicable provisions of 24 CFR Part 35, and all applicable federal requirements.

8.2 Contracting With Management Agent.

(a) The Borrower may contract or permit contracting with a management agent for the performance of the services or duties required in **Article 8.1(a)**, subject to the City's prior written approval of both the management agent and, at the City's discretion, the management contract between the Borrower and the management agent, *provided, however,* that the arrangement will not relieve the Borrower of responsibility for performance of those duties. Any management contract must contain a provision allowing the Borrower to terminate the contract without penalty upon no more than 30 days' notice. The City hereby agrees that Eden Housing Management, Inc. is an approved management agent.

(b) The City will provide written notice to the Borrower of any determination that the contractor performing the functions required in **Article 8.1(a)** has failed to operate and manage the Project in accordance with this Agreement. If the contractor has not cured the failure within a reasonable time period (but in all events in not less than 30 days), as determined by the

City, the Borrower must exercise its right of termination immediately and make immediate arrangements for continuous and continuing performance of the functions required in **Article 8.1(a)**, subject to the City's approval.

8.3 Borrower Management. The Borrower may manage the Project itself only with the City's prior written approval. The City will provide written notice to the Borrower of any determination that the Borrower has failed to operate and manage the Project in accordance with this Agreement, in which case, the City may require the Borrower to contract or cause contracting with a management agent to operate the Project, or to make other arrangements the City deems necessary to ensure performance of the functions required in **Article 8.1(a)**.

ARTICLE 9. GOVERNMENTAL REQUIREMENTS.

9.1 Borrower Compliance. The Borrower must comply, and where applicable, require its contractors to comply, with all applicable Laws governing the use of Funds for the construction or operation of the Project, including those set forth in **Exhibit H.** The Borrower acknowledges that its failure to comply with any of these requirements will constitute an Event of Default under this Agreement. Section to **Article 23.1,** this Article does not prohibit the Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings. Construction-related requirements will not apply until Borrower has acquired Control of the Site.

9.2 Additional Federal Requirements.

(a) Compliance With Laws. The Borrower agrees to abide by all applicable Laws, including HUD regulations, pertaining to this Agreement and to any contracts pertaining to the Project. In the event HUD formally amends, waives or repeals any HUD administrative regulation previously applicable to the Borrower's performance under this Agreement, the City's Housing and Community Development Division expressly reserves the right, upon giving notice to HUD and the Borrower, to require the Borrower's performance as though the regulation were not amended, waived or repealed, subject only to written and binding objection by HUD.

(b) Drug-Free Workplace. The Borrower acknowledges that under the Federal Drug-Free Workplace Act of 1988 (41 U.S.C. §§ 701 *et seq.*), the unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited on its premises. The Borrower agrees that any violation of this prohibition by the Borrower, its employees, agents or assigns will be deemed an Event of Default under this Agreement.

(c) Restrictions on Lobbying Activities.

(i) This Agreement is subject to 31 U.S.C. Section 1352, which provides in part that, with specified exceptions, no appropriated funds may be expended by the recipient of a federal contract, grant, loan or cooperative agreement to pay any person for influencing, or attempting to influence, an officer or employee of any agency, a member of Congress, an officer or employee of Congress or an employee of a member of Congress in connection with any of the following covered federal actions: the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan or cooperative agreement.

(ii) If the Funding Amount exceeds $100,000.00, the Borrower must file with the City's Housing and Community Development Division at the beginning of the Compliance Term and promptly after the occurrence of any change in the facts certified or disclosed:

(A) a certification substantially the same as that attached hereto as **Exhibit J**, and otherwise, in form and content satisfactory to the City and to HUD, that the Borrower, and its employees, officers, and agents have not made, and will not make, any payment prohibited by **Subsection (i)** above; and

(B) a disclosure form, Federal Standard Form-LLL, "Disclosure of Lobbying Activities," if the Borrower, and its employees, officers or agents have made or agreed to make any payment using funds from a source other than the Funds that would be prohibited under **Subsection (i)** above if payment were made with the Funds. The City will file the disclosure form with HUD and retain the certification for the City's records as required by Law.

(d) Debarment or Suspension. The Borrower must certify in form and content substantially the same as that attached hereto as **Exhibit J** that neither it nor any of its principals is listed by the General Services Administration as debarred, suspended, ineligible or voluntarily excluded from receiving the Funds on the Agreement Date. In addition, the Borrower will review the list to ensure that any contractor or subcontractor who bids for a contract in excess of $100,000.00 is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities in addition to obtaining the certification of each contractor or subcontractor whose bid is accepted.

(e) Other HUD Requirements. The following federal requirements are applicable to all activities funded under this Agreement:

(i) the requirements of OMB Circular A-122, relating to allowable costs chargeable to the Funds, and OMB Circular A-110, relating to contractual requirements for nonprofit organizations, as applicable;

(ii) the provisions of 24 CFR Part 84, "Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations," and 24 CFR Part 92, "HOME Investment Partnerships Program"; and

(iii) the provisions of 2 CFR Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards".

ARTICLE 10. PROJECT MONITORING, REPORTS, BOOKS, AND RECORDS.

10.1 Generally.

(a) The Borrower understands and agrees that it will be monitored by the City from time to time to assure compliance with all terms and conditions in this Agreement and all Laws. The Borrower acknowledges that, if and after Borrower acquires Control of the Site, the City may also conduct periodic on-site inspections of the Project upon reasonable written notice to the Borrower. Notwithstanding the foregoing, nothing in this Article shall be construed to limit the City's full access to the Site as granted pursuant to **Article 5.2** of this Agreement prior to the Completion Date. The Borrower must cooperate with the monitoring by the City and ensure full access to the Project and all information related to the Project as reasonably required by the City.

(b) The Borrower must keep and maintain books, records, and other documents relating to the receipt and use of all Funds, including all documents evidencing any Project Income and Project Expenses. The Borrower must maintain records of all income, expenditures, assets, liabilities, contracts, operations, tenant eligibility, and condition of the Project. All financial reports must be prepared and maintained in accordance with GAAP as in effect at the time of performance.

(c) The Borrower must provide written notice of the replacement of its Managing General Partner, as well as the Managing General Partner's Chief Executive Officer, Senior Vice President of Real Estate Development, Vice President of Property Management, or any equivalent position within 30 days after the effective date of such replacement.

10.2 Monthly Reporting. During the construction of the Project, the Borrower must submit monthly reports (the "Monthly Project Update") describing progress toward developing the Project with respect to obtaining necessary approvals from other City departments; procuring architects, consultants, and contractors; changes in scope, cost or schedule; and significant milestones achieved in the past month and expected to be achieved in the coming month. The Monthly Project Update must be submitted by email until such time as the Project Completion Report is submitted to the City pursuant to **Article 10.5** below.

10.3 Annual Reporting.

(a) The Borrower must file with the City annual report forms (the "Annual Monitoring Report") that include audited financial statements with an income and expense statement for the Project covering the applicable reporting period, a statement of balances, deposits and withdrawals from all Accounts, line item statements of Project Expenses, Project Income, Project Fees (if any), Residual Receipts and any Distributions made, evidence of required insurance, and a completed "Management and Maintenance Report" form that includes a description of marketing activities and a rent roll, no later than 120 days after the end of the Borrower's fiscal year. The Annual Monitoring Report must be in substantially the form attached as **Exhibit E** or as later modified during the Compliance Term.

(b) If the source of Funds is federal, the Borrower must also provide an annual accounting of program income, as defined in applicable federal regulations.

(c) The Borrower must deliver to the City copies of any annual operating and financial reports provided to other lenders for the Project promptly after submittal.

10.4 Capital Needs Assessment. The Borrower must deliver to the City an updated CNA every five years after the Completion Date for approval. The updated CNA must include an analysis of the Borrower's actual expenditures for capital needs compared to the most recently approved CNA, the Borrower's Twenty Year Cash Flow Pro Forma, initial Annual Operating Budget, and its then-current Annual Operating Budget.

10.5 Project Completion Report. Within the specific time periods set forth below after the completion of construction, and the lease-up or permanent financing of the Project, as applicable, the Borrower must provide to the City the reports listed below certified by the Borrower to be complete and accurate. Subsequent to the required submission of the reports listed below, the Borrower shall provide to the City information or documents reasonably requested by the City to assist in the City's review and analysis of the submitted reports:

(a) within 180 days after completion of construction, a cost certification project completion performed by an independent certified public accountant identifying the sources and uses of all Project Funds;

(b) within 180 days after completion of construction, a report on the use of minority and women owned enterprises including race, ethnicity or gender, the type of work, and the dollar value of such work;

(c) within 60 days after 75 percent occupancy, and 100 percent occupancy, respectively, a report on the lease-up of the Units including the number of leases by race, ethnicity, and single-headed household by gender, and also indicating the Units by income category; and

(d) within 180 days after completion of construction, a report demonstrating compliance with all requirements regarding HUD Section 3, including documentation of total labor hours worked on the Project, total Section 3 hours worked, total wages paid, total Section 3 wages paid, and the names of all individuals employed to comply with Section 3 goals, including the total hours worked for each individual and total wages paid to each individual.

10.6 Response to Inquiries. At the request of the City, its agents, employees or attorneys, the Borrower must respond promptly and specifically to questions relating to the income, expenditures, assets, liabilities, contracts, operations, and condition of the Project, the status of any mortgage encumbering the Project, and any other requested information with respect to the Borrower or the Project.

10.7 Delivery of Records. At the request of the City, made through its agents, employees, officers or attorneys, the Borrower must provide the City with copies of each of the following documents, certified in writing by the Borrower to be complete and accurate:

(a) all tax returns filed with the United States Internal Revenue Service, the California Franchise Tax Board, or the California State Board of Equalization on behalf of the Borrower and any general partner or manager of the Borrower;

(b) all certified financial statements of the Borrower and, if applicable, its general partner or manager, the accuracy of which must be certified by an auditor satisfactory to the City; and

(c) any other records related to the Borrower's ownership structure and the use and occupancy of the Site.

10.8 Access to the Project and Other Project Books and Records. In addition to the Borrower's obligations under **Articles 2.4, 10.1, 10.2, 10.3, 10.4 10.5, 10.6,** and any other obligations to provide reports or maintain records in any City Document, the Borrower agrees that duly authorized representatives of the City will have: (a) access to the Project throughout the Compliance Term to monitor the progress of work on the Project and compliance by the Borrower with the terms of this Agreement; and (b) access to and the right to inspect, copy, audit, and examine all books, records and other documents the Borrower is required to keep at all reasonable times, following reasonable notice, for the retention period required under **Article 10.9.**

10.9 Records Retention. The Borrower must retain all records required for the periods required under applicable Laws.

ARTICLE 11. USE OF INCOME FROM OPERATIONS.

11.1 Project Operating Account.

(a) The Borrower must deposit all Project Income promptly after receipt into a segregated depository account (the "Project Operating Account") established exclusively for the Project. Withdrawals from the Project Operating Account may be made only in accordance with the provisions of this Agreement and the approved Annual Operating Budget, as it may be revised from time to time with the City's approval. The Borrower may make withdrawals from the Project Operating Account solely for the payment of Project Expenses and Project Fees. Withdrawals from the Project Operating Account (including accrued interest) for other purposes may be made only with the City's express prior written approval.

(b) The Borrower must keep accurate records indicating the amount of Project Income deposited into and withdrawn from the Project Operating Account and the use of Project Income. The Borrower must provide copies of the records to the City upon request.

ARTICLE 12. <u>REQUIRED RESERVES</u>.

12.1 <u>Replacement Reserve Account</u>.

(a) Commencing no later than 60 days after the Completion Date, or any other date the City designates in writing, the Borrower must establish or cause to be established a segregated interest-bearing replacement reserve depository account (the "Replacement Reserve Account"). On or before the fifteenth day of each month following establishment of the Replacement Reserve Account, the Borrower must make monthly deposits from Project Income into the Replacement Reserve Account in the amount required by Borrower's senior lender and tax credit investor. The Borrower may request adjustments every five years based on its most recently approved CNA. The City may review the adequacy of deposits to the Replacement Reserve Account periodically and require adjustments as it deems necessary.

(b) The Borrower may withdraw funds from the Replacement Reserve Account solely to fund capital improvements for the Project, such as replacing or repairing structural elements, furniture, fixtures or equipment at the Project that are reasonably required to preserve the Project. The Borrower may not withdraw funds (including any accrued interest) from the Replacement Reserve Account for any other purpose without the City's prior written approval.

12.2 <u>Operating Reserve Account</u>.

(a) Commencing no later than 60 days after the Completion Date, or any other date the City designates in writing, the Borrower must establish or cause to be established a segregated interest-bearing operating reserve depository account (the "Operating Reserve Account") by depositing funds in an amount equal to 25 percent of the approved budget for Project Expenses for the first year of operation of the Project.

No less than annually after establishing the Operating Reserve Account and continuing until the Compliance Term has expired, the Borrower must make additional deposits, if necessary, to bring the balance in the Operating Reserve Account to an amount equal to three months' reserve of the prior year's actual Project Expenses

(b) The Borrower may withdraw funds from the Operating Reserve Account solely to alleviate cash shortages resulting from unanticipated and unusually high maintenance expenses, seasonal fluctuations in utility costs, abnormally high vacancies, and other expenses that vary seasonally or from month to month in the Project. The Borrower may not withdraw funds (including any accrued interest) from the Operating Reserve Account for any other purpose without the City's prior written approval.

In the event that the Borrower withdraws funds from the Operating Reserve Account as permitted by this Article such that the balance of the Operating Reserve Account is less than the initial capitalized amount deposited into the Operating Reserve Account, the Borrower shall fully replace any withdrawals from the Operating Reserve Account using available Project Income prior to the use of such Project Income to pay any deferred Developer Fee, Partnership Management Fee, or Distributions, as applicable, pursuant to this Agreement.

ARTICLE 13. DISTRIBUTIONS.

13.1 Definition. "Distributions" refers to cash or other benefits received as Project Income from the operation of the Project and available to be distributed to the Borrower or any party having a beneficial interest in the Project, but does not include reasonable payments for property management, asset management, approved deferred Developer Fee, or other services performed in connection with the Project.

13.2 Conditions to Distributions. Distributions for a particular fiscal year may be made only following: (a) City approval of the Annual Monitoring Report submitted for that year; (b) the City's determination that the Borrower is not in default under this Agreement or any other Agreement entered into with the City of Vallejo or the Housing Successor Agency of the City for the Project; and (c) the City's determination that the amount of the proposed Distribution satisfies the conditions of this Agreement. The City will be deemed to have approved the Borrower's written request for approval of a proposed Distribution unless the City delivers its disapproval or request for more information to the Borrower within 30 business days after the City's receipt of the request for approval.

13.3 Prohibited Distributions. No Distribution may be made in the following circumstances:

(a) when a written notice of default has been issued by any entity with an equitable or beneficial interest in the Project and the default has not been cured; or

(b) when the City determines that the Borrower or the Borrower's management agent has failed to comply with this Agreement; or

(c) if required debt service on all loans secured by the Project and all operating expenses have not been paid current; or

(d) if the Replacement Reserve Account, Operating Reserve Account or any other reserve account required for the Project is not fully funded as required by this Agreement; or

(e) if the Loan is to be repaid from Residual Receipts, the Borrower failed to make a payment when due on a Payment Date and the sum remains unpaid; or

(f) during the pendency of an uncured Event of Default (including the Borrower's failure to provide its own funds at any time from and after the closing date of Borrower's financing for construction or rehabilitation of the Project that the City determines the Loan is Out of Balance) under any City Document.

13.4 Borrower's Distribution. Beginning in the year of the initial Payment Date, and subject to the limitations in this Article, Borrower may retain as a Distribution a portion of Residual Receipts in an amount equal to fifty percent (50%) of Residual Receipts.

ARTICLE 14. SYNDICATION PROCEEDS.

14.1 Distribution and Use. If the Borrower is a limited partnership or limited liability company, and unless otherwise approved by the City in writing, the Borrower must allocate, distribute, and pay or cause to be allocated, distributed, and paid all net syndication proceeds and all loan and grant funds as specified in the Table of Sources and Uses of Funds attached hereto as Exhibit B. The Borrower must notify the City of the receipt and disposition of any net syndication proceeds received by the Borrower during the term of this Agreement.

ARTICLE 15. DEVELOPER FEES.

15.1 Amount. Unless otherwise agreed to in writing by the City, the maximum cash Developer Fee (net of any general partner capital contributions) that may be paid from development sources shall not exceed the maximum amount allowed under TCAC regulations.

ARTICLE 16. TRANSFERS.

16.1 Permitted Transfers/Consent. The Borrower may not cause or permit any voluntary transfer, assignment or encumbrance of its interest in the Site or Project or of any ownership interests in the Borrower, or lease or permit a sublease on all or any part of the Project, other than: (a) leases, subleases or occupancy agreements to occupants of Units in the Project; or (b) security interests for the benefit of lenders securing loans for the Project as approved by the City on terms and in amounts as approved by the City in its reasonable discretion; (c) transfers of any limited partner interest of the Borrower; (d) transfers of the general partnership or manager's interest in the Borrower to a nonprofit public benefit corporation approved in advance by the City; (e) the grant or exercise of an option agreement between the Borrower and the Borrower's general partner or manager or any of its affiliates in connection with the tax credit syndication of the Project; or (f) a transfer of the managing general partner of the Partnership or a replacement of the general partner with the limited partner of the Borrower or an affiliate (as defined in the limited partnership agreement) thereof, when such replacement occurs pursuant to the terms of the Borrower's limited partnership agreement ("Affiliate"), provided that: (1) no default exists hereunder, and (2) the Affiliate agrees in writing to assume all obligations of the Borrower under the Loan Documents, and (3) the Affiliate agrees in writing to seek the City's prior written approval of any changes to the Borrower's management or ownership agreements (other than an amendment effecting the assignment of the general partner to the Affiliate, as permitted by this Section 16.1), such approval may only be granted by the City Council, and (4) the Affiliate shall be similarly or better-capitalized than the party it is replacing and shall provide evidence thereof at the request of the City within 10 days of such request. If the party the Affiliate is replacing is insolvent or bankrupt, that party's capitalization shall not be used to judge whether the Affiliate is appropriately capitalized. In that event, the City shall determine in its sole discretion whether the Affiliate is appropriately capitalized to conduct business as contemplated by and take on all obligations required under the

Loan Documents Any other transfer, assignment, encumbrance or lease without the City's prior written consent will be voidable and, at the City's election, constitute an Event of Default under this Agreement. The City's consent to any specific assignment, encumbrance, lease or other transfer will not constitute its consent to any subsequent transfer or a waiver of any of the City's rights under this Agreement.

ARTICLE 17. INSURANCE AND BONDS.

17.1 Borrower's Insurance. Subject to approval by the City's Risk Manager of the insurers and policy forms, the Borrower must obtain and maintain, or cause to be obtained and maintained, insurance and bonds as applicable and as set forth in **Exhibit I** from the date the Deed of Trust is recorded in the Recorder's Office of Solano County until the expiration throughout the Compliance Term of this Agreement at no expense to the City.

ARTICLE 18. GOVERNMENTAL APPROVALS.

18.1 Compliance. The Borrower covenants that it has obtained or will obtain in a timely manner and comply with all federal, state, and local governmental approvals required by Law to be obtained for the Project. Subject to **Article 23.1**, this Article does not prohibit the Borrower from contesting any interpretation or application of Laws in good faith and by appropriate proceedings.

ARTICLE 19. DEFAULT.

