PLACER COUNTY

REDEVELOPMENT AGENCY

MEMORANDUM

TO: Honorable Members of the Redevelopment Agency Board
FROM: Thomas M. Miller, Director
James LoBue, Deputy Director
DATE: February 22, 2011
SUBJECT: Quartz Ridge Family Apartments, L.P., Disposition, Development, and Loan Agreement

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ACTION REQUESTED

Conduct a public hearing pursuant to California Health and Safety Code Sections 33431 and 33433 and adopt a resolution (1) approving a 33433 Report and Reuse Appraisal; (2) approving disposition of real property 360 Silver Bend Way, Auburn, APN: 054-171-031, 054-171-032, 054-171-035, 054-171-036, 054-171-037, and 054-171-038 to Quartz Ridge Family Apartments, L.P.; (3) approving a Disposition, Development, and Loan Agreement and related documents with Quartz Ridge Family Apartments, L.P.; (4) authorizing an expenditure of $2,000,000 in Redevelopment Housing Funds for the Quartz Ridge Family Housing Project (currently known as Miner's Ridge Family Apartments); and (5) authorizing for the Redevelopment Director or his designee to execute the aforementioned agreements and associated documents.

BACKGROUND

In 2008, the Redevelopment Agency (Agency) acquired the vacant real property located at 360 Silver Bend Way, Auburn, CA (Site). On May 26, 2009, your Board authorized the Agency to issue a Request for Proposals (RFP) for development of the Site. After receipt of four proposals, a review panel was convened. The review panel participants scored the proposals based on criteria relating to the proponents' demonstrated experience and capability, their demonstrated financial knowledge and access to resources, and the quality of their proposals. The companies that submitted the top two proposals were requested to interview with Agency management staff. Those interviews were conducted on September 3, 2009. The Agency selected USA Properties Fund, Inc's. proposal based on the review panel's scoring, the results of the company interviews, and the proposal's compatibility with the goals of the Agency. USA Properties Fund, Inc. has formed Quartz Ridge Family Apartments, L.P. (Developer), a California limited partnership, to be the developer for this project.

On November 17, 2009, your Board approved an Exclusive Negotiating Rights Agreement and a subsequent Amendment with USA Properties Fund, Inc. for the development of new affordable housing and associated improvements at 360 Silver Bend Way in Auburn. The Developer has since received entitlement approvals for the affordable housing development for the Site from the County. California Environmental Quality Act (CEQA) review is also complete. The project is currently named Miner's Ridge Family Apartments but the developer proposes to change the name to Quartz Ridge Family Apartments after the permits process has been completed.

The Developer is proceeding to apply for Federal Low-Income Housing Tax Credits (Tax Credits) through the State of California Tax Credit Allocation Committee for the Quartz Ridge Family Apartments development. Tax Credits were created by the Tax Reform Act of 1986 as a method of funding housing affordable to low-income households. They are used to leverage private capital and typically finance the bulk of construction costs. The next Tax Credits funding application deadline is March 2011.

In order to qualify for the Tax Credits, the project must have an approved Disposition, Development, and Loan Agreement (DDA) or comparable financing and property disposition commitments. The proposed DDA outlines pledges by the Agency to provide land, funding, and technical assistance for the project. It also details the Developer's obligations to design, build, manage, and maintain the development.

Development Description

The proposed development consists of 64 units, 31 of which will be affordable to low- and very low-income residents and one manager's unit. Although the Agency has restricted 31 units at rents affordable to residents at or below 80% of the Area Median Income (AMI), the Developer has indicated that it intends to restrict the other units at affordable rents to comply with Tax Credit guidelines.

Development Team

Quartz Ridge Family Apartments, L.P. is the developer for the project. USA Construction Management, Inc. will construct the project and USA Multi-family Management, Inc. will serve as the property manager. USA Properties Fund, Inc. (USA) was founded in 1981 and is led by Geoffrey C. Brown, President. USA has worked with over 21 housing and redevelopment agencies throughout California and Nevada. USA came highly recommended by the three local agencies we contacted as references. USA has developed over 9,000 units of family and senior apartments in over 70 communities in California and Nevada.

Property Manager

The project will be professionally managed by USA Multi-family Management, Inc. which is a subsidiary of USA Properties Fund, Inc. USA Multi-family Management was created in 1993 and manages over 70 apartment communities.