19.1 Event of Default. Any material breach by the Borrower of any covenant, agreement, provision or warranty contained in this Agreement or in any of the City Documents that remains uncured upon the expiration of any applicable notice and cure periods contained in any City Document will constitute an "Event of Default," including the following:

(a) the Borrower fails to make any payment required under this Agreement within ten days after the date when due; or

(b) from and after the date Borrower acquires Control of the Site, any lien is recorded against all or any part of the Site or the Project without the City's prior written consent, whether prior or subordinate to the lien of the Deed of Trust if applicable or Regulatory Agreement, and the lien is not removed from title or otherwise remedied to the City's satisfaction within 30 days after the Borrower's receipt of written notice from the City to cure the default or, if the default cannot be cured within a 30 day period, the Borrower will have 60 days to cure the default, or any longer period of time deemed necessary by the City, *provided that* the Borrower commences to cure the default within the 30 day period and diligently pursues the cure to completion; or

(c) the Borrower fails to perform or observe any other term, covenant or agreement contained in any City Document, and the failure continues for 30 days after the Borrower's receipt of written notice from the City to cure the default or, if the default cannot be cured within a 30 day period, the Borrower will have 60 days to cure the default, or any longer period of time deemed necessary by the City, *provided that* the Borrower commences to cure the default within the 30 day period and diligently pursues the cure to completion; or

(d) any representation or warranty made by the Borrower in any City Document proves to have been incorrect in any material respect when made; or

(e) from and after the date Borrower acquires Control of the Site, all or a substantial or material portion of the improvements on the Site is damaged or destroyed by fire or other casualty, and the City has determined upon restoration or repair that the security of the Deed of Trust if applicable has been impaired or that the repair, restoration or replacement of the improvements in accordance with the requirements of any Deed of Trust is not economically practicable or is not completed within two years of the receipt of insurance proceeds; or all or a substantial or material portion of the improvements is condemned, seized or appropriated by any non-City Governmental Agency or subject to any action or other proceeding instituted by any non-City Governmental Agency for any purpose with the result that the improvements cannot be operated for their intended purpose; or

(f) the Borrower is dissolved or liquidated or merged with or into any other entity; or, if the Borrower is a corporation, partnership, limited liability company or trust, the Borrower ceases to exist in its present form and (where applicable) in good standing and duly qualified under the laws of the jurisdiction of California for any period of more than 30 days; or, if the Borrower is an individual, the Borrower dies or becomes incapacitated; or all or substantially all of the assets of the Borrower are sold or otherwise transferred except as permitted under **Article 16.1**; or

(g) without the City's prior written consent, the Borrower assigns or attempts to assign any rights or interest under any City Document, whether voluntarily or involuntarily, except as permitted under **Article 16.1**; or

(h) without the City's prior written consent, the Borrower voluntarily or involuntarily assigns or attempts to sell, lease, assign, encumber or otherwise transfer all or any portion of the ownership interests in the Borrower or of its right, title or interest in the Project or the Site except as permitted under **Article 16**; or

(i) without the City's prior written consent, the Borrower transfers, or authorizes the transfer of, funds in any Account required or authorized under this Agreement; or

(j) from and after the date Borrower acquires Control of the Site, either the Deed of Trust or the Regulatory Agreement ceases to constitute a valid and indefeasible perfected lien on the Site and improvements, subject only to Permitted Exceptions; or

(k) the Borrower is subject to an order for relief by the bankruptcy court, or is unable or admits in writing its inability to pay its debts as they mature or makes an assignment for the benefit of creditors; or the Borrower applies for or consents to the appointment of any receiver, trustee or similar official for the Borrower or for all or any part of its property (or an appointment is made without its consent and the appointment continues undischarged and unstayed for 60 days); or the Borrower institutes or consents to any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, custodianship, conservatorship, liquidation, rehabilitation or similar proceeding relating to the Borrower or to all or any part of its property under the laws of any jurisdiction (or a proceeding is instituted without its consent and continues undismissed and unstayed for more than 60 days); or any judgment, writ, warrant of attachment or execution or similar process is issued or levied against the Site, the improvements or any other property of the Borrower and is not released, vacated or fully bonded within 60 days after its issue or levy; or

(l) any material adverse change occurs in the financial condition or operations of the Borrower, such as a loss of services funding or rental subsidies, that has a material adverse impact on the Project; or

(m) from and after the date Borrower acquires Control of the Site, the Borrower fails to make any payments or disbursements required to bring the Loan In Balance after the City determines that the Loan is Out of Balance; or

(n) After the date Borrower acquires Control of the Site but before a Certificate of Occupancy is issued for the Project, the Borrower ceases construction of the Project for a period of thirty consecutive working days, and the cessation is not excused under **Article 19.3**; or

(o) the Borrower is in default of its obligations with respect to any funding obligation (other than the Loan) for the Project, and the default remains uncured following the expiration of any applicable cure periods; or

(p) The Borrower is in default of its obligation under any other Agreement entered into with the City of Vallejo, and the default remains uncured following the expiration of any applicable cure periods provided, however, that the City shall accept or reject any cure of any default made or tendered by one of Borrower's limited partners as if same had been made or tendered by Borrower.

19.2 Remedies. During the pendency of an uncured Event of Default, the City may exercise any right or remedy available under this Agreement or any other City Document or at law or in equity. All of the City's rights and remedies following an Event of Default are cumulative, including:

(a) the City at its option may declare the unpaid principal balance of the Note, together with default interest as provided in the Note and any other charges due under the Note and the other City Documents, immediately due and payable without protest, presentment, notice of dishonor, demand or further notice of any kind, all of which the Borrower expressly waives; or

(b) the City at its option may terminate all commitments to make Disbursements or to release the Site from the Deed of Trust or Regulatory Agreement, or, without waiving the Event of Default, the City may determine to make further Disbursements or to release all or any part of the Site from the Deed of Trust or Regulatory Agreement upon terms and conditions satisfactory to the City in its sole discretion; or

(c) the City may perform any of the Borrower's obligations in any manner, in the City's reasonable discretion; or

(d) the City, either directly or through an agent or court-appointed receiver, may take possession of the Project and enter into contracts and take any other action the City deems appropriate to complete or construct all or any part of the improvements, subject to modifications and changes in the Project the City deems appropriate; or

(e) the City may apply to any court of competent jurisdiction for specific performance, or an injunction against any violation, of this Agreement or for any other remedies or actions necessary or desirable to correct the Borrower's noncompliance with this Agreement; and

(f) upon the occurrence of an Event of Default described in **Article 19.1(k)**, the unpaid principal balance of the Note, together with default interest as provided in the Note and any other charges due under the Note and the other City Documents will become due and payable automatically; and

(g) all costs, expenses, charges, and advances of the City in exercising its remedies or to protect the Project will be deemed to constitute a portion of the principal balance of the Note, even if it causes the principal balance to exceed the face amount of the Note, unless the Borrower reimburses the City within ten days of the City's demand for reimbursement.

19.3 Force Majeure. The occurrence of any of the following events will excuse performance of any obligations of the City or the Borrower rendered impossible to perform while the event continues: strikes; lockouts; labor disputes; acts of God; inability to obtain labor, materials or reasonable substitutes for either; governmental restrictions, regulations or controls; judicial orders; enemy or hostile governmental actions; civil commotion; fire or other casualty; and other causes beyond the control of the party obligated to perform. The occurrence of a force majeure event will excuse the Borrower's performance only in the event that the Borrower has provided notice to the City within 30 days after the occurrence or commencement of the event or events, and the Borrower's performance will be excused for a period ending 30 days after the termination of the event giving rise to the delay.

ARTICLE 20. REPRESENTATIONS AND WARRANTIES.

20.1 Borrower Representations and Warranties. As a further inducement for the City to enter into this Agreement, the Borrower represents and warrants as follows:

(a) The execution, delivery, and performance of the City Documents will not contravene or constitute a default under or result in a lien upon assets of the Borrower under any applicable Law, any Charter Document of the Borrower or any instrument binding upon or affecting the Borrower, or any contract, agreement, judgment, order, decree or other instrument binding upon or affecting the Borrower.

(b) When duly executed, the City Documents will constitute the legal, valid, and binding obligations of the Borrower. The Borrower hereby waives any defense to the enforcement of the City Documents related to alleged invalidity of the City Documents.

(c) No action, suit or proceeding is pending or threatened that might affect the Borrower or the Project adversely in any material respect.

(d) The Borrower is not in default under any Agreement to which it is a party, including any lease of real property.

(e) None of the Borrower, the Borrower's principals or the Borrower's general contractor has been suspended or debarred by the Department of Industrial Relations or any Governmental Agency, nor has the Borrower, any of its principals or its general contractor been suspended, disciplined or prohibited from contracting with any Governmental Agency. Further, the Borrower certifies that neither it nor any of its principals is listed by the General Services Administration as debarred, suspended, ineligible or voluntarily excluded from receiving the Funds on the Agreement Date. In addition, the Borrower will review the list to ensure that any contractor or subcontractor who bids for a contract in excess of $100,000.00 is not debarred, suspended, ineligible or voluntarily excluded from participating in federal programs and activities in addition to obtaining the certification of each contractor or subcontractor whose bid is accepted.

(f) All statements and representations made by the Borrower in connection with the Loan remain true and correct as of the date of this Agreement.

ARTICLE 21. NOTICES.

21.1 Written Notice. All notices required by this Agreement must be made in writing and may be communicated by personal delivery, facsimile (if followed within one business day by first class mail) or by United States certified mail, postage prepaid, return receipt requested. Delivery will be deemed complete as of the earlier of actual receipt (or refusal to accept proper delivery) or five days after mailing, provided that any notice that is received after 5:00 p. m. Pacific Standard Time (PST) on any day or on any weekend or holiday will be deemed to have been received on the next succeeding business day. Notices must be addressed as follows:

To the City: Housing and Community Development Division
200 Georgia Street
Vallejo, CA 94590
Attn: Housing and Community Development Manager

To Borrower: Vallejo PSH, LP.
22645 Grand Street
Hayward, CA 94541

Attn: Director of Real Estate Development

or any other address a party designates from time to time by written notice sent to the other party in manner set forth in this Article.

21.2 Required Notices. The Borrower agrees to provide notice to the City in accordance with **Article 21.1** of the occurrence of any change or circumstance that: (a) will have an adverse effect on the physical condition or intended use of the Project; (b) causes the Loan to be out of balance; or (c) will have a material adverse effect on the Borrower's operation of the Project or ability to repay the Loan.

21.3 Notice to Limited Partner. The City agrees to deliver a copy of any notice of default to Borrower's limited partner at the address provided by Borrower's limited partner at the same time and in the same manner as notice is delivered to Borrower. The City's failure to deliver notice under this Section will not affect or impair the City's right to enforce its rights at law or in equity arising by reason of an Event of Default.

ARTICLE 22. HAZARDOUS SUBSTANCES.

22.1 Borrower's Representations. The Borrower represents and warrants to the City that, to the best of Borrower's actual knowledge, without independent investigation or inquiry as of the Agreement Date, the following statements are true and correct except as disclosed in the applicable environmental reports or otherwise in writing: (a) the Site is not in violation of any Environmental Laws; (b) the Site is not now, nor has it been, used for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Substances, except in limited quantities customarily used in residences and offices and in compliance with Environmental Laws; (c) the Site does not consist of any landfill or contain any underground storage tanks; (d) the improvements on the Site do not consist of any asbestos-containing materials or building materials that contain any other Hazardous Substances; (e) no release of any Hazardous Substances in the improvements on the Site has occurred or in, on, under or about the Site; and (f) the Site is not subject to any claim by any Governmental Agency or third party related to any Environmental Activity or any inquiry by any Governmental Agency (including the California Department of Toxic Substances Control and the Regional Water Quality Control Board) with respect to the presence of Hazardous Substances in the improvements on the Site or in, on, under or about the Site, or the migration of Hazardous Substances from or to other real property.

22.2 Covenant. Unless the City otherwise consents in writing, at all times from and after the date of this Agreement, at its sole expense, the Borrower must: (a) comply with all applicable Environmental Laws relating to the Site and the Project, and not engage in or otherwise permit the occurrence of any Environmental Activity in violation of any applicable Environmental Laws or that is not customary and incidental to the intended use of the Site, *provided that* nothing contained in this Article will prevent the Borrower from contesting, in good faith and by appropriate proceedings, any interpretation or application of Environmental Laws; *provided further* that prior to the date Borrower acquires Control of the Site, compliance under 22.2(a) shall apply only to the actual activities of Borrower or Borrower's agents, employees, contractors and invitees in connection with the Site and the Project; and (b) deliver to the City notice of the discovery by the Borrower of any event rendering any representation contained in this Section incorrect in any respect promptly following the Borrower's discovery.

ARTICLE 23. INDEMNITY.

23.1 Borrower's Obligations. The Borrower must Indemnify the City and its respective officers, agents, and employees (individually or collectively, an "Indemnitee") against any and all Losses arising out of: (a) any default by the Borrower in the observance or performance of any of the Borrower's obligations under the City Documents (including those covenants set forth in **Article 22** above); (b) any failure of any representation by the Borrower to be correct in all respects when made; (c) from and after the date Borrower acquires Control of the Site, injury or death to persons or damage to property or other loss occurring on or in connection with the Site or the Project, whether caused by the negligence or any other act or omission of the Borrower or any other person or by negligent, faulty, inadequate or defective design, building, construction, or maintenance or any other condition or otherwise; (d) from and after the date Borrower acquires Control of the Site, any claim of any surety in connection with any bond relating to the construction or of any improvements or offsite improvements; (e) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee that relates to or arises out of the City Documents, the Loan, the Site (from and after the date Borrower acquires Control of the Site) or the Project or any transaction contemplated by, or the relationship between the Borrower and the City or any action or inaction by the City under, the City Documents; (f) the occurrence, from and after the date Borrower acquires Control of the Site until the expiration of the Compliance Term, of any Environmental Activity or any failure of the Borrower or any other person to comply with all applicable Environmental Laws relating to the Project or the Site; (g) the occurrence, after the Compliance Term, of any Environmental Activity resulting directly or indirectly from any Environmental Activity occurring from and after the date Borrower acquires Control of the Site before the expiration of the Compliance Term; (h) any liability of any nature arising from the Borrower's contest of or relating to the application of any Law, including any contest permitted under **Articles 9.1, 18.1,** and **22.2**; or (i) any claim, demand or cause of action, or any investigation, inquiry, order, hearing, action or other proceeding by or before any Governmental Agency, whether meritorious or not, that directly or indirectly relates to, arises from or is based on the occurrence or allegation of any of the matters described in clauses (a) through (h) above, *provided that* no Indemnitee will be entitled to indemnification under this Article for matters caused solely by its own gross negligence or willful misconduct. In the event any action or proceeding is brought against an Indemnitee by reason of a claim arising out of any Loss for which the Borrower has indemnified the Indemnitees, upon written notice, the Borrower must answer and otherwise defend the action or proceeding using counsel approved in writing by the Indemnitee at the Borrower's sole expense. Each Indemnitee will have the right, exercised in its sole discretion, but without being required to do so, to defend, adjust, settle or compromise any claim, obligation, debt, demand, suit or judgment against the Indemnitee in connection with the matters covered by this Agreement. The provisions of this Section will survive the repayment of the Loan and/or the termination of this Agreement.

23.2 <u>No Limitation</u>. The Borrower's obligations under **Article 23.1** are not limited by the insurance requirements under this Agreement.

ARTICLE 24. <u>GENERAL PROVISIONS</u>.

24.1 <u>Subordination</u>. The Deed of Trust and/or Regulatory Agreement shall be subordinated to other financing secured by and used for the development of the Project (in each case, a "Senior Lien"), but only if *all* of the following conditions are satisfied:

(a) All of the proceeds of the proposed Senior Lien, less any transaction costs, must be used to provide construction and/or permanent financing for the Project.

(b) The terms of the proposed Senior Lien and any Subordination Agreement must be reviewed and approved by the City and approved as to form by the City Attorney's Office.

(c) The proposed lender (each a "Senior Lender") must be a state or federally chartered financial institution, a nonprofit corporation or a public entity that is not affiliated with the Borrower or any of the Borrower's affiliates, other than as a depositor or a lender.

(d) The Borrower must demonstrate to the City's reasonable satisfaction that subordination of the Deed of Trust and/or Regulatory Agreement is necessary to secure adequate construction and/or permanent financing to ensure the viability of the Project, including the operation of the Project as affordable housing, as required by the City Documents. To satisfy this requirement, the Borrower must provide to the City, in addition to any other information reasonably required by the City, evidence demonstrating that the proposed amount of the Senior Loan is necessary to provide adequate construction and/or permanent financing to ensure the viability of the Project, and adequate financing for the Project would not be available without the proposed subordination.

(e) The Subordination Agreement(s) must be structured to minimize the risk that the Deed of Trust and/or Regulatory Agreement would be extinguished as a result of a foreclosure by the Senior Lender or other holder of the Senior Lien. To satisfy this requirement, any Subordination Agreement must provide the City with adequate rights to cure any defaults by the Borrower, including: (i) providing the City or its successor with copies of any notices of default within a reasonable period and in the same manner as provided to the Borrower; and (ii) providing the City with a cure period at least equal to that provided to the Borrower to cure any default.

(f) The subordination(s) described in this Article may be effective only during the original term of the Senior Loan and any extension of its term approved in writing by the City and for any refinancing of the Senior Loan provided that such refinancing is for not more than the then-outstanding amount due under the Senior Loan.

(g) No subordination may limit the effect of the Deed of Trust and/or Regulatory Agreement before a foreclosure.

(h) Following review and approval by the City and approval as to form by the City Attorney's Office, the City's Housing and Community Development Division Program Manager or his/her successor or designee will be authorized to execute the approved Subordination Agreement/s without the necessity of any further action or approval.

24.2 Refinancing. The Borrower shall be permitted to refinance any debt senior to the Loan evidenced by the Note and the Deed of Trust securing the Note shall be resubordinated thereto pursuant to a written subordination agreement approved by the City in the City's reasonable judgment; provided that the City's collateral shall not be impaired, the Borrower's ability to repay the Note on the terms set forth therein shall not be affected, and the affordability restrictions shall not be subordinated. Further, the Borrower, in any such refinancing, shall not be allowed to take equity out of the project or receive a cash payment from the refinancing.

24.3 No Third-Party Beneficiaries. Nothing contained in this Agreement, nor any act of the City, may be interpreted or construed as creating the relationship of a third-party beneficiary, limited or general partnership, joint venture, employer and employee, or principal and agent between the City and the Borrower or the Borrower's agents, employees or contractors.

24.4 No Claims by Third Parties. Nothing contained in this Agreement creates or justifies any claim against the City by any person or entity with respect to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the Project. The Borrower must include this requirement as a provision in any contracts for the development of the Project.

24.5 Entire Agreement. This Agreement and its Exhibits incorporate the terms of all agreements made by the City and the Borrower with regard to the subject matter of this Agreement. No alteration or variation of the terms of this Agreement will be valid unless made in writing and signed by the parties hereto. No oral understandings or agreements not incorporated herein will be binding on the City or the Borrower.

24.6 City Obligations. The City's sole obligation under this Agreement is limited to providing the Funds as described in this Agreement, up to the Funding Amount. Under no circumstances, including breach of this Agreement, will the City be liable to the Borrower for any special or consequential damages arising out of actions or failure to act by the City in connection with any of the City Documents.

24.7 Borrower Solely Responsible. The Borrower is an independent contractor with the right to exercise full control of employment, direction, compensation, and discharge of all persons assisting in the performance contemplated under this Agreement. The Borrower is solely responsible for: (a) its own acts and those of its agents, employees, and contractors and all matters relating to their performance, including compliance with Social Security, withholding, and all other Laws governing these matters and requiring that contractors include in each contract that they will be solely responsible for similar matters relating to their employees; (b) any losses or damages incurred by the Borrower, any of its contractors or subcontractors, and the City and its officers, representatives, agents, and employees on account of any act, error or omission of the Borrower in the performance of this Agreement or any other City Document and the development and operation of the Project; and (c) all costs and expenses relating to the Borrower's performance of obligations under the City Documents, the delivery to the City of documents, information or items under or in connection with any of the City Documents and taxes, fees, costs or other charges payable in connection with the execution, delivery, filing, and/or recording of any City Document or document required under any City Document.

24.8 No Inconsistent Agreements. The Borrower warrants that it has not executed and will not execute any other Agreement(s) with provisions materially contradictory or in opposition to the provisions of this Agreement.

24.9 Inconsistencies in City Documents. In the event of any conflict between the terms of this Agreement and any other City Document, the terms of this Agreement control unless otherwise stated; *provided, however,* that any provision in this Agreement in conflict with any Law will be interpreted subject to that Law.

24.10 Governing Law. This Agreement is governed by California law without regard to its choice of law rules.

24.11 Joint and Several Liability. If the Borrower consists of more than one person or entity, each is jointly and severally liable to the City for the faithful performance of this Agreement.

24.12 Successors. Except as otherwise limited herein, the provisions of this Agreement bind and inure to the benefit of the undersigned parties and their heirs, executors, administrators, legal representatives, successors, and assigns. This provision does not relieve the Borrower of its obligation under the City Documents to obtain the City's prior written consent to any assignment or other transfer of the Borrower's interests in the Loan, the Site or the ownership interests of the Borrower.

24.13 Attorneys' Fees. If any legal action is commenced to enforce any of the terms of this Agreement or rights arising from any party's actions in connection with this Agreement, the prevailing party will have the right to recover its reasonable attorneys' fees (including allocated fees of the City Attorney's Office) and costs of a suit from the other party, whether incurred in a judicial, arbitration, mediation or bankruptcy proceeding or on appeal. For the purposes of this Agreement, reasonable fees of attorneys in the City Attorney's office will be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter of law for which the City Attorney's services were rendered, who practice in the City of Vallejo in law firms with approximately the same number of attorneys as employed by the City Attorney's Office. An award of attorneys' fees and costs will bear interest at the default rate under the Note from the date of the award until paid.

24.14 Severability. The invalidity or unenforceability of any one or more provisions of this Agreement will in no way affect any other provision.

24.15 Time. Time is of the essence in this Agreement. Whenever the date on which an action must be performed falls on a Saturday, Sunday or federal holiday, the date for performance will be deemed to be the next succeeding business day.

24.16 Further Assurances. The Borrower agrees to: (a) pursue in an effective and continuous manner; (b) use best efforts to achieve; and (c) take all actions reasonably required by the City from time to time to confirm or otherwise carry out the purpose of this Agreement.

24.17 Binding Covenants. The provisions of the City Documents constitute covenants running with the land and will be binding upon the Borrower and the Borrower's successors and assigns, and all parties having or acquiring any right, title or interest in whatever form, including leasehold interests (other than Tenants), in or to any part of the Property, except that the same will terminate and become void automatically at the expiration of the Compliance Term of this Agreement. Any attempt to transfer any right, title or interest in the Property in violation of these covenants will be void.

24.18 Consent. Except as expressly provided otherwise, whenever consent or approval of a party is required in any City Document, that party agrees not to withhold or delay its consent or approval unreasonably.

24.19 Counterparts. This Agreement may be executed in any number of counterparts, all of which will constitute but one Agreement.

24.20 Borrower's Personnel. The Project shall be implemented only by competent personnel under the direction and supervision of the Borrower.

24.21 Borrower's Board of Directors. The Borrower shall at all times be governed by a legally constituted and fiscally responsible board of directors. Such board of directors shall meet regularly and maintain appropriate membership, as established in the Borrower's bylaws and other governing documents, and shall adhere to applicable provisions of federal, state, and local laws governing nonprofit corporations. The Borrower's board of directors shall exercise such oversight responsibility with regard to this Agreement as is necessary to ensure full and prompt performance by the Borrower of its obligations under this Agreement.

24.22 Exhibits. The following exhibits are attached to this Agreement and incorporated by reference:

EXHIBITS

A Schedule of Income and Rent Restrictions
B-1 Table of Sources and Uses of Funds
B-2 Annual Operating Budget
B-3 Twenty Year Cash Flow Pro Forma
C Form of HOME Program Loan Note
D Form of HOME Program Deed of Trust
E Form of HOME Program Rent Limitation and Affordability Agreement

F Form of Annual Monitoring Report
G Section 3 Requirements and Numerical Goals
H Governmental Requirements
I Insurance Requirements
J Lobbying/Debarment Certification Form
K Schedule of Performance

24.23 City's Recourse. The City's recourse against the Borrower following an Event of Default is limited as set forth more specifically in the Note.

24.24 Ownership of Results. Any interest of Borrower or any sub-borrower, in the modular units, drawings, plans, specifications, studies, reports, memoranda, computation sheets, the contents of computer diskettes, or other documents or publications prepared by or on behalf of Borrower or any sub-borrower in connection with this Agreement, the implementation of the Project, the services to be performed under this Agreement, or acquired through the use of any Loan proceeds ("Work Product"), is hereby pledged to City as security for Borrower's obligations under this Agreement and the Note, and upon an Event of Default, shall become the property of and be promptly transmitted by Borrower to the City. Notwithstanding the foregoing, Borrower may retain and use copies for reference and as documentation of its experience and capabilities.

This Agreement constitutes a security agreement under the California Uniform Commercial Code, as it may be amended from time to time, and Borrower authorizes City to file any financing statements City elects and deems necessary to perfect its security interest in the Work Product.

[Signature Pages Follow]

IN WITNESS WHEREOF, the City has executed this Agreement at Vallejo, California as of the date first written above.

THE CITY:

CITY OF VALLEJO,
a municipal corporation

By: ______________________
Mike Malone, Interim City Manager

Date: October 15, 2021

ATTEST:

By: ______________________
Dawn G. Abrahamson, City Clerk

(City Seal)

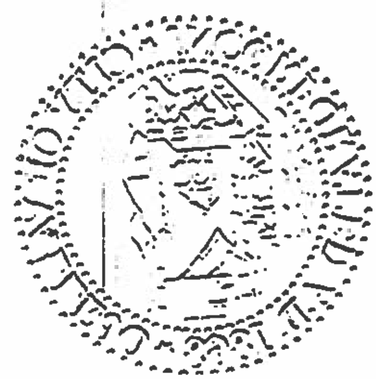
APPROVED AS TO INSURANCE REQUIREMENTS:

By: ______________________
Armond Sarkis, Risk Manager

APPROVED AS TO FORM:

By: ______________________
Veronica Nebb, City Attorney

[Borrower Signature Page Follows]



ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of SOLANO)

On OCTOBER 14, 2021 before me, ELINORE L. REGRESADO
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

ELINORE L. REGRESADO
Notary Public - California
Solano County
Commission # 2294600
My Comm. Expires Jul 12, 2023

Signature Elinore L. Regresado (Seal)

IN WITNESS WHEREOF, the Borrower has executed this Agreement at Vallejo, California as of the date first written above

<u>THE BORROWER</u>:

VALLEJO PSH, L.P.,
a California limited partnership

By: Vallejo PSH LLC,
a California limited liability company,
its general partner

By: Eden Development, Inc.,
a California nonprofit public benefit corporation,
its sole member/manager

By: ______________________________
Andrea Osgood
Senior Vice President of
Real Estate Development

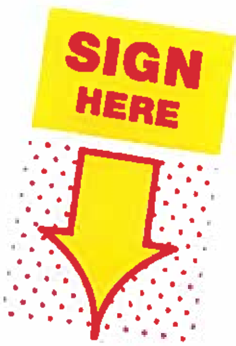

SIGN
HERE

EXHIBIT A

Schedule of Income and Rent Restrictions

2020 CTCAC Rents | Solano County

AMI	Studio	1 Bed	2 Bed
15%	$243	$260	$312
20%	$324	$346	$416
25%	$405	$433	$520
30%	$486	$520	$624
35%	$567	$606	$728
40%	$648	$693	$832
45%	$729	$780	$936
50%	$810	$867	$1,041
55%	$891	$953	$1,145
60%	$972	$1,040	$1,249
80%	$1,296	$1,387	$1,665
100%	$1,620	$1,734	$2,082
120%	$1,944	$2,080	$2,498

2020 CTCAC Income Levels | Solano County

AMI	1 Person	2 Persons	3 Persons	4 Persons
15%	$9,000	$10,290	$11,580	$12,855
20%	$12,000	$13,720	$15,440	$17,140
25%	$15,000	$17,150	$19,300	$21,425
30%	$18,000	$20,580	$23,160	$25,710
35%	$21,000	$24,010	$27,020	$29,995
40%	$24,000	$27,440	$30,880	$34,280
45%	$27,000	$30,870	$34,740	$38,565
50%	$30,000	$34,300	$38,600	$42,850
55%	$33,000	$37,730	$42,460	$47,135
60%	$36,000	$41,160	$46,320	$51,420
80%	$48,000	$54,880	$61,760	$68,560
100%	$60,000	$68,600	$77,200	$85,700
120%	$72,000	$82,320	$92,640	$102,840

EXHIBIT B-1

Table of Sources and Uses of Funds

TO BE PROVIDED BY THE BORROWER.

DEVELOPMENT BUDGET	Total	Per Unit
Total Land & Improvements	$3,690,000	$49,200
Total Design & Consulting	$2,390,000	$31,867
Total Construction	$30,525,243	$407,003
Total Indirect Costs	$11,058,216	$147,443
Total Finance & Carry Costs	$2,814,755	$37,530
Total TCAC/Syndication	$150,594	$2,008
TOTAL DEVELOPMENT COSTS	**$50,628,808**	**$675,051**
SOURCES OF FINANCING	**Total**	**Per Unit**
Land Donation	$3,660,000	$48,800
City	$3,786,710	$50,489
Cap Solano JPA	$1,500,000	$20,000
MHP	$11,413,453	$152,179
NPLH	$6,056,211	$80,749
LIH Tax Credit-LP Capital Contribution	$22,235,631	$296,475
LIH Tax Credit-GP Capital/Non-Priority Deferred Fee	$1,976,803	$26,357
TOTAL SOURCES OF FUNDS	**$50,628,808**	**$675,051**

EXHIBIT B-2

Annual Operating Budget

TO BE PROVIDED BY THE BORROWER.

OPERATING BUDGE

Salaries and Wages
On-Site Manager(s)
On-Site Assistant Manager(s)
Supportive Services Staff Super
Supportive Services Coordinato
Other Supportive Services Staff
On-Site Maintenance Employee
On-Site Leasing Agent/Administ
On-Site Security Employee(s)
Total Salaries

Payroll Taxes
Workers Compensation
Employee Benefits
Employee(s) Payroll Taxes, Wo
Total Employee(s) Expenses

Revenue
Rent Revenue - Gross Potential
Restricted Unit Rents
Unrestricted Unit Rents
Tenant Assistance Payments
PB Section 8

Operating Subsidies
Capitalized Service Reserve
Laundry and Vending Revenue
Garage and Parking Spaces
Miscellaneous Rent Revenue
Gross Potential Income (GPI)

Vacancy Loss(es)

Effective Gross Income (EGI)

Administrative Expenses
Conventions and Meetings
Advertising and Marketing
Other Renting Expenses
Office/Administrative Salaries --
Office Expenses
Office or Model Apartment Rent
Management Fee
Site/Resident Manager(s) Salari

EXHIBIT B-3
Twenty Year Cash Flow Pro Forma

[This Pro Forma must include the same line items as the Annual Operating Budget shown in Exhibit B-2.]

TO BE PROVIDED BY THE BORROWER.

Cash Flow Analysis

Is Income from Restricted Units based on Restricted or Proposed Rents? Restricted Rents

INCOME FROM HOUSING UNITS	Inflation	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Restricted Unit Rents	2.5%	437,988	448,938	460,161	471,665	483,457	495,543
Unrestricted Units	2.5%	0	0	0	0	0	0
Tenant Assistance Payments							
Program: PB Section 8	2.5%	514,320	527,178	540,357	553,866	567,713	581,906
Program:	2.5%	0	0	0	0	0	0
Operating Subsidies	2.0%	0	0	0	0	0	0
Other: (Capitalized Service Reserve)	2.5%	59,666	66,857	74,529	82,703	91,402	100,652
GROSS POTENTIAL INCOME - HOUSING		1,011,974	1,042,973	1,075,047	1,108,234	1,142,572	1,178,101

OTHER INCOME		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Laundry & Vending	2.5%	8,112	8,315	8,523	8,736	8,954	9,178
Other Income	2.5%	0	0	0	0	0	0
Commercial Income	2.5%	0	0	0	0	0	0
GROSS POTENTIAL INCOME - OTHER		8,112	8,315	8,523	8,736	8,954	9,178
GROSS POTENTIAL INCOME - TOTAL		1,020,086	1,051,288	1,083,570	1,116,970	1,151,526	1,187,279

VACANCY ASSUMPTIONS		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Restricted Units	5.0%	21,899	22,447	23,008	23,583	24,173	24,777
Unrestricted Units	5.0%	0	0	0	0	0	0
Tenant Assistance Payments	5.0%	25,716	26,359	27,018	27,693	28,386	29,095
Other: (Capitalized Service Reserve)	0.0%	0	0	0	0	0	0
Laundry/Vending/Other Income	5.0%	406	416	426	437	448	459
Commercial Income	50.0%	0	0	0	0	0	0
TOTAL VACANCY LOSS		48,021	49,222	50,452	51,713	53,006	54,331
EFFECTIVE GROSS INCOME		972,065	1,002,066	1,033,118	1,065,257	1,098,520	1,132,948

OPERATING EXPENSES & RESERVE		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Residential Exp. (w/o Real Estate	3.5%	684,960	708,934	733,746	759,427	786,007	813,518
Real Estate Taxes	2.0%	3,000	3,060	3,121	3,184	3,247	3,312
Supportive Services Costs	2.5%	169,232	173,463	177,799	182,244	186,800	191,470
Replacement Reserve	0.0%	37,500	37,500	37,500	37,500	37,500	37,500

EXHIBIT C
Form of HOME Program Loan Note

(Sacramento Street Permanent Supportive Housing Development)

Principal Sum Not to Exceed: Date: ____________
$2,186,710 Vallejo, California

FOR VALUE RECEIVED, VALLEJO PSH, L.P. a California limited partner (the "Maker" or "Borrower"), having an address at 22645 Grant Street, Hayward, California 94541. Promises to pay THE CITY OF VALLEJO ("Payee" or "City"), a principal sum not to exceed Two Million One Hundred Eighty-Six Thousand Seven Hundred Ten Dollars and No Cents ($2,186,710.00), or so much of such principal as may be advanced, with interest at the rate of three percent per annum. Interest shall be simple interest only.

1. Purpose. This Note is made and delivered pursuant to and in implementation of that certain Loan Agreement entered into between the City and the Borrower, dated ______________, 2021 (the "Loan Agreement), which provides for the term "Site" means that real property located at and described as **2118 Sacramento Street, and 2134-2136 Sacramento Street, Vallejo, California 94590.**

2. Housing Project. The Maker will plan, develop, construct, and operate a 75-unit permanent supportive housing community on the Site (the "Project"). The 75 units that are contained in the Project are referred to herein as the "Housing Units".

3. Maturity Date. The Note shall be due and payable in full 55 years after the date the Project obtains its final Certificate of Occupancy (the "Maturity Date"), provided however that if Borrower fails to acquire Control of the Site on or before December 31, 2022 (the "Outside Acquisition Date"), the Maturity Date shall be the Outside Acquisition Date. The City may agree to extend the Outside Acquisition Date in its sole and absolute discretion. Notwithstanding the foregoing, if Borrower's failure to acquire Control of the Site by the Outside Acquisition Date is not caused by Borrower's acts or omissions, whether direct or indirect, and if Borrower has acted in good faith and no event has occurred and is continuing that constitutes an Event of Default or, with the passage of time would become an Event of Default under any of the City Documents, then in such an event, Borrower shall deliver to City all of the Work Product, the Agreement shall be deemed satisfied in full and Borrower shall be deemed to be released from all obligation or liability with respect to this Note and the Loan.

2020 CTCAC Rents | Solano County

AMI	Studio	1 Bed	2 Bed
15%	$243	$260	$312
20%	$324	$346	$416
25%	$405	$433	$520
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80%	$48,000	$54,880	$61,760	$68,560
100%	$60,000	$68,600	$77,200	$85,700
120%	$72,000	$82,320	$92,640	$102,840

4. <u>Payment.</u> Beginning at the end of the Maker's first fiscal year immediately following the date the Project obtains its final Certificate of Occupancy, the Maker shall make annual payments of principal and interest to the Payee in an amount equal to the "City Share of Residual Receipts", hereinafter defined from the Payee's preceding fiscal year. Payment shall be made within 150 calendar days of the end of each fiscal year of the Maker.

"Residual Receipts" shall mean the sum of money computed as follows:

All rents, revenues, consideration or income (of any form but excluding capital contributions, tenants' security deposits, loan proceeds, financing or refinancing proceeds, partner advances, or similar advances) derived by the Maker in connection with or relating to the operation of the residential units of the Housing Project, including any revenue derived from any refinancing of the Housing Project, <u>less</u> all of the following:

On an annual basis, Debt Service (as defined below); all costs and expenses reasonably and actually incurred for operation, maintenance, and administration of the Housing Project, including but not limited to: premiums for property damage and liability insurance; utility services not paid for directly by tenants, including but not limited to water, sewer, trash collection, gas and electricity; maintenance and repair including but not limited to pest control, landscaping and grounds maintenance, painting and decorating, cleaning, common systems repairs, general repairs, janitorial, supplies, and others; any annual license or Certificate of Occupancy fees required for the operation of the Housing Project; general administrative expenses, including but limited to advertising and marketing, security services and systems, professional fees for legal, audit, accounting and tax returns, and others; supportive services fees paid to the supportive services provider; asset management fees paid to the limited partner of the Maker (the "Limited Partner") in a total amount not to exceed $15,000 annually, increasing 3% percent annually; partnership management fees in a total amount not to exceed $25,000 annually, payable to the general partners, increasing 3% percent annually; deferred development fees to the developer(s); repayment of any advances made by the managing general partner of the Maker, the co-general partner of the Maker, or the Limited Partner of the Maker under the terms of the partnership agreement governing the Maker (the "Partnership Agreement"); payment of any "Adjustment Amount" to the Limited Partner that is required under the Partnership Agreement; property management fees and reimbursements including on-site manager expenses, in an amount not to exceed fees and reimbursements which are standard in the industry and are pursuant to a management contract approved by the Limited Partner and the City; cash deposited into reserves required by lenders, tax credit investor/s, or by the terms of the Partnership Agreement; and capital replacements of Project Improvements. Expenses shall also not include the following: depreciation, amortization, depletion, or other non-cash expenses. Project Fees are not Project Expenses.

As used herein, "Debt Service" means regularly scheduled mandatory payments of principal and interest made in a calendar year pursuant to the financing approved pursuant to **Article 2.1** of the Loan Agreement which has been obtained for the development of the Housing Project, but excluding payments made pursuant to this Note.

Beginning with the first year of operation of the Project by the Maker after the Project obtains its final Certificate of Occupancy, the Maker shall deliver to the Payee each year an annual audited financial statement in order to determine the amount of Residual Receipts. The Payee shall have the right to inspect and audit the Maker's financial books and records concerning the calculation of Residual Receipts upon reasonable notice and during regular business hours. Any amount owed under this Note and not paid due to insufficient Residual Receipts shall be carried over to the next year and added to the amount owed for the following year, but shall not be compounded. Payments made from the Maker shall be credited first to pay interest, and then to pay principal.

Each year until all principal and interest hereunder is paid in full, 50 percent of the Residual Receipts shall be paid for the repayment of this Note, to be shared pro rata with any other Residual Receipts loans provided in accordance with the approved Project Financing ("the City HOME Program Share of Residual Receipts").

5. Payment Location. Payment shall be made in lawful money of the United States to Payee, care of the City of Vallejo Housing and Community Development Division, 200 Georgia Street, Vallejo, California 94590. The place of payment may be changed from time to time as the Payee may from time to time designate in writing.

6. Default. The occurrence of any of the following shall constitute an event of default under this Note:

   a. the Maker fails to pay any amount due hereunder within 30 days of its due date; or

   b. any default by the Maker under this Note, any City Deed of trust, the HOME Program Loan Agreement, or any Affordability Agreement recorded against the Site after the expiration of all applicable cure periods; or

c. any default by the Maker under any other obligation of the Maker recorded against the Site after the expiration of all applicable cure periods.

The Maker shall not be considered in default under this Note until the expiration of all notice and cure periods provided to the maker. Any cure of any default made or tendered by one of the Maker's Limited Partners, as approved by the City, shall be deemed to be a cure by the Maker and shall be accepted or rejected on the same basis as if made or tendered by the Maker.

Upon the occurrence of any uncured event of default, or at any time thereafter, at the option of the Payee hereof, the entire unpaid principal and interest owing on this Note shall become immediately due and payable. This option may be exercised at any time following any such event, and the acceptance of one of more installments thereafter shall not constitute a waiver of the Payee's option. The Payee's failure to exercise such option shall not constitute a waiver of such option with respect to any subsequent event. The Payee's failure to exercise any other right or remedy hereunder or under any other Agreement which secures the indebtedness or is related thereto shall not affect any right or remedy and no single or partial exercise of any such right or remedy shall preclude any further exercise thereof.

7. Default Interest Rate. At all times when the Maker is in default hereunder by reason of the Maker's failure to pay the principal due under this Note within applicable cure periods, the interest rate on the sums as to which the Maker is in default (including the principal, if the Payee has elected to declare it immediately due and payable), shall be at the highest rate then allowed by law as of the date of the default, or ten percent, whichever is lower.

8. Waivers. The Maker and any endorsers hereof and all others who may become liable for all or any part of this obligation, severally waive presentment for payment, demand and protest and notice of protest, and of dishonor and nonpayment of this Note, and expressly consent to any extension of the time of payment hereof or of any installment hereof, and any such extension or release as may be made without notice to any of said parties, and without in any way affecting or discharging this liability.

9. Costs. The Maker agrees to pay immediately upon demand all costs and expenses of the Payee, including reasonable attorneys' fees, if:

a. after default and the expiration of all notice and cure periods this Note is placed in the hands of an attorney or attorneys for collection; or

b. after a default hereunder or under any City Deed of Trust or Loan Agreement and after the expiration of all notice and cure periods the Payee funds it necessary or desirable to secure the services or advice of one or more attorneys with regard to collection of this Note against the Maker, any guarantor or any other party liable therefor or to the protection of its rights under this Note, any City Deed of Trust, the HOME Program Loan Agreement or any other loan document executed in connection with this Project; or

c. the Payee seeks to have the Site abandoned or be reclaimed from any estate in bankruptcy, or attempts to have any stay or injunction prohibiting the enforcement or collection of this Note, or prohibiting the enforcement of any City Deed of Trust, or any other Agreement evidencing or securing this Note lifted by any bankruptcy or other court.

If the Payee shall be made a party to or shall reasonably intervene in any action or proceeding, whether in court or before any governmental entity, affecting the Site or the title thereto or the interest of the Payee under any City Deed of Trust including, without limitation, any form of condemnation or eminent domain proceeding, the Payee shall be reimbursed by the Maker immediately upon demand for all costs, charges, and reasonable attorneys' fees incurred by the Payee in any such case, and the same shall be secured by any City Deed of Trust as a further charge and lien upon the Site.

10. Notices. Any notices provided for in this Note shall be given by mailing such notice by certified mail, return receipt requested at the address stated in this Note or at such address as either party may designate by written notice.

11. Successors. This Note shall be binding upon the Maker, its successors, and assigns.

12. California Law. This Note shall be construed in accordance with and be governed by the laws of the State of California.

13. Severability. If any provision of this Note shall be determined to be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

14. Nonrecourse. This Note is a nonrecourse obligation of the Maker. Neither the Maker nor any of its officers, directors or general and limited partners shall have any personal liability for repaying the principal or interest of

this Note. In any action to enforce the obligations of the Maker under this Note, any City Deed of trust or any other instrument or Agreement evidencing, securing or relating to the indebtedness evidenced by this Note, the judgement or decree shall be enforceable against the Maker solely and only to the extent of its interest in the property described in this Note or any City Deed of Trust or its interest in any other security loaned by the Maker as security for this Note, and the Payee shall not seek any deficiency judgement against the Maker. The foregoing provisions shall not prevent recourse to the collateral security for the Loan or constitute a waiver, release or discharge of or otherwise affect the obligation to pay any indebtedness evidenced by the loan documents executed in connection with this Project, or limit the right of any person to name the Maker or any other person claiming an interest in or right to such collateral as party defendant in any action or suit for judicial foreclosure or in the exercise of any other remedy, including injunctive or other equitable relief, under any of the loan documents executed in connection with this Project, so long as no deficiency judgement shall be sought against the Maker.