Tenant Support Services

USA partners with Riverside Charitable Corporation for tenant support services. LifeSTEPS (Life Skills Training and Education Programs, Inc.) works to strengthen families and communities through education and social service programs.

Financing Plan

The project's total cost estimate is $19,263,847. The Tax Credits application requires all other funding commitments to be in place by the application submittal deadline. Implementation of the project will be contingent on the layering and coordination of multiple funding sources. Following is a description of these sources. A project financing Sources and Uses Table is also provided as an attachment.

Private Loan
The project financing plan projects a private bank loan of $1,600,000 to contribute towards the overall development cost. This loan will be serviced with the rent revenue collected from the project. The amount of the loan will be limited because the rents will be required by the Tax Credits funding agreement to be restricted to levels that are affordable to low- and very low-income residents.

Deferred Developer Fee
Tax Credits regulations provide for Tax Credits proceeds to pay a developer fee up to $1,400,000. This fee is the Developer's entire payment for the project and is split among the managing and limited partners. Tax Credits regulations allow for a higher developer fee to be paid from other sources. The DDA provides for an additional developer fee up to $600,000. Of the additional fee $313,271 will be deferred to be paid to the Developer only if the project realizes net savings at the end of construction and/or in annual operation.

Tax Credits Investment
Tax Credits provide an exemption from Federal income tax for project investors. The financing plan estimates that investors will pay $14,135,576 to the project to acquire these exemptions. It is the largest single funding source for the project.

Agency Gap Financing & Land Loan
The Agency, with assistance from its development finance consultant Keyser Marston Associates, has engaged in pro forma analysis and financial negotiation with the Developer. At the conclusion of this process the Agency determined that the proposed project has a funding gap of $2,000,000 after the application of the above described funding sources. The Agency has entered into a predevelopment loan for up to $350,000 with the Developer. The predevelopment loan amount is included in the $2,000,000 that is proposed as additional funding for the completion of the project and will be included in the form of a residual receipts loan to the Developer. The Agency will also provide a loan for the purchase of the property based on its current appraised value of one million, two hundred fifteen thousand dollars ($1,215,000). The loans will be secured by deeds of trust and regulatory agreements on the property.

Disposition, Development, and Loan Agreement
The DDA contains all the terms and conditions relating to the disposition of the property and the design, construction, financing, and operation of the project. It is the legal instrument that governs the relationship between the Agency and Developer until the development is complete.

Basic terms of the DDA stipulate that the Agency will provide to the Developer the property and construction gap financing if, and when, the project has received a Tax Credits award, building permit approvals, full financing, and the project is ready to begin construction. The Developer agrees to comply with the project financing plan and to design, build, and operate the 31 Agency restricted units in accordance with approved entitlement and permit approvals and the financing stipulations of the DDA. In addition, the Developer will continue to manage and operate the housing in good condition for at least 55 years and restrict rents at levels affordable to low- and very low-income residents.

33433 Report and Reuse Appraisal and Required Findings

In accordance with California Community Redevelopment Law (CRL), if tax increment revenue is used directly or indirectly to acquire the property that is the subject of the conveyance, section 33433 of the Health and Safety Code requires that a special report be prepared. The special report, identified in this Board packet as the "33433 Report and Reuse Appraisal", must contain the cost of the agreement to the Agency, the estimated value of the interest to be conveyed, and an analysis of why the sale will assist in the elimination of blight. The Agency had Keyser Marston Associates prepare a 33433 Report and Reuse Appraisal (see attached) to determine the market value of the property to be conveyed to the Developer in consideration of the requirements and rent restrictions of the affordable housing project. CRL requires that the Board of Supervisors and the Agency Board conduct public hearings and consider the reports before the Agency takes action to adopt a DDA that would authorize conveyance of Agency-owned property to a private party.

The 33433 Report and Reuse Appraisal is consistent with the project Financing Plan in concluding that the project is financially infeasible unless the property is conveyed to the Developer at no cost or as part of a residual receipts loan.

CRL also requires that the legislative body and Agency Board approve certain findings, that the property disposition and implementation of the DDA will assist in: (1) the elimination of blight in the North Auburn Redevelopment Project Area, (2) the action is consistent with redevelopment plan goals for the re-planning, redesign, and development of underutilized or poorly developed areas and (3) provides for the expansion and improvement of housing for low and moderate income persons. The DDA and proposed project will meet the North Auburn Redevelopment Plan and North Auburn Five Year Implementation Plan goals of the removal of blight, improvement of public facilities, and expansion and improvement of housing for low-income persons.