The foregoing limitation shall not apply to any and all loss, damage, liability, action, case of action, cost or expense (including, without limitation, reasonable attorney's fees and expenses), to the extent incurred by the Payee as a result of any:

a. fraud or material misrepresentation under or in connection with the loan or any loan document executed in connection with this Project; or

b. intentional bad faith waste of the Site by the Maker; or

c. losses resulting from the Maker's failure to maintain insured as required by this Note or any Deed of Trust; or

d. misappropriation of any rents, security deposits, insurance proceeds, condemnation awards or any other proceeds by the Maker derived from any collateral security.

If any of the events listed in the foregoing (a) through (d) occurs, the Payee shall have the right to proceed directly against the Maker at the time the event giving rise to the recourse liability occurred to recover any and all loss, damage, liability, action, cause of action, cost or expense (including, without limitation, reasonable attorneys' fees and expenses), incurred by the Payee.

15. <u>Nonliability of Maker and Payee Officials and Employees.</u>

a. No member, official or employee of the Payee shall be personally liable to the Maker in the event of any default or breach by the City or on any obligations under the terms of this Note.

b. No member, official o employee of the Maker shall be personally liable to the Payee in the event of any default or breach by the Maker or for any amount which may become due to the Payee or on any obligations under the terms of this Note.

[Signature Page Follows]

IN WITNESS WHEREOF, the Maker has executed this Note as of the date first written above

THE BORROWER:

VALLEJO PSH, L.P.,
a California limited partnership

By: Vallejo PSH LLC,
a California limited liability company,
its general partner

By: Eden Development, Inc.,
a California nonprofit public benefit corporation,
its sole member/manager

By: ______________________________
Andrea Osgood
Senior Vice President of
Real Estate Development

Exhibit D
Form of HOME Program Deed of Trust

[Attached]

Escrow No:
RECORDING REQUESTED BY:
City of Vallejo
When Recorded, Mail Document to:
City of Vallejo
200 Georgia Street
Vallejo, CA 94590
Attn: Judy Shepard-Hall

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

Exempt from Recording Fees pursuant to Govt. Code € 227383

DEED OF TRUST

THIS DEED OF TRUST ("Security Instrument") is made on. The Trustor is Vallejo PSH, L.P. ("Borrower"). The Trustee is **North American Title Company**. The Beneficiary is the **City of Vallejo**, which is organized and existing under the laws of California, and whose address is 200 Georgia Street, Vallejo, CA 94590 ("Lender").

Borrower owes Lender the principal sum of **Two Million One Hundred Eighty-Six Thousand Seven Hundred Ten Dollars and No Cents ($2,186,710.00)**. This debt is evidenced by Borrower's Promissory Note dated the same date as this Security Instrument ("Note"), which provides for deferred monthly payments, with the full debt, if not paid earlier, due and payable 55 years from the date of this Security Instrument. This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions, and modifications; (b) the payment of all other sums, with interest advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale the following described property located in Solano County, California:

See Exhibit "A"

APN #:

which has the addresses of 2118 Sacramento Street, and 2134-36 Sacramento Street, Vallejo CA, 94590

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water rights and stock, and all fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this **Security Instrument as the "Property."**

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. **Payment of Principal and Interest; Prepayment and Late Charges.** Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

2. **Funds for Taxes and Insurance.** Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") equal to one-twelfth of: (a) yearly taxes and assessments which may attain priority over this Security Instrument; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard insurance premiums; and (d) yearly mortgage insurance premiums, if any. These items are called "escrow items." Lender may estimate the Funds due on the basis of current data and reasonable estimates of future escrow items.

The Funds shall be held in an institution the deposits or accounts of which are insured or guaranteed by a federal or state agency (including Lender if Lender is such an institution). Lender shall apply the Funds to pay the escrow items. Lender may not charge for holding and applying the Funds, analyzing the account or verifying the escrow items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. Borrower and Lender may agree in writing that interest shall be paid on the Funds. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by this Security Instrument.

If the amount of the Funds held by Lender, together with the future monthly payments of Funds payable prior to the due dates of the escrow items, shall exceed the amount required to pay the escrow items when due, the excess shall be, at Borrower's option, either promptly repaid to Borrower or credited to Borrower on monthly payments of Funds. If the amount of the Funds held by Lender is not sufficient to pay the escrow items when due, Borrower shall pay to Lender any amount necessary to make up the deficiency in one or more payments as required by Lender.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If under paragraph 19 the Property is sold or acquired by Lender, Lender shall apply, no later than immediately prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender at the time of application as a credit against the sums secured by this Security Instrument.

3. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied: first, to late charges due under the Note; second, to prepayment charges due under the Note, third, to amounts payable under paragraph 2; forth, to interest due; and last, to principal due.

4. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines, and impositions attributable to the Property, which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien or forfeiture of any part of the Property; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien, which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within ten days of the giving of notice.

5. Hazard Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage", and any other hazards for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval, which shall not be unreasonably withheld.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If under paragraph 19 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

6. Preservation and Maintenance of Property; Leaseholds. Borrower shall not destroy, damage, or substantially change the Property, or allow the Property to deteriorate or commit waste. If this Security Instrument is on a leasehold, Borrower shall comply with the provisions of the lease, and if Borrower acquires fee title to the Property, the leasehold and fee title shall not merge unless Lender agrees to the merger in writing.

7. Protection of Lender's Rights in the Property; Mortgage Insurance. If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation, or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien, which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees, and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the insurance in effect until such time as the requirement for the insurance terminates in accordance with Borrower's and Lender's written agreement or applicable law.

8. Inspection. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

9. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemner offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

10. Borrower Not Released: Forbearance by Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

11. Successors and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of Paragraph 17. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant, and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear, or make any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

12. Loan Charges. If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit, and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

13. Legislation Affecting Lender's Rights. If enactment or expiration of applicable laws has the effect of rendering any provision of the Note or this Security instrument unenforceable according to its terms, Lender, at its option, may require immediate payment in full of all sums secured by this Security Instrument and may invoke any remedies permitted by paragraph 19. If Lender exercises this option, Lender shall take the steps specified in the second paragraph of paragraph 17.

14. Notices. Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

15. Governing Law; Severability. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

16. Borrower's Copy. Borrower shall be given one conformed copy of the Note and of this Security Instrument.

17. Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, Lender shall not exercise this option if federal law as of the date of this Security Instrument prohibits exercise.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

18. Borrower's Right to Reinstate. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) five days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument, or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note had no acceleration occurred, (b) cures any default of any other covenants or agreements, (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees, and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the Property, and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraphs 13 or 17.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

19. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under paragraphs 13 and 17 unless applicable law provides otherwise). The notice shall specify: (a) the default, (b) the action required to cure the default, (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured, and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 19, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of defa and of Lender's election to cause the Property to be sold. Trustee shall cause this notice to be recorded in each county in which any part of the Property located. Lender or Trustee shall mail copies of the notice as prescribed by applicable law to Borrower and to the other persons prescribed by applical law. Trustee shall give public notice of sale to the persons and in the manner prescribed by applicable law. After the time required by applical law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the ten designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of t property by public announcement at the time and place of any previously scheduled sale. Lender or its designee may purchase the property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the property without any covenant or warranty, expressed or implied. T recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in t following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by tl Security Instrument; and (c) any excess to the person or persons legally entitled to it.

20. Lender in Possession. Upon acceleration under paragraph 19 or abandonment of the Property, Lender (in person, by agent, or judicially appointed receiver) shall be entitled to enter upon, take possession of, and manage the Property and to collect the rents of the Property includi those past due. Any rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collecti of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds, and reasonable attorneys' fees, and then to the sums secured by tl Security Instrument.

21. Reconveyance. Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property a shall surrender this Security Instrument and all notes evidencing debt secured by this Security Instrument to Trustee. Trustee shall reconvey the Prope without warranty and without charge to the person or persons legally entitled to it. Such person or persons shall pay any recordation costs.

22. Substitute Trustee. Lender, at its option, may from time to time appoint a successor trustee to any Trustee appointed hereunder by instrument executed and acknowledged by Lender and recorded in the office of the Recorder of the county in which the Property is located. T instrument shall contain the name of the original Lender, Trustee, and Borrower, the book and page where this Security Instrument is recorded and t name and address of the successor trustee. Without conveyance of the Property, the successor trustee shall succeed to all the title, powers, and dut conferred upon the Trustee herein and by applicable law. This procedure for substitution of trustee shall govern to the exclusion of all other provisic for substitution.

23. Request for Notices. Borrower requests that copies of the notices of default and sale be sent to Borrower's address, which is the Property Address.

24. The loan secured by this Deed of Trust is intended to make the dwelling affordable to the owner-occupant. In the event that a Borrow ceases to live in the premises as his or her principal residence and rents it to another person or persons, the Lender may, at its sole discretion, requ immediate payment in full of all sums secured by this Security Instrument. If Lender exercises this option, Lender shall give Borrower notice acceleration pursuant to the provisions of paragraph 17.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument anc <u>any rider(s) executed by Borrower and recorded</u> with it.

(Space Below This Line for Acknowledgment)

BORROWER:
VALLEJO PSH, L.P.,
a California limited partnership

By: Vallejo PSH LLC,
a California limited liability company,
its general partner

By: Eden Development, Inc.,
a California nonprofit public benefit corporation,
its sole member/manager

By:____________________________
Andrea Osgood
Senior Vice President of Real Estate Development

Exhibit E

Form of HOME Program Rent Limitation and Affordability Agreement – Permanent Supportive Housing Development, Sacramento Street

RECORDING REQUESTED BY:

THE CITY OF VALLEJO
200 Georgia Street
Vallejo, CA 94590

WHEN RECORDED, MAIL DOCUMENT TO:

THE CITY OF VALLEJO
200 Georgia Street
Vallejo, CA 94590
Attn: Judy Shepard-Hall

Space above line for Recorder's use only
Exempt from Recording Fees pursuant to Govt. Code § 27383

HOME PROGRAM RENT LIMITATION AND REGULATORY AGREEMENT

This Rent Limitation and Regulatory Agreement (this "**Agreement**") is made as of ________________, by and between the City of Vallejo (hereinafter called the "**City**") and VALLEJO PSH, L.P. a California limited partner (hereinafter called the "**Borrower**").

WITNESSETH:

In consideration of a loan in the amount of TWO MILLION ONE HUNDRED EIGHTY- SIX THOUSAND FOUR HUNDRED FORTY-EIGHT THOUSAND SEVEN HUNDRED TEN DOLLARS AND NO CENTS ($2,186,710.00) (the "**Loan**") from the City pursuant to the HOME Investment Partnerships Program ("**HOME Program**") and of promises hereinafter contained, the City and the Borrower, for itself and its successors and assigns, covenant and agree as follows:

1. PURPOSE.

1.1. This Agreement is made in implementation of that certain HOME Investment Partnerships Program Loan Agreement (the "**Loan Agreement**"), dated ________________, between the City and the Borrower.

1.2. Pursuant to the Loan Agreement, the City has provided the Loan to the Borrower as evidenced by a promissory note (the "**Note**") executed by the Borrower in favor of the City regarding real property (the "**Site**") located in the City of Vallejo, State of California, described in **Attachment A** attached hereto and incorporated herein by reference. The HOME Program Loan is conditioned upon, among other requirements, the Borrower's execution and delivery to the City of this Rent Limitation and Regulatory Agreement, and the Borrower's express agreement that the Borrower, and its successors and assigns, shall comply with this Agreement.

1.3. The Loan funds provided by the City for the development and construction of the Property as described in the Loan Agreement are funds allocated to the City under the HOME Program, for purposes of expanding the community's supply of decent, safe, sanitary, and affordable housing with primary attention to rental housing for very low-income households as defined at 24 CFR Part 92,1., et seq.

1.4.The City approved the HOME Program Loan on the basis that the Borrower shall develop on the Site up to a 76-unit multi-family housing development, and that eleven of the Project's Units (the "**Assisted Units**" or "**HOME Assisted Units**") shall be rented at an affordable rent to and occupied by very low-income households (as such terms are defined herein), all in accordance with this Agreement and the HOME Program Regulations (as defined herein).

1.5. As an inducement to the City to make the Loan, the Borrower has agreed to enter into this Agreement in accordance with the terms, conditions, and covenants set forth below, and consents to be regulated and restricted by the authority as herein provided and as provided for in the HOME Program Regulations any and all as the same may be amended and supplemented from time to time, and as applicable.

2. FURTHER COVENANTS.

2.1. The Borrower shall not, without the prior written approval of the City:

(a) Convey, transfer, or encumber, or permit the conveyance, transfer or Encumbrance of the Project or the Site (collectively, the "**Property**"), unless such assignee, transferee, or encumbrance has agreed in writing and inform suitable for recordation, to be bound by the terms of this Agreement, and receive written approval from the City pursuant to Section 8.1. below.

(b) Add to, reconstruct, or demolish any part of the Property or improvements thereon, except as provided by the Loan Agreement.

(c) Permit the use of the Assisted Units for any purpose except those set forth in this Agreement.

(d) Rent any Assisted unit for less than one year, unless otherwise mutually agreed to in writing by the Borrower and the Tenant in accordance with the HOME Program Regulations.

(e) Enter into any contracts or agreements that, to the best of the Borrower's knowledge, would result in a conflict of interest between any of the parties to such contracts and its City, its elected and appointed officials, officers, employees, agents, or members of their immediate families.

2.2. Compliance with Program Requirements. The Borrower agrees that at all times, and at its sole cost and expense, the Borrower and the Project shall comply with all provisions of the HOME Investment Partnerships Act as set forth in Title II of the Cranston-Gonzales National Affordable Housing Act of 1990, 42 U. S. C. €12701 et seq., as amended from time to time (the "**Act**"); and regulations promulgates at 24 CFR Part 92, et seq. (the "**Regulations**"); all other applicable federal and state statutes, rules, and regulations; such additional regulations, orders, rulings, interpretations, and directives for the HOME Program as may be promulgated by HUD from time to time; such policies and procedures of HUD pertaining to the HOME Program; the applicable provisions of the HOME Program Loan Agreement; and any and all other requirements of the HOME Program (the "**HOME Program Regulations**"). The Borrower acknowledges and agrees that is familiar with all applicable provisions of the HOME Program Regulations and has been professionally advised to the extent necessary for the purpose of enabling the Borrower to fully comply with such provisions. To the extent that there are any conflicts or inconsistencies between the provisions of this Agreement and the HOME Program Regulations, the HOME Program Regulations shall govern.

3. AFFORDABILITY AND LEASE REQUIREMENTS.

3.1 The Borrower agrees that the Project shall contain at all times not less than eleven HOME Assisted Units. The Assisted Units shall bear rents no greater than the HOME Rent Limits set forth in 24 CFR Part 92.252. The Assisted Units' rents shall be reviewed and approved by the City. The Borrower, for and on behalf of itself and its successors and assigns, agrees and shall ensure that all Assisted Units shall be rented and occupied as follows:

(a) Not less than eleven Units in the Project shall be rented to and occupied households whose gross monthly income is at or below 50 percent ("**Very Low Income Households**") of the area median income for the area in which the Project is located, as determined by HUD from time to time and adjusted for family size ("**Area Median Income**"). For those Assisted Units to be occupied by Very Low Income Households, the rents shall not be greater than 30 percent of the adjusted income of a household whose gross income equals 50 percent of the Area Median Income.

(b) The Assisted Units shall be floating Units as permitted under the HOME Program Regulations. The Units designated as Assisted Units may be changed from time to time, provided that: (1) at all times there shall not less than eleven Units that qualify as Assisted Units in the Project, and (2) each substituted Unit is comparable in terms of size, features, and number of bedrooms to the originally designated Assisted Unit.

3.2 The Borrower shall not raise rents for the Assisted Units, except as follows: One year following the initial occupancy of the Assisted Units, and annually thereafter, the Borrower shall review and recertify the incomes and rents of the Tenants occupying each of the Assisted Units, except that the parties acknowledge that any Assisted Units that have been allocated low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code of 1986 shall be subject to the rent restrictions pursuant to Section 42 as set forth in 24 CFR Part 92,252(i)(2). The Borrower may raise the rents of the Assisted Units upon such review and recertification, provided that the new rents do not exceed the maximum HOME rent limits allowed under 24 CFR Part 92.252, as it may be amended from time to time.

3.3 A holder of a Certificate of Family Participation under 24 CFR Part 887 (Rental Certification Program) or a Rental Voucher under 24 CFR Part 982 (Rental Voucher Program), or a hold of a comparable document evidencing participation in a HOME tenant-based assistance program, shall not be refused for leasing because of the status of the prospective Tenant as a holder of such certificate, voucher, or comparable HOME tenant-based assistance document. All of the Assisted Units shall be made available to holders of Certificates of Family Participation or a Rental Voucher.

3.4 The Borrower agrees that the leases between the Borrower and the Tenants of the Assisted Units shall not be less than one year unless by mutual agreement between the Tenant and the Borrower, and shall comply with the provisions of 24 CFR Part 92.253(b) and (c), as it may from time to time be amended.

3.5 The Borrower shall maintain and manage the Project, and each of the Assisted Units to be constructed within the Project, in accordance with written tenant selection policies and criteria that comply with 24 CFR Part 92,253(d), as it may from time to time be amended. Upon execution hereof and annually thereafter, the Borrower shall provide the City copies of such written policies and criteria.

3.6 The Project may receive Project Based Section 8 vouchers or other rental subsidies (the "Rental Subsidies") throughout the term of this Agreement. If, during the term of this Agreement, any change in federal law occurs or any action (or inaction) by Congress or any federal or State agency occurs, which results in a reduction, termination or nonrenewal of the Rental Subsidies, such that the rental subsidy projected on the budget for the Project is reduced or no longer available, Borrower may request to increase the rents on one or more of the HOME Assisted Units during the remainder of the Term up to 60% AMI, provided Borrower demonstrates to the satisfaction of the City that such rental increase is necessary to maintain the financial stability of the Project and no alternative rental subsidies are available.

4. MANAGEMENT.

4.1 Borrower's Responsibilities. Subject to the rights set forth in Section 4.3, the Borrower will be specifically and solely responsible for causing all maintenance, repair, and management functions performed in connection with the Project, including the selection of tenants, the recertification of income and household size, evictions, the collection of rents, routine and extraordinary repairs, and the replacement of capital items. The Borrower must maintain or cause to be maintained the Project, including the Units and the common areas, in a safe and sanitary manner in accordance with local health, building, and housing codes; California Health and Safety Code 1792010; the applicable provisions of 24 CFR Part 35; and all applicable federal requirements.

4.2 The Borrower must take prudent measures to ensure the security of the Site. These measures may include erecting a fence; covering and securing all openings in any vacant building; and hiring security guards, as appropriate for the circumstances.

4.3 Contracting with Management Agent.

(a) The Borrower may contract or permit contracting with a management agent for the performance of the services or duties required in Subject 4.1, subject to the City's prior written approval of both the management agent and, at the City's discretion, the management contract between the Borrower and the management agent, *provided, however,* that the arrangement will not relieve the Borrower of responsibility for the performance of those duties. Any management contract must contain a provision allowing the Borrower to terminate the contract without penalty upon no more than 30 days' notice. The City hereby agrees that Eden Housing Management, Inc. is an approved management agent.

(b) The City will provide written notice to the Borrower of any determination that the Management agent performing the functions required in Section 4.1 has failed to operate and manage the Project in accordance with this Agreement. If the management agent has not cured the failure within a reasonable time period, as determined by the City, the Borrower must exercise its right of termination immediately, and make immediate arrangements for continuous and continuing performance of the functions required in Section 4.1 to the City's approval.

4.4 Borrower Management. The Borrower may manage the Project itself only with the City's prior written approval. The City will provide written notice to the Borrower of any determination that the Borrower has failed to operate and manage the Project in accordance with this Agreement, in which case of the Borrower does not cure the deficiencies within a reasonable period of time, the City may require the Borrower to contract or cause contracting with a management agent to operate the Project, or to make other arrangements the City deems necessary to ensure performance of the functions required in Section 4.1.

5. MONITORING REQUIREMENTS.

5.1 Each year during the term of this Agreement, the Borrower shall provide to the City, for the City's approval, a written report which contains the following:

(a) The rental rate for each of the Assisted Units.

(b) The income of each household residing in each of the Assisted Units, and the Borrower's recalculation of the maximum monthly rent to be paid by each tenant household.

(c) The family size of each household residing in each of the Assisted Units.

(d) The monthly allowances proposed by the Borrower for utilities and services to be paid by the tenants of each of the Assisted Units.

5.2 Each year, with not less than 48 hours' prior written notice to the Borrower, the City may conduct an on-site monitoring of the Assisted Units to ensure that the Units meet HUD's minimum Housing Quality Standards (HQS), and applicable local codes and zoning ordinances. The Borrower agrees, promptly and diligently, to make required corrections of a result of this monitoring.

6. MAINTENANCE.

The City and the Borrower anticipate that the Project will be subject to certain maintenance reserve requirements established under other affordable housing financing programs applicable to the Project. To the extent any such maintenance reserve requirements are applicable to the Project, and so long as the Borrower fully complies with such maintenance reserve requirements, the Borrower shall be deemed to be in compliance with the requirements of this Section 6.

7. NONDISCRIMINATION.

The Borrower shall not discriminate against any prospective tenant in the use, enjoyment, occupancy, conveyance, lease, sublease, or rental of any part of the Project on the basis of race, color, creed, ancestry, national origin, religion, sex, sexual preference, marital status, family status, source of income, physical or mental disability, Acquired Immune Deficiency Syndrome (AIDS) or AIDS-related conditions (ARC), or any other arbitrary basis. The Borrower shall otherwise comply with all applicable local, state, and federal laws concerning discrimination in housing.

8. RESTRICTIONS ON SALE, ENCUMBRANCE, AND OTHER ACTS.

8.1 The Borrower shall not make any sale, encumbrance, hypothecation, assignment, pledge, conveyance or transfer in any form of all or any part of, or any interest in, the Project or the Property, or remove, replace or transfer the interests of the managing general partner, except with the prior written approval of the City, which shall not be unreasonably withheld. The City hereby approves the following transfers: (i) a transfer to the managing general partner of the Partnership or a replacement of the general partner with the administrative limited partner of the Borrower or an affiliate (as defined in the limited partnership agreement) of CREA, LLC, when such replacement occurs pursuant to the terms of the Borrower's limited partnership agreement (**"Affiliate"**), provided that: (1) no default exists hereunder, and (2) the Affiliate agrees in writing to assume all obligations of the Borrower under the Loan Documents; (ii) the granting of easements or permits to facilitate the development of the Project; (iii) transfers of any limited partner interest of the Borrower; (iv) the leasing of Units after construction of the Project is complete; (v) transfers of the general partnership or manager's interest in the Borrower to a nonprofit public benefit corporation approved in advance by the City; or (vi) the grant or exercise of an option agreement between the Borrower and the Borrower's general partner or manager or any of its affiliates in connection with the tax credit syndication of the Project. The City's approval of a sale, transfer or conveyance maybe based on conditions imposed by the City, in its reasonable discretion, including without limitation the following:

(a) the Borrower is in compliance with this Agreement or the sale, transfer or conveyance will result in the cure of any existing violations of the Agreement;

(b) the successor-in-interest to the Borrower agrees to assume all obligations of the Borrower pursuant to this Agreement and the HOME Program;

(c) the successor-in-interest demonstrates to the City's satisfaction that it can own and operate the Project in full compliance with all HOME Program requirements; and

(d) any terms of the sale, transfer, or conveyance shall not threaten the City's security or the successor's ability to comply with all HOME Program requirements.

8.2 Any such grant of City approval for a sale, transfer or conveyance shall be further subject to terms and conditions as may be necessary to ensure compliance with HOME Program requirements.

9. TERM OF AGREEMENT; COVENANTS RUN WITH PROJECT.

9.1 The covenants, conditions, restrictions, and agreements set forth in this Agreement (collectively, the **"Obligations"**) shall be deemed to run with, bind, and burden the Project, and shall be deemed to bind the Borrower and all of the successors, assigns, and any other future owners of the Project, and the holder of any legal, equitable or beneficial interest therein for the Affordability Period (as hereinafter defined). The **"Affordability Period"** shall mean a period of fifteen years from the date that the Agreement is recorded in the land records of the County of Solano (the **"County"**). In the event of a foreclosure or a deed in lieu of foreclosure relating to any other loan encumbering the Project, the City shall have the right, subject to any Senior loan or foreclosure, but not the obligation, to acquire the Project prior to such foreclosure or deed in lieu of foreclosure to preserve affordability, in accordance with 24 CFR Part 92.252.

9.2 It is hereby expressly acknowledged by the Borrower that the undertakings, covenants, and agreements by the Borrower stated in this Agreement are given to induce the City to make the Loan and that, notwithstanding that the Loan may be repaid prior to the expiration of the Affordability Period, the Borrower's undertaking to perform the Obligations for the period set forth in Paragraph 9.1 above is a condition precedent willingness of the City to make the Loan. This Agreement shall remain in full force and effect, notwithstanding that the Loan may be repaid prior to the expiration of the Affordability Period.

10. AMENDMENT.

This Agreement shall not be altered or amended except in writing, executed by the parties hereto. The parties agree to modify or amend this Agreement if such modification or amendment is determined by the City to be necessary to comply with the HOME Program requirements.

11. PARTIAL INVALIDITY.

If any portion of this Agreement shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

12. BINDING ON SUCCESSORS.

This Agreement shall bind, and benefits thereof shall inure to, the respective parties hereto, their legal representatives, executors, administrators, successors-in-interest, and assigns, and notwithstanding the foregoing, the Borrower may not assign this Agreement or any of its obligations hereunder, voluntarily or by operation of law, without the prior written approval of the City.

13. RECORDING AGREEMENT.

This Agreement, and all amendments thereto, shall be executed by each of the parties. This Agreement, and all amendments thereto, shall be recorded against the Property in the Official Records of the County.

14. HOLD HARMLESS.

Absent the gross negligence or willful misconduct of the City, the Borrower, and its successors-in-interest agree to indemnify, defund, and hold harmless the City and its respective agents, employees, and officers from any and all claims, losses, liabilities, or causes of action (including reasonable attorneys; fees) arising from or in connection with the Project.

15. WAIVER.

No waiver by the City of any breach of or default under this Agreement shall be deemed to be a waiver of any other or subsequent breach or default hereunder.

16. CAPTIONS.

The captions used in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or the intent of this Agreement.

17. GOVERNING LAW.

This Agreement shall be construed in accordance with and governed by the laws of the State of California.

18. NOTICE.

Any notice required or authorized under this Agreement shall be effective if, and only if, in writing and if, and only if, mailed, postage prepaid, by registered or certified mail, to the party in question at the addresses shown below:

Borrower: Vallejo PSH, L.P.
22645 Grand Street
Hayward, CA 94541
Attn: Director of Real Estate Development

City: City of Vallejo
200 Georgia Street
Vallejo, CA 94590
Attn: Housing and Community Development Program Manager

19. ATTORNEYS' FEES.

The prevailing party in any action to enforce this Agreement shall be entitled to reasonable attorneys' fees as determined by the trier of facts in that forum.

[Signature Page Follows]

IN WITNESS WHEREOF, the City and the Borrower have executed this Agreement as of the date first set forth above.

THE CITY:

CITY OF VALLEJO

By: ______________________________
Mike Mallone, Interim City Manager

APPROVED AS TO FORM:

By: ______________________________
Veronica A.F. Nebb, City Attorney

ATTEST:

By: ______________________________
Dawn G. Abrahamson, City Clerk

(City Seal)

THE BORROWER:

Vallejo PSH, L.P.,
a California limited partnership

By: Vallejo PSH LLC,
a California limited liability company,
its general partner

By: Eden Development, Inc.,
a California nonprofit public benefit
corporation, its sole member/manager

By: ______________________________
Andrea Osgood
Senior Vice President of Real
Estate Development

ACKNOWLEDGEMENT

TO BE INSERTED.

ATTACHMENT A
to
RENT LIMITATION AND AFFORDABILITY AGREEMENT

LEGAL DESCRIPTION OF THE SITE

TO BE INSERTED.

EXHIBIT F
Form of Annual Monitoring Report

CITY OF VALLEJO ANNUAL REPORT
HOUSING AND COMMUNITY
PROJECT SPONSOR'S RATING DEVELOPMENT DIVISION
(Attach additional pages if necessary)

Project Name: ______________________________ Contract: ______________

Prepared By: ______________________________ Date: ________________

Management Company: ______________________ Phone Number: __________

Physical Condition:

1. The Project grounds are in:

excellent condition: ___ average condition: ___ poor condition: ___

2. The building exterior has:

NO deferred maintenance (DM): ___ some DM: ___ significant DM: ___

3. The building systems (heating/cooling/electrical/plumbing systems) have:

NO deferred maintenance (DM): ___ some DM: ___ significant DM: ___

4. The common areas (meeting room/s, laundry room/s, trash collection area/s; group homes and small projects; common kitchen/s, bath/s have:

NO deferred maintenance (DM): ___ some DM: ___ significant DM: ___

5. The units are inspected: Annually: ___ Semiannually: ___ Other: ___

6. Explain any answer indicating poor condition or significant DM:

____

____

____

7. What, if anything, may impact the physical condition of the property in the coming year?

____

____

8. Describe any notices or citations for housing code violations.

9. Describe any major repair, replacement, or maintenance work needed.

Financial:

1. Are you aware of any special risks to the short- or long-term fiscal condition of the Project? If "YES", please explain:

2. Was any loan or loans on the property paid off in the last year? If "YES", please identify loan or loans paid off.

3. Was there any new debt added? If "YES", identify the sources and the amounts, and attach the loan documents.

Management:

1. Indicate the last date of staff training concerning the correct qualification of tenants and the correct setting of rents to ensure rents are compliant with City requirements:

Date: ____________________

Frequency: Month: _____________ Year: __________

2. Indicate the date of the last meeting between property management and the project sponsor:

Date: _______________

Frequency: Month: _____________ Year: ___________

	YES	NO
3. Are Liability and Property Insurances current? Expiration Date/s: __________	____	____
4. Has Management prepared and submitted budgets and reports to the City on time?	____	____
5. Has Management made deposits to Reserve Accounts as required by the City?	____	____
6. Are property taxes paid current?	____	____
7. Management responds to tenant maintenance requests within ______ hours.		
8. Is a waiting list being used?	____	____
If "YES", how many names are on the waiting list? ________		
9. Was City approval obtained prior to making Replacement Reserve Account withdrawals?	____	____

10. Explain any "NO" answer.

____

____

____

____

11. The vacancy rate is _____ percent.

12. The collection rate (percentage of actual rent due) is _____ percent.

13. The annual turnover rate is _____ percent.

14. The average vacancy turnover time (move out to move in) is _____ days.

15. How many evictions occurred in the last year? ______ Please identify the reasons for the evictions and the unit numbers.

____

____

____

16. Describe any problems in filling vacancies and the steps taken to address them.

____

____

____

17. Describe any additional management problems, and the steps taken to solve those problems.

____

____

____

18. Have you had any changes in property management staff responsible for the Project? If "YES", please identify new staff.

____

____

____

Project Sponsor's Signature________________________________ Date: ___________

Title: ______________________

ANNUAL REPORT
RESERVE BALANCES AND SUPPLEMENTAL INFORMATION
(Attach additional pages if necessary)

Project Name: ______________________________ Contract: _______________

Prepared By: _______________________________ Date: __________________

REPORT OF RESERVE AND OTHER ACCOUNT BALANCES
FOR FISCAL YEAR: _________

Please complete the following section with the appropriate amounts ***for each individual account:***

	Operating Reserve Amounts	Replacement Reserve Amounts	Transition Reserve Amounts	Other Reserve Amounts	Tenant Security Deposit Amounts
Account Numbers:	______	______	______	______	______
A. Balance at beginning of FY	______	______	______	______	______
Required Deposits for Year	______	______	______	______	
Other Deposits (Explain below)	______	______	______	______	
Tenant Security Payment Deposits					______
Interest Earned for Year					______
Subtotal, Section A	______	______	______	______	______

	Operating Reserve Amounts	Replacement Reserve Amounts	Transition Reserve Amounts	Other Reserve Amounts	Tenant Security Deposit Amounts
B. Withdrawals (Insert Date/s below)					
Security Deposit Amounts Deducted for Tenant Account Receivables					______
Bank Charges/ Fees Paid for Year	______	______	______	______	______
Other Debits (Explain below)	______	______	______	______	______
Interest paid upon move out, if any					______
Security Deposits Returned to Tenants					______
Subtotal, Section B	______	______	______	______	______
C. Balance at end of FY	______	______	______	______	______

Explanation of Other Deposits:

Explanation of Other Withdrawals:

ADDITIONAL REQUESTED INFORMATION FOR FY:

ITEM	YES	NO	DATES PAID AND COMMENTS
1. Operating Reserves: Funded monthly? If not, how often?	___	___	___
2. Replacement Reserves: Funded monthly? If not, how often?	___	___	___
3. Security Deposit Account: Balance equal to or greater than security deposit liability including interest? If "NO", explain:	___	___	___
4. Taxes: Paid current, on time, and no late fees incurred?	___	___	___
5. a. Insurance: Is coverage in place according to the Loan Agreement?	___	___	___
b. Paid current and the renewal policy paid on time?	___	___	___
6. Required Debt Service: Paid current and always paid by the due date?	___	___	___
7. Debt: Has additional indebtedness been incurred? If "YES", explain what, when, and with whom?	___	___	___
8. Other Reserve Accounts: Name other reserve accounts, how funded, who controls them, and their purpose.	___	___	___
9. Account Insurance: Are all accounts insured by the federal government?	___	___	___

EXHIBIT G
Section 3 Requirements and Numerical Goals

The Borrower's use of Funds triggers the following requirements imposed by HUD's Section 3 program.

1. Section 3 Requirements.

(a) The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. § 1701u ("Section 3"). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3 be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing, to the greatest extent feasible.

(b) The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement Section 3. As evidenced by their execution of this contract, the parties certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.

(c) The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and to post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference and set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions and the qualifications for each, the name and location of the person(s) taking applications for each of the positions, and the anticipated date work will begin.

(d) The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135 and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.

(e) The contractor will certify that any vacant employment positions, including training positions, that are filled: (i) after the contractor is selected but before the contract is executed; and (ii) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.

(f) Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default and debarment, or suspension from future HUD assisted contracts.

2. Recommended Minimum Numerical Goals. Contractors may demonstrate compliance with the "greatest extent feasible" requirement of Section 3 by meeting the numerical goals set forth below for training, employment, and contracting opportunities to Section 3 residents and Section 3 business concerns, which represent minimum numerical goals.

(a) Training and Employment of Section 3 Residents (24 CFR § 135.30(b)). Contractors and subcontractors may demonstrate compliance by committing to employ Section 3 residents as 30 percent of the aggregate number of new hires (full-time employees for permanent, temporary or seasonal employment) and an overall goal of 30 percent of total work hours for the entire project.

(b) Contracts with Section 3 Business Concerns (24 CFR § 135.30). Contractors and subcontractors may demonstrate compliance with the requirements of this part by committing to award to Section 3 business concerns:

(i) At least ten percent of the total dollar amount of all Section 3 covered contracts for building trades work arising in connection with housing construction and other public construction; and

(ii) At least three percent of the total dollar amount of all other Section 3 covered contracts.

EXHIBIT H

Governmental Requirements

1. Prevailing Wages. If and to the extent applicable, every contract for the construction of housing that includes twelve or more assisted with Funds must contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. §§ 276a-276a-5), as supplemented by Department of Labor regulations (29 CFR part 5) to all laborers and mechanics employed in the development of any part of the housing, and contracts involving their employment will be subject to the provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 327-332),as supplemented by Department. of Labor regulations (29 CFR part 5). The prevailing wage requirements of this Section apply to all laborers and mechanics employed in the development of the Project, including portions other than the assisted Units.

2. Environmental Review. The Project must meet the requirements of the National Environmental Policy Act of 1969 (42 U.S.C. § 4321), related authorities listed at 24 CFR Section 51.100 and parts 50 and 58, and the California Environmental Quality Act (Cal. Pub. Res. Code §§ 2100 *et seq.*) and implementing regulations.

3. Conflict of Interest.

(a) Except for approved eligible administrative or personnel costs, no employee, agent, consultant, officer or official of the Borrower or the City who exercises or has exercised any function or responsibilities with respect to activities assisted by Funds, in whole or in part, or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest in or benefit from the activities assisted under this Agreement, or have an interest, direct or indirect, in any contract, subcontract or agreement with respect thereto, or in the proceeds thereunder either for himself/herself or for those with whom he/she has family or business ties, during his/her tenure and for one year thereafter. In order to carry out the purpose of this Section, the Borrower must incorporate, or cause to be incorporated, in all contracts, subcontracts, and Agreements relating to activities assisted under the Agreement, a provision similar to that of this Section. The Borrower will be responsible for obtaining compliance with conflict of interest provisions by the parties with whom it contracts and, in the event of a breach, the Borrower must take prompt and diligent action to cause the breach to be remedied and compliance to be restored.

(b) The Borrower represents that it is familiar with the provisions of 24 CFR § 84.42, Governmental Conduct Code, and Sections 1090 through 1097 and 87100 *et seq.* of the California Government Code, all of which relate to prohibited conflicts of interest in connection with government contracts. The Borrower certifies that it knows of no facts that constitute a violation of any of these provisions and agrees to notify the City immediately if the Borrower at any time obtains knowledge of facts constituting a violation.

(c) In the event of any violation of the conflict-of-interest prohibitions, the Borrower agrees that the City may refuse to consider any future application for funding from the

Borrower or any entity related to the Borrower until the violation has been corrected to the City's satisfaction, in the City's sole discretion.

4. Disability Access. The Borrower must comply with all applicable disability access Laws, including the Americans with Disabilities Act (42 U.S.C. §§ 1201 *et seq.*), Section 504 of the Rehabilitation Act (29 U.S.C. § 794), and the Fair Housing Amendments Act (42 U.S.C. §§ 3601 *et seq.*). The Borrower is responsible for determining which disability access Laws apply to the Project, including those applicable due to the use of Funds. In addition, before occupancy of the Project, the Borrower must provide to the City a written reasonable accommodations policy that indicates how the Borrower will respond to requests by disabled individuals for accommodations in Units and common areas of the Project.

5. Lead-Based Paint. The Borrower must satisfy the requirements and regulations of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§ 4821 *et seq.*) and implementing regulations at 24 CFR part 35. The Borrower must also comply with the provisions contained in 17 CCR 350000 *et seq.*, 8 CCR 1532.1, and all other applicable Laws governing lead-based hazards.

6. Non-Discrimination in City Contracts.

(a) Borrower May Not Discriminate. In the performance of this Agreement, the Borrower agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, height, weight, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any City employee working with, or applicant for employment with the Borrower, in any of the Borrower's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services or membership in all business, social or other establishments or organizations operated by the Borrower

7. False Claims. Any borrower, grantee, contractor, subcontractor or consultant who submits a false claim will be liable to the City for three times the amount of damages the City sustains because of the false claim and for the cost, including attorneys' fees and costs, of a civil action brought to recover any of those penalties or damages. In addition, the City may obtain a civil penalty of up to $10,000 for each false claim. A borrower, grantee, contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the borrower, grantee, contractor, subcontractor or consultant:

(a) knowingly presents or causes to be presented to any officer or employee of the City a false claim or request for payment or approval;

(b) knowingly makes, uses or causes to be made or uses a false record or statement to get a false claim paid or approved by the City;

(c) conspires to defraud the City by getting a false claim allowed or paid by the City;

(d) knowingly makes, uses or causes to be made or uses a false record or statement to conceal, avoid or decrease an obligation to pay or transmit money or property to the City; or

(e) is the beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

8. Public Disclosure.

(a) The Borrower understands and agrees that under the State Public Records Law (Cal. Gov. Code §§ 6250 et seq.), this Agreement and any and all records, information, and materials submitted to the City hereunder are public records subject to public disclosure. The Borrower hereby authorizes the City to disclose any records, information, and materials submitted to the City in connection with this Agreement as required by Law. Further, the Borrower specifically agrees that any meeting of the governing body of its general partner/manager that addresses any matter relating to the Project or to the Borrower's performance under this Agreement will be conducted as a public meeting.

EXHIBIT I
Insurance Requirements

TO BE PROVIDED BY THE BORROWER ON THE DATE BORROWER ACQUIRES CONTROL OF THE SITE.

The Borrower shall assume all responsibility for damage to property or injuries to persons caused by any equipment furnished by the Borrower under this Agreement or operation thereof.

On the date Borrower acquires Control of the Site, the Borrower shall procure and maintain for the duration of this Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Borrower, its agents, representatives, employees, or subcontractors. Such insurance shall not be construed to relieve the Borrower, it agents, representatives, employees, or subcontractors of any liability in excess of such coverages.

Minimum Scope of Insurance:

Coverage shall be at least as broad as:

1. Insurance Services Office Commercial General Liability form CG 0001 ("occurrence" form).
2. Insurance Services Office form number CA 0001 (Ed. 12/92) covering Automobile Liability, code 1 (any auto).
3. Workers' Compensation Insurance as required by the State of California and Employer's Liability Insurance.
4. Professional Liability/Errors and Omissions Liability Insurance appropriate to the Borrower's profession.

Minimum Limits of Insurance:

The Borrower shall maintain insurance limits no less than:

1. General Liability: $5,000,000.00 per occurrence for bodily injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, the aggregate shall be twice the per occurrence amount.
2. Automobile Liability: $1,000,000.00 per occurrence for bodily injury and property damage.
3. Employer's Liability: $1,000,000.00 per accident for bodily injury or disease.
4. Professional Liability/Errors and Omissions Liability: $1,000,000.00 per claim.

Deductibles and Self-Insurance Retentions:

Any deductibles or self-insured retentions must be declared to and approved by the City. If the deductible or self-insured retention is unacceptable to the City, at the City's Risk Manager's option, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials, employees, and volunteers; or the Borrower shall procure a bond guaranteeing of losses and related investigations, claim administration, and defense expenses.

Other Insurance Provisions:

The General Liability and Automobile Liability policies must contain, or be endorsed to contain, the following provisions:

1. The Borrower, its officers, officials, employees, and volunteers are to be covered as additional insured with respect to the liability, including defense costs, arising out of (a) work or operations by or on behalf of the Borrower including materials, parts or equipment furnished in connection with such work or operations, (b) premises owned, occupied or used by the Borrower, and (c) automobiles owned, leased, hired or borrowed by or on behalf of the Borrower. The coverage shall contain no special limitations on the scope of protection afforded to the City, its officers, officials, employees, agents or volunteers.
2. For any claims related to this Project, the Borrower's insurance coverage/s shall be primary insurance as respects the City, its officers, officials, employees, and volunteers. Any insurance of self-insurance maintained by the City, its officers, officials, employees, and volunteers shall be excess of the Borrower's insurance and shall not contribute with it.
3. Any failure to comply with reporting or other provisions of the Borrower's policies including breaches of warranties shall not affect coverage provided to the City, its officers, officials, employees, and volunteers.
4. The Borrower's insurance coverage/s shall apply separately to each insured against whom a claim is made or suit brought, except with respect to the limits of the insurer's liability.
5. Each insurance policy required by this Exhibit shall be endorsed to state that coverage shall not be cancelled by either party, or reduced in coverage or in limits, except after 30 days' prior written notice by certified mail, return receipt requested, has been given to the City; or ten days' prior written notice by certified mail, return receipt requested for the non-payment of premium.