FISCAL IMPACT

The financial feasibility of the project is contingent upon the receipt of Tax Credits from the California Tax Credit Allocation Committee. It is planned for the Developer to apply for Tax Credits in the March 2011 round and awards for this round are scheduled for June 2011.

The proposed $2,000,000 gap financing which includes a predevelopment loan of $350,000 and $1,215,000 Agency land loan contributions for the project are coming from currently available North Auburn Redevelopment Project Area Housing Set-aside funds and Agency housing bond proceeds. The Agency contributions of both land and funding are in the form of residual receipts loans with 55 year terms. There will be no impact to the County General Fund.

ENVIRONMENTAL REVIEW

The actions requested in this item are activities taken in furtherance of the Redevelopment Plan for the North Auburn Redevelopment Project Area, for which an environmental impact report was prepared and certified pursuant to the California Environmental Quality Act (CEQA). Therefore, no further environmental review is required for these actions (CEQA Guidelines Section 15180).

In addition, the development project has undergone all environmental review required by the County and in compliance with CEQA. An addendum to the subsequent mitigated negative declaration was prepared for this development proposal by the County pursuant to CEQA and was certified as document PMUP 20100029 on May 13, 2010. Specific findings and mitigation measures shall be implemented with the project as described in the Notice of Determination filed with the State on August 14, 2010.

Attachments: Resolution
Project Site Map
Project Financing Sources and Uses Table
Disposition, Development, and Loan Agreement
33433 Report and Reuse Appraisal

Project Site Map; Project Financing Sources and Uses Table; Disposition, Development, and Loan Agreement; and 33433 Report and Reuse Appraisal for Review only at the Clerk of the Board

Exhibit
Project Site Map

Exhibit
Financing Plan - Sources and Uses

Exhibit
Disposition, Development, and Loan Agreement

Exhibit
33433 Report and Reuse Appraisal

Before the Placer County Redevelopment Agency Board of Directors County of Placer, State of California

In the matter of:

Approving a Reuse Report required by California Health and Safety Code Section 33433; authorizing the execution of a Disposition, Development, and Loan Agreement for the sale of real property to Quartz Ridge Family Apartments, L.P.; adopting findings in connection with such sale; approving financing for the Quartz Ridge Family Apartments Project; and authorizing the execution of all necessary documents in connection with these approvals by the Redevelopment Director or designee

Resol. No:.....

Ord. No:.....

First Reading: .....

The following Resolution was duly passed by the Redevelopment Agency Board

of the County of Placer at a regular meeting held_____,

by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Attest:
Clerk of said Board

Chair, Agency Board

WHEREAS, the Placer County Redevelopment Agency (Agency) is a redevelopment agency formed, existing, and exercising its powers pursuant to California Community Redevelopment Law, Health and Safety Code (HSC) Section 33000 *et seq.*;

WHEREAS, by Ordinance No. 4832-B, adopted on June 24, 1997, the Placer County Board of Supervisors (Board of Supervisors) established the North Auburn Redevelopment Project Area (Project Area) and adopted the Redevelopment Plan for the Project Area (as subsequently amended, the Redevelopment Plan);

WHEREAS, pursuant to an Exclusive Negotiating Rights Agreement by and between the Agency and USA Properties Fund, Inc., a California corporation, dated November 17, 2009, and subsequently amended, Agency staff has negotiated the terms and conditions under which Quartz Ridge Family Apartments, L.P., a California limited partnership (Developer), would acquire the following real property from the Agency: 360 Silver Bend Way, (the Property) APN: 054-171-031, 054-171-032, 054-171-035, 054-171-036, 054-171-037, and 054-171-038 for development of the Quartz Ridge Housing Project, a 64-unit, multi-family housing development in which at least 31 residential units will be affordable to low- and very low-income households, together with one (1) manager's unit, common laundry facilities, recreational space, 132 parking spaces, and approximately 2,600 square feet of common area tenant services space (Housing Project);

WHEREAS, the Housing Project, the Property, and the terms and conditions for development and financing of the Housing Project are more particularly described in the Disposition, Development, and Loan Agreement (DDA), copies of which have been provided to the Agency Board and the Board of Supervisors;