Acceptability of Insurers:

Insurance is to be placed with insurers with a current A. M. Best rating of no less than A:VII, unless otherwise accepted by the City.

Verification of Coverage:

The Borrower shall furnish the City with an original Certificate of Insurance and amendatory Endorsements effecting coverage required by this clause. The Endorsements should be on forms provided by the City or on other than the City's forms, provided those Endorsements or policies conform to the requirements stated in this Exhibit. The Certificate of Insurance and all Endorsements must be signed by a person authorized by the insurer to bind coverage on its behalf. All Certificates and Endorsements are required to be received and approved by the City before work commences. The City reserves the right to require complete, certified copies of all required insurance policies, including Endorsements effecting coverage required by these Exhibits at any time. All insurance documents are to be sent to:

City of Vallejo
Attention: Risk Manager
555 Santa Clara Street
Vallejo, CA 94590

Contractors and Subcontractors:

The Borrower shall include all contractors and subcontractors as insureds under its insurance policies, or shall furnish separate Certificates and Endorsements for each contractor and subcontractors. All insurance coverages for contractors and subcontractors shall be subject to all the requirements stated in this Exhibit.

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 10/12/2021

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Arthur J. Gallagher & Co. Insurance Brokers of CA., Inc.
595 Market Street
Suite 2100
San Francisco CA 94105
License#: 0726293

CONTACT NAME: Mike Blach
PHONE (A/C, No, Ext): 415-536-4011 | FAX (A/C, No): 415-536-8499
E-MAIL ADDRESS: Mike_Blach@ajg.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Liberty Surplus Insurance Corporation	10725
INSURER B : Homesite Insurance Company	17221
INSURER C : Navigators Specialty Insurance Company	36056
INSURER D :	
INSURER E :	
INSURER F :	

INSURED 2118SAC-01
Vallejo PSH, LP
c/o Eden Housing, Inc.
22645 Grand Street
Hayward CA 94541

COVERAGES CERTIFICATE NUMBER: 1931961154 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X COMMERCIAL GENERAL LIABILITY	Y		1000495271-01	10/13/2021	10/13/2023	EACH OCCURRENCE	$ 2,000,000
	CLAIMS-MADE X OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	$ EXCLUDED
							MED EXP (Any one person)	$ 5,000
							PERSONAL & ADV INJURY	$ 1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE	$ 4,000,000
	POLICY X PRO-JECT LOC						PRODUCTS - COMP/OP AGG	$ 4,000,000
	OTHER:							$
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)	$
	ANY AUTO						BODILY INJURY (Per person)	$
	OWNED AUTOS ONLY / SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	HIRED AUTOS ONLY / NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident)	$
								$
B	UMBRELLA LIAB X OCCUR	Y		CPX-000326-00	10/13/2021	10/13/2023	EACH OCCURRENCE	$ 15,000,000
	X EXCESS LIAB CLAIMS-MADE						AGGREGATE	$ 15,000,000
	DED RETENTION $							$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						PER STATUTE / OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) Y/N	N/A					E.L. EACH ACCIDENT	$
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$
C	Contractors Pollution Liability			SF21ECPZ08Z64IC	10/13/2021	10/13/2023	EACH INCIDENT	$2,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
RE: Sacramento Street Apartments Project located at 2118 Sacramento Street, Vallejo, CA 94590.
Named Insured includes: Vallejo PSH, LP; Eden Housing, Inc.; Eden Housing Management, Inc.; Eden Investments, Inc.; James E. Roberts-Obayashi Corp.; All Contractors and Subcontractors of any tier contracted to perform work or have work performed on their behalf at the "Designated Project" as defined in the Limitation of Coverage to Designated Premises or Project Form #CG 21 44 07 98.

See Attached...

CERTIFICATE HOLDER

City of Vallejo
Attn: Risk Manager
555 Santa Clara Street
Vallejo, CA 94590

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
Marylane Kalopais

AGENCY CUSTOMER ID: 2118SAC-01

LOC #:

ACORD

ADDITIONAL REMARKS SCHEDULE

AGENCY	NAMED INSURED
Arthur J. Gallagher & Co. Insurance Brokers of CA., Inc.	Vallejo PSH, LP c/o Eden Housing, Inc. 22645 Grand Street Hayward CA 94541
POLICY NUMBER	
CARRIER / NAIC CODE	EFFECTIVE DATE:

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,

FORM NUMBER: 25 FORM TITLE: CERTIFICATE OF LIABILITY INSURANCE

Program Structure:
General Liability - Liberty Surplus Insurance Corporation
Excess Liability - $5,000,000 xs Primary General Liability - Homesite Insurance Company
Excess Liability - $10,000,000 xs $5,000,000 - Everest Indemnity Insurance Company

Deductibles:
General Liability - Liberty Surplus Insurance Corporation - Deductible: $25,000
Excess Liability - $5,000,000 xs Primary General Liability - Homesite Insurance Company - Deductible: $0
Excess Liability - $10,000,000 xs $5,000,000 - Everest Indemnity Insurance Company - Deductible: $0

The City of Vallejo, its officers, officials, employees, agents and volunteers are included as Additional Insured per attached endorsement.
The insurance provided in the General Liability policy s primary and any other insurance shall be excess only, and not contributing.
30 day notice of cancellation applies to certificate holder.

LIBERTY SURPLUS INSURANCE CORPORATION

(A New Hampshire Stock Insurance Company, hereinafter the "Company")

ENDORSEMENT NO. 5

Effective Date:	10/13/2021
Policy Number:	1000495271-01
Issued To:	Vallejo PSH LP

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – STATE OR GOVERNMENTAL AGENCY OR SUBDIVISION OR POLITICAL SUBDIVISION – PERMITS OR AUTHORIZATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

State Or Governmental Agency Or Subdivision Or Political Subdivision:

The City of Vallejo, its officers, officials, employees, agents and volunteers

(Information required to complete this Schedule, if not shown above, will be shown in the Declarations)

Section II – Who Is An Insured is amended to include as an insured any state or governmental agency or subdivision or political subdivision shown in the Schedule, subject to the following provisions:

1. This insurance applies only with respect to operations performed by you or on your behalf for which the state or governmental agency or subdivision or political subdivision has issued a permit or authorization.

2. This insurance does not apply to:

a. "Bodily injury", "property damage" or "personal and advertising injury" arising out of operations performed for the federal government, state or municipality; or

b. "Bodily injury" or "property damage" included within the "products-completed operations hazard".

LIBERTY SURPLUS INSURANCE CORPORATION

(A New Hampshire Stock Insurance Company, hereinafter the "Company")

ENDORSEMENT NO. 36

Effective Date:	10/13/2021
Policy Number:	1000495271-01
Issued To:	Vallejo PSH LP

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PRIMARY INSURANCE CLAUSE ENDORSEMENT

To the extent that this insurance is afforded to any additional insured under the policy, such insurance shall apply as primary and not contributing with any insurance carried by such additional insured, as required by written contract.

Nothing herein contained shall be held to waive, vary, alter or extend any condition or provision of the policy other than as above stated.

Commercial General Liability

LIBERTY SURPLUS INSURANCE CORPORATION

(A New Hampshire Stock Insurance Company, hereinafter the "Company")

ENDORSEMENT

Effective Date:	10/13/2021
Policy Number:	1000495271-01
Issued To:	Vallejo PSH LP

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NOTICE OF CANCELLATION TO THIRD PARTIES

This endorsement modifies insurance provided under the following:

A. If we cancel this policy for any reason other than nonpayment of premium, we will notify the persons or organizations shown in the Schedule below. In no event does the notice to the third party exceed the notice to the first named insured.

B. This advance email notification of a pending cancellation of coverage is intended as a courtesy only. Our failure to provide such advance notification will not extend the policy cancellation date nor negate cancellation of the policy.

SCHEDULE

Name of Other Person(s)/Organization(s)	Email Address or Mailing Address	Number Days Notice
The City of Vallejo, its officers, officials, employees, agents and volunteers	City of Vallejo Attn: Risk Manager 555 Santa Clara Street Vallejo, CA 94590	30

ACORD®

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 9/27/2021

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Arthur J. Gallagher & Co. Insurance Brokers of CA.
595 Market Street, Suite 2100
San Francisco CA 94105
License#: 0726293

CONTACT NAME: Mike Blach
PHONE (A/C, No, Ext): 415-536-4011 FAX (A/C, No):
E-MAIL ADDRESS: Mike_blach@ajg.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Philadelphia Indemnity Insurance Company	18058
INSURER B :	
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED EDENHOU-02
Vallejo PSH, LP
c/o Eden Housing, Inc.
22645 Grand Street
Hayward CA 94551

COVERAGES CERTIFICATE NUMBER: 277370389 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY; CLAIMS-MADE; OCCUR; GEN'L AGGREGATE LIMIT APPLIES PER: POLICY; PRO-JECT; LOC; OTHER:						EACH OCCURRENCE	$
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$
							MED EXP (Any one person)	$
							PERSONAL & ADV INJURY	$
							GENERAL AGGREGATE	$
							PRODUCTS - COMP/OP AGG	$
								$
A	AUTOMOBILE LIABILITY; ANY AUTO; OWNED AUTOS ONLY; SCHEDULED AUTOS; X HIRED AUTOS ONLY; X NON-OWNED AUTOS ONLY	Y		PHPK2217792	12/31/2020	12/31/2021	COMBINED SINGLE LIMIT (Ea accident)	$ 1,000,000
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
	UMBRELLA LIAB; OCCUR; EXCESS LIAB; CLAIMS-MADE; DED; RETENTION $						EACH OCCURRENCE	$
							AGGREGATE	$
								$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N; ANYPROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH); If yes, describe under DESCRIPTION OF OPERATIONS below	N/A					PER STATUTE / OTH-ER	
							E.L. EACH ACCIDENT	$
							E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
RE: Sacramento Street Apartments Project located at 2118 Sacramento Street, Vallejo, CA 94590.
Named Insured includes: Vallejo PSH, LP; Eden Housing, Inc.; Eden Housing Management, Inc.; Eden Investments, Inc.
30 days notice of cancellation applies to certificate holder.

CERTIFICATE HOLDER

City of Vallejo
Attn: Risk Manager
555 Santa Clara Street
Vallejo CA 94590

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
Marylane Kalopais

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DESIGNATED INSURED

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM
GARAGE COVERAGE FORM
MOTOR CARRIER COVERAGE FORM
TRUCKERS COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by this endorsement.

This endorsement identifies person(s) or organization(s) who are "insureds" under the Who Is An Insured Provision of the Coverage Form. This endorsement does not alter coverage provided in the Coverage Form.

This endorsement changes the policy effective on the inception date of the policy unless another date is indicated below.

Endorsement Effective: 09/29/2021	Countersigned By:
Named Insured: Eden Housing, Inc	(Authorized Representative)

SCHEDULE

Name of Person(s) or Organization(s):	The City of Vallejo, its officers, officials, employees, agents and volunteers

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to the endorsement.)

Each person or organization shown in the Schedule is an "insured" for Liability Coverage, but only to the extent that person or organization qualifies as an "insured" under the Who Is An Insured Provision contained in Section II of the Coverage Form.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CANCELLATION NOTICE TO SCHEDULED ADDITIONAL INSURED OR CERTIFICATE HOLDER

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART

SCHEDULE OF ADDITIONAL INSUREDS OR CERTIFICATE HOLDERS

AI or CH	Additional Insured or Certificate Holder	Address
AI	City of Vallejo, Attn: Risk Manager	555 Santa Clara Street
		Vallejo, CA 94590

The following is added to A. **CANCELLATION** of the Common Policy Conditions of the above applicable coverage part:

A. In the event we cancel the policy in accordance with the policy's terms and conditions, we will endeavor to mail written notice of cancellation to Additional Insureds or Certificate Holders, shown in the above SCHEDULE within the time frame listed below. However, failure to mail such notice shall impose no obligation of any kind upon us, our agents or representatives.

1. 30 days before the effective date of cancellation if we cancel for any reason other than for non - payment of premium.

As respects Additional Insureds, the above cancellation provision applies only when the Additional Insured shown in the above **SCHEDULE** is added to the policy by a separate additional insured endorsement as the **CANCELLATION NOTICE TO ADDITIONAL INSURED OR CERTIFICATE HOLDER** does not provide additional insured coverage.

ACORD®

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 10/13/2021

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Arthur J. Gallagher & Co. Insurance Brokers of CA.
595 Market Street, Suite 2100
San Francisco CA 94105
License#: 0726293

CONTACT NAME: Mike Blach
PHONE (A/C, No, Ext): 415-536-4011 FAX (A/C, No):
E-MAIL ADDRESS: Mike_blach@ajg.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Everest National Insurance Company	10120
INSURER B :	
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED EDENHOU-02
Vallejo PSH, LP
c/o Eden Housing, Inc.
22645 Grand Street
Hayward CA 94551

COVERAGES **CERTIFICATE NUMBER:** 533382342 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY; CLAIMS-MADE; OCCUR						EACH OCCURRENCE	$
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$
							MED EXP (Any one person)	$
							PERSONAL & ADV INJURY	$
	GEN'L AGGREGATE LIMIT APPLIES PER: POLICY; PRO-JECT; LOC						GENERAL AGGREGATE	$
							PRODUCTS - COMP/OP AGG	$
	OTHER:							$
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)	$
	ANY AUTO						BODILY INJURY (Per person)	$
	OWNED AUTOS ONLY; SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	HIRED AUTOS ONLY; NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident)	$
								$
	UMBRELLA LIAB; OCCUR						EACH OCCURRENCE	$
	EXCESS LIAB; CLAIMS-MADE						AGGREGATE	$
	DED; RETENTION $							$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			CA10001726211	1/8/2021	1/8/2022	X PER STATUTE; OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) Y / N	N / A					E.L. EACH ACCIDENT	$ 1,000,000
							E.L. DISEASE - EA EMPLOYEE	$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - POLICY LIMIT	$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
RE: Sacramento Street Apartments Project located at 2118 Sacramento Street, Vallejo, CA 94590.
Named Insured includes: Vallejo PSH, LP; Eden Housing, Inc.; Eden Housing Management, Inc.; Eden Investments, Inc.

CERTIFICATE HOLDER

City of Vallejo
Attn: Risk Manager
555 Santa Clara Street
Vallejo CA 94590

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
MaryJean E Kalogains

NOTICE OF CANCELLATION TO DESIGNATED PERSON OR ORGANIZATION

If we cancel this policy for any statutorily permitted reason other than nonpayment of premium, we shall endeavor to mail or deliver a written notice in accordance with state law to the person or organization shown in the Schedule below. Proof of mailing will be sufficient proof of such notice.

This endorsement shall not operate directly or indirectly to benefit any person or organization not named in the schedule below.

SCHEDULE

Designated Person or Organization:
CITY OF VALLEJO

Designated Person or Organization Address:
ATTN: RISK MANAGER
555 SANTA CLARA STREET
VALLEJO
CA 94590

Contract, Permit or Job Number:
PER CONTRACT

Number of Days Notice: 30

All other terms and conditions of this policy remain unchanged.

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.
(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective 10/13/2021 Policy No. CA10001726211 Endorsement No.002

Insured EDEN HOUSING INC Premium $ INCL.

Insurance Company EVEREST PREMIER INSURANCE COMPANY

Countersigned By ______________________

INSURED COPY

WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT - CALIFORNIA

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

You must maintain payroll records accurately segregating the remuneration of your employees while engaged in the work described in the Schedule.

The additional premium for this endorsement shall be 2 % of the California workers' compensation premium otherwise due on such remuneration.

SCHEDULE

PERSON OR ORGANIZATION	JOB DESCRIPTION
ANY PERSON OR ORGANIZATION FOR WHOM THE NAMED INSURED HAS AGREED BY WRITTEN CONTRACT TO FURNISH THIS WAIVER.	PER CONTRACT

ACORD®

EVIDENCE OF COMMERCIAL PROPERTY INSURANCE

DATE (MM/DD/YYYY): 10/12/2021

THIS EVIDENCE OF COMMERCIAL PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

PRODUCER NAME, CONTACT PERSON AND ADDRESS — PHONE (A/C, No, Ext): 415-536-4011 Arthur J. Gallagher & Co. Insurance Brokers of CA., Inc. 595 Market Street Suite 2100 San Francisco, CA 94105 License#: 0726293	COMPANY NAME AND ADDRESS — NAIC NO: 25445 Ironshore Specialty Insurance Co One State Street Plaza New York, NY 10006 IF MULTIPLE COMPANIES, COMPLETE SEPARATE FORM FOR EACH
FAX (A/C, No): 415-536-8499 — E-MAIL ADDRESS: Mike_Blach@ajg.com	
CODE: — SUB CODE:	POLICY TYPE: Builder's Risk
AGENCY CUSTOMER ID #:	
NAMED INSURED AND ADDRESS Vallejo PSH, LP c/o Eden Housing, Inc. 22645 Grand Street Hayward, CA 94541	LOAN NUMBER: — POLICY NUMBER: BRIB904898A EFFECTIVE DATE: 10/15/2021 — EXPIRATION DATE: 01/14/2023 — ☐ CONTINUED UNTIL TERMINATED IF CHECKED
ADDITIONAL NAMED INSURED(S)	THIS REPLACES PRIOR EVIDENCE DATED:

PROPERTY INFORMATION (ACORD 101 may be attached if more space is required) ☐ BUILDING OR ☐ BUSINESS PERSONAL PROPERTY

LOCATION / DESCRIPTION
Sacramento Street Apartments Project located at 2118 Sacramento Street, Vallejo, CA 94590

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGE INFORMATION

PERILS INSURED: BASIC ☐ BROAD ☐ X SPECIAL

COMMERCIAL PROPERTY COVERAGE AMOUNT OF INSURANCE: $ 38,933,989 — DED: $50,000

	YES	NO	N/A	
☐ BUSINESS INCOME ☒ RENTAL VALUE	X			If YES, LIMIT: $1,270,031 — X Actual Loss Sustained; # of months: 15
BLANKET COVERAGE			X	If YES, indicate value(s) reported on property identified above: $
TERRORISM COVERAGE	X			Attach Disclosure Notice / DEC
IS THERE A TERRORISM-SPECIFIC EXCLUSION?		X		
IS DOMESTIC TERRORISM EXCLUDED?		X		
LIMITED FUNGUS COVERAGE	X			If YES, LIMIT: $100,000 — DED: $50,000
FUNGUS EXCLUSION (If "YES", specify organization's form used)			X	
REPLACEMENT COST	X			
AGREED VALUE	X			
COINSURANCE		X		If YES, %
EQUIPMENT BREAKDOWN (If Applicable)	X			If YES, LIMIT: Included — DED: $50,000
ORDINANCE OR LAW - Coverage for loss to undamaged portion of bldg	X			If YES, LIMIT: Included — DED: $50,000
- Demolition Costs	X			If YES, LIMIT: $5,000,000 — DED: $50,000
- Incr. Cost of Construction	X			If YES, LIMIT: Incl. $5M above — DED: $50,000
EARTH MOVEMENT (If Applicable)		X		If YES, LIMIT: — DED:
FLOOD (If Applicable)	X			If YES, LIMIT: SEE REMARKS — DED: $1,250
WIND / HAIL INCL ☒ YES ☐ NO Subject to Different Provisions:		X		If YES, LIMIT: — DED:
NAMED STORM INCL ☒ YES ☐ NO Subject to Different Provisions:		X		If YES, LIMIT: — DED:
PERMISSION TO WAIVE SUBROGATION IN FAVOR OF MORTGAGE HOLDER PRIOR TO LOSS	X			

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

ADDITIONAL INTEREST

☐ CONTRACT OF SALE ☐ LENDER'S LOSS PAYABLE ☒ LOSS PAYEE
☐ MORTGAGEE

LENDER SERVICING AGENT NAME AND ADDRESS

NAME AND ADDRESS
City of Vallejo
555 Santa Clara Street
Vallejo, CA 94590

AUTHORIZED REPRESENTATIVE
Mauylvaut Kaurpais

AGENCY CUSTOMER ID: ____________

LOC #: ____________

ACORD®

ADDITIONAL REMARKS SCHEDULE

AGENCY Arthur J. Gallagher & Co. Insurance Brokers of CA., Inc.		NAMED INSURED Vallejo PSH, LP c/o Eden Housing, Inc. 22645 Grand Street Hayward, CA 94541
POLICY NUMBER BRIB904698A		
CARRIER Ironshore Specialty Insurance Co	NAIC CODE 25445	EFFECTIVE DATE: 10/15/2021

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,

FORM NUMBER: 28 FORM TITLE: EVIDENCE OF COMMERCIAL PROPERTY INSURANCE

REMARKS:

RE: Sacramento Street Apartments Project located at 2118 Sacramento Street, Vallejo, CA 94590.
Named Insured includes: Vallejo PSH, LP; James E. Roberts-Obayashi Corp.

Additional Sublimits:
- Debris Removal included at 25% of Loss or $10,000,000, whichever is less
- Transit Limit: $5,000,000
- Off Site Storage Limit: $5,000,000
- Permission to Occupy: Limited to 60 days after issuance of TCO
- Period of Indemnity: 456 Days
- Flood - $1,000,000 Total Limit ($500,000 Limit per building)
- Earthquake Sprinkler Leakage: $2,500,000
- Sewer Backup: $2,500,000
- Standalone Terrorism Policy - $38,933,989 Total Limit - Lloyds of London - Policy #UTS257081021

Deductibles:
- Physical loss or damage Deductible (except for perils listed below): $50,000
- Theft, Vandalism or Malicious Mischief Deductible: $100,000
- Water Damage and/or Interior Water Intrusion Deductible: $150,000
- Delay Deductible: 30 days
- Flood Deductible: $1,250
- Terrorism Deductible: $25,000

Completed Value/Non reporting Form

Policy Values:
Hard Cost - $31,881,070
Soft Cost/Delay in Completion | 15 Months - $5,782,888
Business Interruption/Delay/Loss of Rents/Extra Expense | 15 Months - $1,270,031
Total Insurable Value - $38,933,989

IRONSHORE
A Liberty Mutual Company

IRONSHORE SPECIALTY INSURANCE COMPANY

Mailing Address:
75 Federal Street
5th Floor
Boston, MA 02110
Toll Free: (877) IRON411

COMPLETED VALUE BUILDERS RISK POLICY FORM

SECTION I – POLICY DECLARATIONS

Insured Name: Vallejo PSH, LP
Policy Number: BRIB904898A

Wherever in this Policy a word or group of words appear in capitalized bold face type followed by an asterisk, the definitions listed in Section V of this Policy will be applied in the interpretation of such wording.

1. A. **NAMED INSURED**: Vallejo PSH, LP

   B. **ADDITIONAL INSURED(S)**:

   To the extent required by any contract or subcontract for an **INSURED PROJECT***, and then only as their respective interests may appear, all owners, all contractors and subcontractors of every tier, of the **INSURED PROJECT*** and any other individual or entity specified, in such contract or subcontract are recognized as Additional Insureds hereunder. However, the Additional Insured status does not extend to engineers, architects, and designers (or others for whose acts they are legally liable) for any work that falls within the scope of their professional services

   Additional Insureds as provided above, shall be as shown on ACORD Certificates of Insurance issued by **AJG**, copies of which will be forwarded to the Insurer and kept on file.

   The Named Insured shall be deemed the sole and irrevocable agent of each and every Insured hereunder for the purpose of giving and receiving notices to and/or from the Insurer, giving instruction to or agreeing with the Insurer as respects Policy alteration and for making or receiving payments of premium or adjustments to premium.

2. **LOSS PAYEE(S)**:

   Loss Payees and Mortgagees, all as their respective interest may appear, shall be as shown on ACORD Certificates of Insurance issued by **AJG**, copies of which will be forwarded to the Insurer and kept on file.

   Loss, if any, shall be adjusted with and made payable to the Named Insured and designated Loss Payees & Mortgagees, or as per order of the Named Insured, whose receipt shall constitute a release in full of all liability under this Policy with respect to such loss.

Vallejo PSH/Eden Housing

General Contractor: James E. Roberts-Obayashi Corporation

Evidence of Insurance

JAMEERO-01 LWANG2

ACORD

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 9/9/2021

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Alliant Insurance Services, Inc.
10 Almaden Boulevard, Suite 650
San Jose, CA 95113

CONTACT NAME: Certificate Requests
PHONE (A/C, No, Ext): (408) 352-6700 FAX (A/C, No):
E-MAIL ADDRESS: sjcertificates@alliant.com

INSURED
James E. Roberts-Obayashi Corporation
20 Oak Court
Danville, CA 94526

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Starr Indemnity & Liability Company	38318
INSURER B : Aspen American Insurance Company	43460
INSURER C : Indian Harbor Insurance Company	36940
INSURER D :	
INSURER E :	
INSURER F :	

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X COMMERCIAL GENERAL LIABILITY; CLAIMS-MADE; X OCCUR	X	X	1000025755211	8/31/2021	8/31/2022	EACH OCCURRENCE	$ 2,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 300,000
							MED EXP (Any one person)	$ 5,000
							PERSONAL & ADV INJURY	$ 2,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER: POLICY X PRO-JECT X LOC						GENERAL AGGREGATE	$ 2,000,000
							PRODUCTS - COMP/OP AGG	$ 2,000,000
	OTHER:						Deductible/Occ	$ 25,000
A	AUTOMOBILE LIABILITY; X ANY AUTO; OWNED AUTOS ONLY; SCHEDULED AUTOS; HIRED AUTOS ONLY; NON-OWNED AUTOS ONLY	X	X	1000198633211	8/31/2021	8/31/2022	COMBINED SINGLE LIMIT (Ea accident)	$ 1,000,000
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
							Comp/Coll Ded	$ 1,000
B	UMBRELLA LIAB; X OCCUR; X EXCESS LIAB; CLAIMS-MADE			CX00DQ821	8/31/2021	8/31/2022	EACH OCCURRENCE	$ 10,000,000
							AGGREGATE	$ 10,000,000
	DED X RETENTION $ 0							$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N; ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) Y; If yes, describe under DESCRIPTION OF OPERATIONS below	N/A	X	100 0003842	8/31/2021	8/31/2022	X PER STATUTE; OTH-ER	
							E.L. EACH ACCIDENT	$ 1,000,000
							E.L. DISEASE - EA EMPLOYEE	$ 1,000,000
							E.L. DISEASE - POLICY LIMIT	$ 1,000,000
C	Professional Liab &			CEO744620303	8/31/2021	8/31/2022	Each Act/Condition	2,000,000
C	Pollution Liability			CEO744620303	8/31/2021	8/31/2022	Aggregate	1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
RE: Sacramento Street Apartments

Vallejo PSH, L.P., Eden Housing, Inc., Eden Housing Management, Inc., Eden Development, Inc., City of Vallejo, CREA SLP, LLC and each of their respective lenders, investors, members, partners, officers, directors, employees, agents and assigns, Silicon Valley Bank its successors, Transferees, and or Assigns, and HCD, Investor Limited Partner, its successors and/or its assigns, CREA SLP, LLC, its successors and/or its assigns are included as Additional Insured as respects Liability arising out of operations (work) performed by or on behalf of the Named Insured in accordance with the policy provisions of the General Liability and Automobile Liability policies. The General Liability evidenced herein is primary and Non-Contributory to other insurance available to the
SEE ATTACHED ACORD 101

CERTIFICATE HOLDER

Vallejo PSH, LP
22645 Grand St.
Hayward, CA 94541

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
Michael J Heffernan

ACORD

ADDITIONAL REMARKS SCHEDULE

AGENCY Alliant Insurance Services, Inc.		NAMED INSURED James E. Roberts-Obayashi Corporation 20 Oak Court Danville, CA 94526
POLICY NUMBER SEE PAGE 1		
CARRIER SEE PAGE 1	NAIC CODE SEE P 1	EFFECTIVE DATE: SEE PAGE 1

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: ACORD 25 FORM TITLE: Certificate of Liability Insurance

Description of Operations/Locations/Vehicles:
Additional Insured, but only in accordance with the policy provisions. General Liability policy includes a Per Project Aggregate. The Waiver of Subrogation applies as required by contract in accordance with the policy provisions of the General Liability, Automobile Liability and Workers' Compensation policies. The Excess Liability follows form to the underlying General Liability, Automobile Liability and Employers Liability policies. Cancellation notice will be delivered to the certificate holder in accordance with the policy provisions. General Liability applies Off-site only.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – SCHEDULED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):	Location(s) Of Covered Operations
Where Required By Written Contract	Where Required By Written Contract
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
2. Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):	Location And Description Of Completed Operations
Where Required By Written Contract	Where Required By Written Contract
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury" or "property damage" caused, in whole or in part, by "your work" at the location designated and described in the Schedule of this endorsement performed for that additional insured and included in the "products-completed operations hazard".

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
2. Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

Starr Indemnity & Liability Company
Dallas, TX 1-866-519-2522

Primary and Non-Contributory Condition

Policy Number: 1000025755211 **Effective Date:** August 31, 2021 at 12:01 A.M.
Named Insured: JAMES E. ROBERTS-OBAYASHI CORP OBAYASHI USA, LLC

This endorsement modifies insurance provided under the:

Commercial General Liability Coverage Part

A. **SECTION IV – CONDITIONS,** condition **4. Other Insurance** is amended as follows:

1. The following is added to paragraph **4.a.** of the **Other Insurance** condition:

   This insurance is primary insurance as respects our coverage to the additional insured, where the written contract or written agreement requires that this insurance be primary and non-contributory. In that event, we will not seek contribution from any other insurance policy available to the additional insured on which the additional insured is a Named Insured.

All other terms and conditions of this Policy remain unchanged.

Signed for STARR INDEMNITY & LIABILITY COMPANY

Steve Blakey

Steve Blakey, President

Nehemiah E. Ginsburg

Nehemiah E. Ginsburg, General Counsel

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DESIGNATED CONSTRUCTION PROJECT(S) GENERAL AGGREGATE LIMIT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Designated Construction Projects: Where Required by Written Contract
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. For all sums which the insured becomes legally obligated to pay as damages caused by "occurrences" under Section I – Coverage A, and for all medical expenses caused by accidents under Section I – Coverage C, which can be attributed only to ongoing operations at a single designated construction project shown in the Schedule above:

1. A separate Designated Construction Project General Aggregate Limit applies to each designated construction project, and that limit is equal to the amount of the General Aggregate Limit shown in the Declarations.

2. The Designated Construction Project General Aggregate Limit is the most we will pay for the sum of all damages under Coverage A, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard", and for medical expenses under Coverage C regardless of the number of:

a Insureds;

b. Claims made or "suits" brought; or

c. Persons or organizations making claims or bringing "suits".

3. Any payments made under Coverage A for damages or under Coverage C for medical expenses shall reduce the Designated Construction Project General Aggregate Limit for that designated construction project. Such payments shall not reduce the General Aggregate Limit shown in the Declarations nor shall they reduce any other Designated Construction Project General Aggregate Limit for any other designated construction project shown in the Schedule above.

4. The limits shown in the Declarations for Each Occurrence, Damage To Premises Rented To You and Medical Expense continue to apply. However, instead of being subject to the General Aggregate Limit shown in the Declarations, such limits will be subject to the applicable Designated Construction Project General Aggregate Limit.

B. For all sums which the insured becomes legally obligated to pay as damages caused by "occurrences" under Section I – Coverage A, and for all medical expenses caused by accidents under Section I – Coverage C, which cannot be attributed only to ongoing operations at a single designated construction project shown in the Schedule above:

1. Any payments made under Coverage A for damages or under Coverage C for medical expenses shall reduce the amount available under the General Aggregate Limit or the Products-completed Operations Aggregate Limit, whichever is applicable; and

2. Such payments shall not reduce any Designated Construction Project General Aggregate Limit.

C. When coverage for liability arising out of the "products-completed operations hazard" is provided, any payments for damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard" will reduce the Products-completed Operations Aggregate Limit, and not reduce the General Aggregate Limit nor the Designated Construction Project General Aggregate Limit.

D. If the applicable designated construction project has been abandoned, delayed, or abandoned and then restarted, or if the authorized contracting parties deviate from plans, blueprints, designs, specifications or timetables, the project will still be deemed to be the same construction project.

E. The provisions of Section **III** – Limits Of Insurance not otherwise modified by this endorsement shall continue to apply as stipulated.

WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Name Of Person Or Organization: Any person or organization to whom you become obligated to waive your rights of recovery against, under any contract or agreement you enter into prior to the occurrence of loss.
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The following is added to Paragraph **8. Transfer Of Rights Of Recovery Against Others To Us** of **Section IV – Conditions:**

We waive any right of recovery we may have against the person or organization shown in the Schedule above because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard". This waiver applies only to the person or organization shown in the Schedule above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – AUTOMATIC STATUS AMENDATORY ENDORSEMENT

Policy Number: 1000198633211 **Effective Date:** 8/31/2021
Named Insured: JAMES E. ROBERTS-OBAYASHI CORP; OBAYASHI USA, LLC

This endorsement modifies the insurance coverage form(s) listed below that have been purchased by you and evidenced as such on the Declarations page. Please read the endorsement and respective policy(ies) carefully.

AUTO DEALERS COVERAGE FORM
BUSINESS AUTO COVERAGE FORM
MOTOR CARRIER COVERAGE FORM

It is hereby agreed that **SECTION II – COVERED AUTOS LIABILITY COVERAGE, A. COVERAGE, 1. Who Is An Insured** of the Business Auto Coverage Form and Motor Carrier Coverage Form, and **SECTION I – COVERED AUTOS COVERAGES, D. Covered Autos Liability Coverage, 2. Who Is An Insured** of the Auto Dealers Coverage Form are amended to include the following:

Any person or organization whom you become obligated to include as an additional insured under this policy, as a result of any written contract or written agreement you enter into which requires you to furnish insurance to that person or organization of the type provided by this policy, but only with respect to liability arising out of use of a covered "auto". However, the insurance provided will not exceed the less of:

(1) The coverage and/or limits of this policy, or

(2) The coverage and/or limits required by such written contract or written agreement.

All other terms and conditions of this Policy remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US (WAIVER OF SUBROGATION)

This endorsement modifies insurance provided under the following:

AUTO DEALERS COVERAGE FORM
BUSINESS AUTO COVERAGE FORM
MOTOR CARRIER COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

This endorsement changes the policy effective on the inception date of the policy unless another date is indicated below.

Named Insured: JAMES E. ROBERTS-OBAYASHI CORP; OBAYASHI USA, LLC
Endorsement Effective Date: 8/31/2021

SCHEDULE

Name(s) Of Person(s) Or Organization(s):
Any person or organization to whom you become obligated to waive your rights of recovery against, under any contract or agreement you enter into prior to the occurrence of loss.
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The **Transfer Of Rights Of Recovery Against Others To Us** condition does not apply to the person(s) or organization(s) shown in the Schedule, but only to the extent that subrogation is waived prior to the "accident" or the "loss" under a contract with that person or organization.

WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT - CALIFORNIA

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

You must maintain payroll records accurately segregating the remuneration of your employees while engaged in the work described in the Schedule.

The additional premium for this endorsement shall be 2.0% of the California workers' compensation premium otherwise due on such remuneration.

Schedule

Person or Organization	Job Description
Any person or organization to whom you become obligated to waive your rights of recovery against, under any contract or agreement you enter into prior to the occurrence of loss.	Where required by contract

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective: 8/31/2021 Policy No.: 100 0003842 Endorsement No.:

Insured: James E. Roberts-Obayashi Corporation Premium:

Insurance Company: Starr Indemnity and Liability Company Countersigned by: ____________________

EXHIBIT J

Lobbying/Debarment Certification Form

ACCEPTABLE ALTERNATIVE WORKSHEET FOR CONTRACTOR CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIBILITY, AND VOLUNTARY EXCLUSION (LOWER-TIER PARTICIPANT) FOR HUD PROGRAMS COVERED BY 24 CODE F FEDERAL REGULATIONS, PART 24.510(b) AND HUD HANDBOOK 1300.13, REV-1, (EXCLUDING PUBLIC AND INDIAN HOUSING PROGRAMS)

1. By signing and submitting this Certification, the prospective lower-tier participant certifies that neither its, or its principals or affiliates, is presently disbarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this Loan Agreement by any federal department or agency. Further, the participant provides the Certification set out below:
2. The Certification in this Exhibit is a material representation of fact upon which reliance was placed when this Loan Agreement was entered into. If it is later determined that an erroneous Certification was rendered, in addition to other remedies available to the federal government, the City may pursue available remedies.
3. Further, the participant shall provide immediate written notice to the person to which this Loan Agreement s submitted if at any time the participant learns that this Certification was erroneous when submitted, or has become erroneous by reason or changed circumstances.
4. By submitting this Certification, it is agreed that should the proposed covered transaction be entered into, the participant will not knowingly enter into a lower-tiered covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction unless authorized by the City.
5. It is further agreed that by submitting this proposal, the participant will include this Certification, without modifications, in all lower-tier covered transactions and in all solicitations for lower-tier covered transactions.

Contractor Name ________________________________ Date ______________
Title ______________________________ Address ______________________
City ____________________ State _________________ Zip ______________
Contractor Signature ____

NON-CERTIFICATION: As the prospective lower-tier participant, I am unable to certify to (the) statements in this Certification as explained in the attachment to this Exhibit.

Contractor Name ________________________________ Date ______________
Title ______________________________ Address ______________________
City ____________________ State _________________ Zip ______________
Contractor Signature ____

The penalty for making false statements in this document is prescribed in the U. S. Criminal Code, 18 U. S. C. 1001.

EXHIBIT K
Schedule of Performance

[attached]

SCHEDULE OF PERFORMANCE

Updated 09-04-2019

Schedule	Sacramento Street - Project Schedule for Development Agreement
[illegible]	[illegible]
August	BOTH: Finalize DDA, Article 34, CEQQ Letter and HOME loan Agreement
August	CITY: Publish RFP for Project Based Voucher (New Construction)
September	EDEN: Respond to RFP for Project Based Voucher
September	CITY: Begin NEPA Environmental Assessment
October	BOTH: Execute DDA/HOME Loan/LMIHAF Amendment
October	CITY: Obtain Planning Approval under SB35 (max. 120 days after submittal)
November	EDEN: Submit Funding #3 Application (NPLH)
December	CITY: Complete NEPA Environmental Assessment
2020	
Jan	CITY: Approve Public Works-ROW, Abandonment and Quitclaim Requests
March	OTHER: Funding #3 Award Announced (NPLH)
June	EDEN (if NPLH awarded): Start Drawings & Permitting: Plan Check/Building Permits
July	EDEN: Submit Funding #4 Application (MHP)
October	EDEN: Update to Council: Prelim Proforma & Development Budget
November	OTHER: Funding #4 Award Announced (MHP)
2021	
March	EDEN (if fully funded excluding tax credits): Submit Tax Credit Application #1
June	OTHER: Tax Credit Award #1 Announced
July	EDEN (if fully funded excluding tax credits): Submit Tax Credit Application #2
October	OTHER: Tax Credit Award #2 Announced
October	EDEN: Update to Council: Final Proforma & Development Budget
December	EDEN (if awarded Tax Credit #1): Start Construction
2022-2023	
January	BOTH: Start Joint Dev Meetings
From Construction Start:	
1 month prior	BOTH: Receive Building Permits/Construction Closing
1 month prior	EDEN: Update to Council: Final Profoma & Development Budget
1 month prior	EDEN: Operating & Svcs Budget/Mgmt Plan & Agreement/SVc Plan/Final Pro Forma
8 months	BOTH: Tenant Selection Process
10 months	EDEN: Construction Completion
13 months	EDEN: Lease Up/Move-In
19 months	BOTH: Conversion to Permanent Mortgage
19 months	EDEN: Establish Operating Reserve & Replace Reserve Accounts

EXHIBIT C

Form of HOME Program Loan Note

(Sacramento Street Permanent Supportive Housing Development)

Principal Sum Not to Exceed: Date: May 4, 2021
$2,186,710 Vallejo, California

FOR VALUE RECEIVED, VALLEJO PSH, L.P. a California limited partner (the "Maker" or "Borrower"), having an address at 22645 Grant Street, Hayward, California 94541. Promises to pay THE CITY OF VALLEJO ("Payee" or "City"), a principal sum not to exceed Two Million One Hundred Eighty-Six Thousand Seven Hundred Ten Dollars and No Cents ($2,186,710.00), or so much of such principal as may be advanced, with interest at the rate of three percent per annum. Interest shall be simple interest only.

1. Purpose. This Note is made and delivered pursuant to and in implementation of that certain Loan Agreement entered into between the City and the Borrower, dated ______________, (the "Loan Agreement"), which provides for the term "Site" means that real property located at and described as **2118 Sacramento Street, and 2134-2136 Sacramento Street, Vallejo, California 94590.**

2. Housing Project. The Maker will plan, develop, construct, and operate a 75-unit permanent supportive housing community on the Site (the "Project"). The 75 units that are contained in the Project are referred to herein as the "Housing Units".

3. Maturity Date. The Note shall be due and payable in full 55 years after the date the Project obtains its final Certificate of Occupancy (the "Maturity Date"), provided however that if Borrower fails to acquire Control of the Site on or before December 31, 2022 (the "Outside Acquisition Date"), the Maturity Date shall be the Outside Acquisition Date. The City may agree to extend the Outside Acquisition Date in its sole and absolute discretion. Notwithstanding the foregoing, if Borrower's failure to acquire Control of the Site by the Outside Acquisition Date is not caused by Borrower's acts or omissions, whether direct or indirect, and if Borrower has acted in good faith and no event has occurred and is continuing that constitutes an Event of Default or, with the passage of time would become an Event of Default under any of the City Documents, then in such an event, Borrower shall deliver to City all of the Work Product, the Agreement shall be deemed satisfied in full and Borrower shall be deemed to be released from all obligation or liability with respect to this Note and the Loan.

4. Payment. Beginning at the end of the Maker's first fiscal year immediately following the date the Project obtains its final Certificate of Occupancy, the Maker shall make annual payments of principal and interest to the Payee in an amount equal to the "City Share of Residual Receipts", hereinafter defined from the Payee's preceding fiscal year. Payment shall be made within 150 calendar days of the end of each fiscal year of the Maker.