WHEREAS, the actions requested in this item are activities taken in furtherance of the Redevelopment Plan for the Project Area, for which an environmental impact report was prepared and certified pursuant to the California Environmental Quality Act (CEQA) and, therefore, no further environmental review is required for these actions (CEQA Guidelines Section 15180);

WHEREAS, with respect to the Housing Project, the County of Placer has adopted an addendum to the previously adopted mitigated negative declaration in compliance with CEQA;

WHEREAS, HSC Sections 33430 and 33431 provide that a redevelopment agency may sell property without public bidding provided the agency holds a public hearing following publication of notice;

WHEREAS, HSC Section 33433 provides that prior to a redevelopment agency's sale of property acquired with tax increment funds (i) the agency must prepare and make available to the public a report (Reuse Report) describing the terms of the sale and development of the property, (ii) the legislative body must hold a public hearing following notice, and (iii) the legislative body must approve the conveyance by a resolution adopting specified findings;

WHEREAS, the Agency has caused a reuse report, entitled the "33433 Report and Reuse Appraisal" to be prepared;

WHEREAS, the Agency has caused notice to be published and have conducted public hearings in accordance with all legal requirements;

WHEREAS, the 33433 Report and Reuse Appraisal contains all necessary elements to comply with California Community Redevelopment Law (CRL) Section 33433; and

WHEREAS, the Developer and Agency have negotiated an Affordable Housing Regulatory Agreement (Regulatory Agreement) which restricts residential rents in the Housing Project at affordable levels for a period of 55 years.

NOW, THEREFORE, BE IT RESOLVED, that the Agency,

1. Finds that the sale and development of the Property in accordance with the DDA will assist in the elimination of blight in the Project Area, will facilitate the development of housing for low- and very low-income households, will further the goals of the Redevelopment Plan, and will be consistent with the implementation plan adopted in connection therewith.

2. Finds that the consideration to be paid for the purchase of the Property is not less than the fair reuse value of the Property at the use and with the covenants and conditions imposed by the DDA and the Regulatory Agreement.

3. Finds that the 33433 Report and Reuse Appraisal contains all necessary elements to comply with CRL 33433 and more specifically finds that:

   a. The sale price for the Property will be the fair reuse value;
   b. The proposed Agency financing for the Project includes (i) seller financing in the form of a residual receipts, deferred payment loan in the amount of the current appraised value of $1,215,000, and (ii) a pre-development/construction/permanent loan in the maximum amount of $2,000,000 for a total loan of $3,215,000 (Development Loan);

4. Based on the above findings, the Agency Board:

   a. Approves the 33433 Report and Reuse Appraisal;
   b. Approves the sale of the Property to the Developer and provision of the Land Loan and Development Loan pursuant to the terms and conditions set forth in the DDA;
   c. Approves the DDA and the Regulatory Agreement, authorizes the Agency Director or his designee to execute and deliver the DDA and the Regulatory Agreement substantially in the forms on file with the Agency Secretary, and authorizes the recordation of a Memorandum of the DDA in the Official Records of Placer County;
   d. Authorizes the Agency Director or designee to execute and deliver such other instruments and to take such other actions as necessary to carry out the intent of this Resolution; and
   e. Authorizes the expenditure of $2,000,000 of North Auburn Redevelopment Project Area tax increment housing set-aside funds for the Quartz Ridge Housing Project.

Report on File for
Review Only at the
Clerk of the Board

SUMMARY REPORT PURSUANT TO SECTION 33433 OF THE CALIFORNIA COMMUNITY REDEVELOPMENT LAW ON A DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE PLACER COUNTY REDEVELOPMENT AGENCY AND QUARTZ RIDGE FAMILY APARTMENTS, L.P.

1. INTRODUCTION

The California Health and Safety Code, Section 33433, requires that if a redevelopment agency wishes to sell or lease property to which it holds title and if that property was acquired in whole or in part with property tax increment funds, the agency must first secure approval of the proposed sale or lease agreement from its local legislative body after a public hearing. A copy of the proposed sale or lease agreement and a summary report that describes and contains specific financing elements of the proposed transaction will be available for public inspection prior to the public hearing. As contained in the Code, the following information will be included in the summary report:

1. The cost of the agreement to the redevelopment agency, including land acquisition costs, clearance costs, relocation costs, the cost of any improvements to be provided by the agency, plus the expected interest on any loans or bonds to finance the agreement;

2. The estimated value of the interest to be conveyed, determined at the highest and best use permitted under the redevelopment plan;

3. The estimated value of the interest to be conveyed in accordance with the uses, covenants, and development costs required under the proposed agreement with the Agency, i.e., the reuse value of the site;

4. An explanation of why the sale of the site will assist in the elimination of blight, as required by Section 33433; and

5. If the sale price is less than the fair market value of the interest to be conveyed, determined at the highest and best use consistent with the redevelopment plan, the agency will provide as part of the summary an explanation of the reasons for the difference.