"Residual Receipts" shall mean the sum of money computed as follows:

All rents, revenues, consideration or income (of any form but excluding capital contributions, tenants' security deposits, loan proceeds, financing or refinancing proceeds, partner advances, or similar advances) derived by the Maker in connection with or relating to the operation of the residential units of the Housing Project, including any revenue derived from any refinancing of the Housing Project, less all of the following:

On an annual basis, Debt Service (as defined below); all costs and expenses reasonably and actually incurred for operation, maintenance, and administration of the Housing Project, including but not limited to: premiums for property damage and liability insurance; utility services not paid for directly by tenants, including but not limited to water, sewer, trash collection, gas and electricity; maintenance and repair including but not limited to pest control, landscaping and grounds maintenance, painting and decorating, cleaning, common systems repairs, general repairs, janitorial, supplies, and others; any annual license or Certificate of Occupancy fees required for the operation of the Housing Project; general administrative expenses, including but limited to advertising and marketing, security services and systems, professional fees for legal, audit, accounting and tax returns, and others; supportive services fees paid to the supportive services provider; asset management fees paid to the limited partner of the Maker (the "Limited Partner") in a total amount not to exceed $12,000 annually, increasing 3.5% percent annually; partnership management fees in a total amount not to exceed $25,000 annually, payable to the general partners, increasing 3.5% percent annually; deferred development fees to the developer(s); repayment of any advances made by the managing general partner of the Maker, the co-general partner of the Maker, or the Limited Partner of the Maker under the terms of the partnership agreement governing the Maker (the "Partnership Agreement"); payment of any "Adjustment Amount" to the Limited Partner that is required under the Partnership Agreement; property management fees and reimbursements including on-site manager expenses, in an amount not to exceed fees and reimbursements which are standard in the industry and are pursuant to a management contract approved by the Limited Partner and the City; cash deposited into reserves required by lenders, tax credit investor/s, or by the terms of the Partnership Agreement; and capital replacements of Project Improvements. Expenses shall also not include the following: depreciation, amortization, depletion, or other non-cash expenses. Project Fees are not Project Expenses.

As used herein, "Debt Service" means regularly scheduled mandatory payments of principal and interest made in a calendar year pursuant to the financing approved pursuant to **Article 2.1** of the Loan Agreement which has been obtained for the development of the Housing Project, but excluding payments made pursuant to this Note.

Beginning with the first year of operation of the Project by the Maker after the Project obtains its final Certificate of Occupancy, the Maker shall deliver to the Payee each year an annual audited financial statement in order to determine the amount of Residual Receipts. The Payee shall have the right to inspect and audit the Maker's financial books and records concerning the calculation of Residual Receipts upon reasonable notice and during regular business hours. Any amount owed under this Note and not paid due to insufficient Residual Receipts shall be carried over to the next year and added to the amount owed for the following year, but shall not be compounded. Payments made from the Maker shall be credited first to pay interest, and then to pay principal.

Each year until all principal and interest hereunder is paid in full, 50 percent of the Residual Receipts shall be paid for the repayment of this Note, to be shared pro rata with any other Residual Receipts loans provided in accordance with the approved Project Financing ("the City HOME Program Share of Residual Receipts").

5. Payment Location. Payment shall be made in lawful money of the United States to Payee, care of the City of Vallejo Housing and Community Development Division, 200 Georgia Street, Vallejo, California 94590. The place of payment may be changed from time to time as the Payee may from time to time designate in writing.

6. Default. The occurrence of any of the following shall constitute an event of default under this Note:

   a. the Maker fails to pay any amount due hereunder within 30 days of its due date; or
   b. any default by the Maker under this Note, any City Deed of trust, the HOME Program Loan Agreement, or any Affordability Agreement recorded against the Site after the expiration of all applicable cure periods; or
   c. any default by the Maker under any other obligation of the Maker recorded against the Site after the expiration of all applicable cure periods.

The Maker shall not be considered in default under this Note until the expiration of all notice and cure periods provided to the maker. Any cure of any default made or tendered by one of the Maker's Limited Partners, as approved by the City, shall be deemed to be a cure by the Maker and shall be accepted or rejected on the same basis as if made or tendered by the Maker.

Upon the occurrence of any uncured event of default, or at any time thereafter, at the option of the Payee hereof, the entire unpaid principal and interest owing on this Note shall become immediately due and payable. This option may be exercised at any time following any such event, and the acceptance of one of more installments thereafter shall not constitute a waiver of the Payee's option. The Payee's failure to exercise such option shall not constitute a waiver of such option with respect to any subsequent event. The Payee's failure to exercise any other right or remedy hereunder or under any other Agreement which secures the indebtedness or is related thereto shall not affect any right or remedy and no single or partial exercise of any such right or remedy shall preclude any further exercise thereof.

7. Default Interest Rate. At all times when the Maker is in default hereunder by reason of the Maker's failure to pay the principal due under this Note within applicable cure periods, the interest rate on the sums as to which the Maker is in default (including the principal, if the Payee has elected to declare it immediately due and payable), shall be at the highest rate then allowed by law as of the date of the default, or ten percent, whichever is lower.

8. Waivers. The Maker and any endorsers hereof and all others who may become liable for all or any part of this obligation, severally waive presentment for payment, demand and protest and notice of protest, and of dishonor and nonpayment of this Note, and expressly consent to any extension of the time of payment hereof or of any installment hereof, and any such extension or release as may be made without notice to any of said parties, and without in any way affecting or discharging this liability.

9. Costs. The Maker agrees to pay immediately upon demand all costs and expenses of the Payee, including reasonable attorneys' fees, if:

   a. after default and the expiration of all notice and cure periods this Note is placed in the hands of an attorney or attorneys for collection; or
   b. after a default hereunder or under any City Deed of Trust or Loan Agreement and after the expiration of all notice and cure periods the Payee funds it necessary or desirable to secure the services or advice of one or more attorneys with regard to collection of this Note against the Maker, any guarantor or any other party liable therefor or to the protection of its rights under this Note, any City Deed of Trust, the HOME Program Loan Agreement or any other loan document executed in connection with this Project; or
   c. the Payee seeks to have the Site abandoned or be reclaimed from any estate in bankruptcy, or attempts to have any stay or injunction prohibiting the enforcement or collection of this Note, or prohibiting the enforcement of any City Deed of Trust, or any other Agreement evidencing or securing this Note lifted by any bankruptcy or other court.

If the Payee shall be made a party to or shall reasonably intervene in any action or proceeding, whether in court or before any governmental entity, affecting the Site or the title thereto or the interest of the Payee under any City Deed of Trust including, without limitation, any form of condemnation or eminent domain proceeding, the Payee shall be reimbursed by the Maker immediately upon demand for all costs, charges, and reasonable attorneys' fees incurred by the Payee in any such case, and the same shall be secured by any City Deed of Trust as a further charge and lien upon the Site.

10. Notices. Any notices provided for in this Note shall be given by mailing such notice by certified mail, return receipt requested at the address stated in this Note or at such address as either party may designate by written notice.

11. Successors. This Note shall be binding upon the Maker, its successors, and assigns.

12. California Law. This Note shall be construed in accordance with and be governed by the laws of the State of California.

13. Severability. If any provision of this Note shall be determined to be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

14. Nonrecourse. This Note is a nonrecourse obligation of the Maker. Neither the Maker nor any of its officers, directors or general and limited partners shall have any personal liability for repaying the principal or interest of this Note. In any action to enforce the obligations of the Maker under this Note, any City Deed of trust or any other instrument or Agreement evidencing, securing or relating to the indebtedness evidenced by this Note, the judgement or decree shall be enforceable against the Maker solely and only to the extent of its interest in the property described in this Note or any City Deed of Trust or its interest in any other security loaned by the Maker as security for this Note, and the Payee shall not seek any deficiency judgement against the Maker. The foregoing provisions shall not prevent recourse to the collateral security for the Loan or constitute a waiver, release or discharge of or otherwise affect the obligation to pay any indebtedness evidenced by the loan documents executed in connection with this Project, or limit the right of any person to name the Maker or any other person claiming an interest in or right to such collateral as party defendant in any action or suit for judicial foreclosure or in the exercise of any other remedy, including injunctive or other equitable relief, under any of the loan documents executed in connection with this Project, so long as no deficiency judgement shall be sought against the Maker.

The foregoing limitation shall not apply to any and all loss, damage, liability, action, case of action, cost or expense (including, without limitation, reasonable attorney's fees and expenses), to the extent incurred by the Payee as a result of any:

a. fraud or material misrepresentation under or in connection with the loan or any loan document executed in connection with this Project; or
b. intentional bad faith waste of the Site by the Maker; or
c. losses resulting from the Maker's failure to maintain insured as required by this Note or any Deed of Trust; or
d. misappropriation of any rents, security deposits, insurance proceeds, condemnation awards or any other proceeds by the Maker derived from any collateral security.

If any of the events listed in the foregoing (a) through (d) occurs, the Payee shall have the right to proceed directly against the Maker at the time the event giving rise to the recourse liability occurred to recover any and all loss, damage, liability, action, cause of action, cost or expense (including, without limitation, reasonable attorneys' fees and expenses), incurred by the Payee.

15. Nonliability of Maker and Payee Officials and Employees.

a. No member, official or employee of the Payee shall be personally liable to the Maker in the event of any default or breach by the City or on any obligations under the terms of this Note.
b. No member, official o employee of the Maker shall be personally liable to the Payee in the event of any default or breach by the Maker or for any amount which may become due to the Payee or on any obligations under the terms of this Note.

Vallejo PSH, L.P.,
a California limited partnership

By: Vallejo PSH LLC,
a California limited liability company,
its general partner

By: Eden Development, Inc.,
a California nonprofit public benefit corporation,
its sole member/manager

By: Tatiana Blank
Tatiana Blank,
Chief Financial Officer

EXHIBIT C

Form of HOME Program Loan Note

(Sacramento Street Permanent Supportive Housing Development)

Principal Sum Not to Exceed: Date: May 4, 2021
$2,186,710 Vallejo, California

FOR VALUE RECEIVED, VALLEJO PSH, L.P. a California limited partner (the "Maker" or "Borrower"), having an address at 22645 Grant Street, Hayward, California 94541. Promises to pay THE CITY OF VALLEJO ("Payee" or "City"), a principal sum not to exceed Two Million One Hundred Eighty-Six Thousand Seven Hundred Ten Dollars and No Cents ($2,186,710.00), or so much of such principal as may be advanced, with interest at the rate of three percent per annum. Interest shall be simple interest only.

1. Purpose. This Note is made and delivered pursuant to and in implementation of that certain Loan Agreement entered into between the City and the Borrower, dated ________________, (the "Loan Agreement"), which provides for the term "Site" means that real property located at and described as **2118 Sacramento Street, and 2134-2136 Sacramento Street, Vallejo, California 94590.**

2. Housing Project. The Maker will plan, develop, construct, and operate a 75-unit permanent supportive housing community on the Site (the "Project"). The 75 units that are contained in the Project are referred to herein as the "Housing Units".

3. Maturity Date. The Note shall be due and payable in full 55 years after the date the Project obtains its final Certificate of Occupancy (the "Maturity Date"), provided however that if Borrower fails to acquire Control of the Site on or before December 31, 2022 (the "Outside Acquisition Date"), the Maturity Date shall be the Outside Acquisition Date. The City may agree to extend the Outside Acquisition Date in its sole and absolute discretion. Notwithstanding the foregoing, if Borrower's failure to acquire Control of the Site by the Outside Acquisition Date is not caused by Borrower's acts or omissions, whether direct or indirect, and if Borrower has acted in good faith and no event has occurred and is continuing that constitutes an Event of Default or, with the passage of time would become an Event of Default under any of the City Documents, then in such an event, Borrower shall deliver to City all of the Work Product, the Agreement shall be deemed satisfied in full and Borrower shall be deemed to be released from all obligation or liability with respect to this Note and the Loan.

4. Payment. Beginning at the end of the Maker's first fiscal year immediately following the date the Project obtains its final Certificate of Occupancy, the Maker shall make annual payments of principal and interest to the Payee in an amount equal to the "City Share of Residual Receipts", hereinafter defined from the Payee's preceding fiscal year. Payment shall be made within 150 calendar days of the end of each fiscal year of the Maker.

"Residual Receipts" shall mean the sum of money computed as follows:

All rents, revenues, consideration or income (of any form but excluding capital contributions, tenants' security deposits, loan proceeds, financing or refinancing proceeds, partner advances, or similar advances) derived by the Maker in connection with or relating to the operation of the residential units of the Housing Project, including any revenue derived from any refinancing of the Housing Project, less all of the following:

On an annual basis, Debt Service (as defined below); all costs and expenses reasonably and actually incurred for operation, maintenance, and administration of the Housing Project, including but not limited to: premiums for property damage and liability insurance; utility services not paid for directly by tenants, including but not limited to water, sewer, trash collection, gas and electricity; maintenance and repair including but not limited to pest control, landscaping and grounds maintenance, painting and decorating, cleaning, common systems repairs, general repairs, janitorial, supplies, and others; any annual license or Certificate of Occupancy fees required for the operation of the Housing Project; general administrative expenses, including but limited to advertising and marketing, security services and systems, professional fees for legal, audit, accounting and tax returns, and others; supportive services fees paid to the supportive services provider; asset management fees paid to the limited partner of the Maker (the "Limited Partner") in a total amount not to exceed $12,000 annually, increasing 3.5% percent annually; partnership management fees in a total amount not to exceed $25,000 annually, payable to the general partners, increasing 3.5% percent annually; deferred development fees to the developer(s); repayment of any advances made by the managing general partner of the Maker, the co-general partner of the Maker, or the Limited Partner of the Maker under the terms of the partnership agreement governing the Maker (the "Partnership Agreement"); payment of any "Adjustment Amount" to the Limited Partner that is required under the Partnership Agreement; property management fees and reimbursements including on-site manager expenses, in an amount not to exceed fees and reimbursements which are standard in the industry and are pursuant to a management contract approved by the Limited Partner and the City; cash deposited into reserves required by lenders, tax credit investor/s, or by the terms of the Partnership Agreement; and capital replacements of Project Improvements. Expenses shall also not include the following: depreciation, amortization, depletion, or other non-cash expenses. Project Fees are not Project Expenses.

As used herein, "Debt Service" means regularly scheduled mandatory payments of principal and interest made in a calendar year pursuant to the financing approved pursuant to **Article 2.1** of the Loan Agreement which has been obtained for the development of the Housing Project, but excluding payments made pursuant to this Note.

Beginning with the first year of operation of the Project by the Maker after the Project obtains its final Certificate of Occupancy, the Maker shall deliver to the Payee each year an annual audited financial statement in order to determine the amount of Residual Receipts. The Payee shall have the right to inspect and audit the Maker's financial books and records concerning the calculation of Residual Receipts upon reasonable notice and during regular business hours. Any amount owed under this Note and not paid due to insufficient Residual Receipts shall be carried over to the next year and added to the amount owed for the following year, but shall not be compounded. Payments made from the Maker shall be credited first to pay interest, and then to pay principal.

Each year until all principal and interest hereunder is paid in full, 50 percent of the Residual Receipts shall be paid for the repayment of this Note, to be shared pro rata with any other Residual Receipts loans provided in accordance with the approved Project Financing ("the City HOME Program Share of Residual Receipts").

5. Payment Location. Payment shall be made in lawful money of the United States to Payee, care of the City of Vallejo Housing and Community Development Division, 200 Georgia Street, Vallejo, California 94590. The place of payment may be changed from time to time as the Payee may from time to time designate in writing.

6. Default. The occurrence of any of the following shall constitute an event of default under this Note:

   a. the Maker fails to pay any amount due hereunder within 30 days of its due date; or
   b. any default by the Maker under this Note, any City Deed of trust, the HOME Program Loan Agreement, or any Affordability Agreement recorded against the Site after the expiration of all applicable cure periods; or
   c. any default by the Maker under any other obligation of the Maker recorded against the Site after the expiration of all applicable cure periods.

The Maker shall not be considered in default under this Note until the expiration of all notice and cure periods provided to the maker. Any cure of any default made or tendered by one of the Maker's Limited Partners, as approved by the City, shall be deemed to be a cure by the Maker and shall be accepted or rejected on the same basis as if made or tendered by the Maker.

Upon the occurrence of any uncured event of default, or at any time thereafter, at the option of the Payee hereof, the entire unpaid principal and interest owing on this Note shall become immediately due and payable. This option may be exercised at any time following any such event, and the acceptance of one of more installments thereafter shall not constitute a waiver of the Payee's option. The Payee's failure to exercise such option shall not constitute a waiver of such option with respect to any subsequent event. The Payee's failure to exercise any other right or remedy hereunder or under any other Agreement which secures the indebtedness or is related thereto shall not affect any right or remedy and no single or partial exercise of any such right or remedy shall preclude any further exercise thereof.

7. Default Interest Rate. At all times when the Maker is in default hereunder by reason of the Maker's failure to pay the principal due under this Note within applicable cure periods, the interest rate on the sums as to which the Maker is in default (including the principal, if the Payee has elected to declare it immediately due and payable), shall be at the highest rate then allowed by law as of the date of the default, or ten percent, whichever is lower.

8. Waivers. The Maker and any endorsers hereof and all others who may become liable for all or any part of this obligation, severally waive presentment for payment, demand and protest and notice of protest, and of dishonor and nonpayment of this Note, and expressly consent to any extension of the time of payment hereof or of any installment hereof, and any such extension or release as may be made without notice to any of said parties, and without in any way affecting or discharging this liability.

9. Costs. The Maker agrees to pay immediately upon demand all costs and expenses of the Payee, including reasonable attorneys' fees, if:

    a. after default and the expiration of all notice and cure periods this Note is placed in the hands of an attorney or attorneys for collection; or
    b. after a default hereunder or under any City Deed of Trust or Loan Agreement and after the expiration of all notice and cure periods the Payee funds it necessary or desirable to secure the services or advice of one or more attorneys with regard to collection of this Note against the Maker, any guarantor or any other party liable therefor or to the protection of its rights under this Note, any City Deed of Trust, the HOME Program Loan Agreement or any other loan document executed in connection with this Project; or
    c. the Payee seeks to have the Site abandoned or be reclaimed from any estate in bankruptcy, or attempts to have any stay or injunction prohibiting the enforcement or collection of this Note, or prohibiting the enforcement of any City Deed of Trust, or any other Agreement evidencing or securing this Note lifted by any bankruptcy or other court.

If the Payee shall be made a party to or shall reasonably intervene in any action or proceeding, whether in court or before any governmental entity, affecting the Site or the title thereto or the interest of the Payee under any City Deed of Trust including, without limitation, any form of condemnation or eminent domain proceeding, the Payee shall be reimbursed by the Maker immediately upon demand for all costs, charges, and reasonable attorneys' fees incurred by the Payee in any such case, and the same shall be secured by any City Deed of Trust as a further charge and lien upon the Site.

10. Notices. Any notices provided for in this Note shall be given by mailing such notice by certified mail, return receipt requested at the address stated in this Note or at such address as either party may designate by written notice.

11. Successors. This Note shall be binding upon the Maker, its successors, and assigns.

12. California Law. This Note shall be construed in accordance with and be governed by the laws of the State of California.

13. Severability. If any provision of this Note shall be determined to be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

14. Nonrecourse. This Note is a nonrecourse obligation of the Maker. Neither the Maker nor any of its officers, directors or general and limited partners shall have any personal liability for repaying the principal or interest of this Note. In any action to enforce the obligations of the Maker under this Note, any City Deed of trust or any other instrument or Agreement evidencing, securing or relating to the indebtedness evidenced by this Note, the judgement or decree shall be enforceable against the Maker solely and only to the extent of its interest in the property described in this Note or any City Deed of Trust or its interest in any other security loaned by the Maker as security for this Note, and the Payee shall not seek any deficiency judgement against the Maker. The foregoing provisions shall not prevent recourse to the collateral security for the Loan or constitute a waiver, release or discharge of or otherwise affect the obligation to pay any indebtedness evidenced by the loan documents executed in connection with this Project, or limit the right of any person to name the Maker or any other person claiming an interest in or right to such collateral as party defendant in any action or suit for judicial foreclosure or in the exercise of any other remedy, including injunctive or other equitable relief, under any of the loan documents executed in connection with this Project, so long as no deficiency judgement shall be sought against the Maker.

The foregoing limitation shall not apply to any and all loss, damage, liability, action, case of action, cost or expense (including, without limitation, reasonable attorney's fees and expenses), to the extent incurred by the Payee as a result of any:

a. fraud or material misrepresentation under or in connection with the loan or any loan document executed in connection with this Project; or
b. intentional bad faith waste of the Site by the Maker; or
c. losses resulting from the Maker's failure to maintain insured as required by this Note or any Deed of Trust; or
d. misappropriation of any rents, security deposits, insurance proceeds, condemnation awards or any other proceeds by the Maker derived from any collateral security.

If any of the events listed in the foregoing (a) through (d) occurs, the Payee shall have the right to proceed directly against the Maker at the time the event giving rise to the recourse liability occurred to recover any and all loss, damage, liability, action, cause of action, cost or expense (including, without limitation, reasonable attorneys' fees and expenses), incurred by the Payee.

15. Nonliability of Maker and Payee Officials and Employees.

a. No member, official or employee of the Payee shall be personally liable to the Maker in the event of any default or breach by the City or on any obligations under the terms of this Note.
b. No member, official o employee of the Maker shall be personally liable to the Payee in the event of any default or breach by the Maker or for any amount which may become due to the Payee or on any obligations under the terms of this Note.

Vallejo PSH, L.P.,
a California limited partnership

By: Vallejo PSH LLC,
a California limited liability company,
its general partner

By: Eden Development, Inc.,
a California nonprofit public benefit corporation,
its sole member/manager

By: Tatiana Blank
Tatiana Blank,
Chief Financial Officer