This report outlines the salient parts of the proposed Disposition and Development Agreement ("Agreement") b and between the Placer County Redevelopment Agency ("Agency") and Quartz Ridge Family Apartments, L.P. ("Developer") for the development of a 64-unit affordable rental development on Silver Bend Way in North Auburn.

This report is based upon information in the proposed Agreement and is organized into the following six sections:

1. **Summary of the Proposed Agreement** – This section includes a description of the site, the proposed development and the major responsibilities of the Agency and the Developer.

2. **Cost of the Agreement to the Agency** – This section outlines the cost fo the Agreement to the Agency.

3. **Estimated Value of the Interest to be Conveyed** – This section summarizes the value of the interests to be conveyed to the Developer.

4. **Consideration Received and Reasons Therefore** – This section describes the consideration and the fair market value at the highest and best use consistent with the redevelopment plan for the interest conveyed.

5. **Elimination of Blight / Conformance with Five-Year Implementation Plan** – This section includes an explanation of why the sale of the site will assist in the elimination of blight and how the Agreement is in conformance with the Agency's Five-Year Implementation Plan.

6. **Provision of Low and Moderate Income Housing** – This section describes how the sale or lease of the site will provide housing for Low and Moderate-income persons.

II. SUMMARY OF THE PROPOSED DISPOSITION AND DEVELOPMENT AGREEMENT

A. Description of the Site and Project

Site

The site of the proposed Project ("Site") is located at 360 Silver Bend Way, approximately 700 feet west of Lincoln Way in North Auburn. Auburn Ravine Shopping Center is on the western boundary of the property. Foresthill Road and Silver Bend Way abut the south and north property lines, and rural single family residential parcels are on the east. The area immediately surrounding the Site is comprised of single family homes and community retail along Lincoln Way. Auburn Ravine Shopping Center offers grocery, pharmacy, and other local retail services. The

Site is also in close proximity to an elementary school, a public park, and access to transit. The Site is approximately 6.2 acres in size and is currently vacant.

Developer

The Developer is Quartz Ridge Family Apartments, L.P.

Project

The proposed Project, known as Quartz Ridge Family Apartments (formerly Miner's Ridge), will consist of 64 rental apartment units, a community clubhouse and management office in nine separate two-story buildings. The project is also proposed to include a tot lot, swimming pool, private road extension along the western boundary, parking, landscaping, and associated infrastructure. Construction of the buildings will be wood frame.

The 64 apartment units will consist of 12 one-bedroom units, 32 two-bedroom units, and 20 three-bedroom units. The Project is proposed to incorporate energy efficient design features and amenities including Energy Star appliances and low VOC carpeting.

Under the terms of the Agreement, 31 of the 64 units will be restricted with rents based on household incomes not exceeding 60% of the Area Median Income (AMI). If the Project is successful in securing tax credit financing, which is essential to the current financing plan, additional restrictions will be imposed by the tax credit financing such that the rents for all but the resident manager's unit will be based on household incomes between 30% and 60% of AMI. The specific affordability mix proposed of the 31 units is as follows:

Affordability	**Units**	**% of Total**
30% of AMI	4	13%
50% of AMI	16	52%
80% of AMI	11	35%
Total	31	100%

III. COST OF THE DISPOSITION AND DEVELOPMENT AGREEMENT TO THE AGENCY

This section presents the total cost of the Agreement to the Agency.

- Acquisition Costs – The Agency acquired the 6.2-acre Silver Bend Site from a previous private developer in 2008 through the settlement of the previous developer's default on a prior Agency loan. The Agency had loaned that developer approximately $229,000 in 2002 to assist in developing a proposed 72-unit affordable housing project on the Site. The agreement with the developer also involved development of two sites in the North Lake Tahoe Redevelopment Project Area. The developer failed to perform under the agreement

and defaulted on the Agency loan. In 2008, the Agency and the developer reached a settlement agreement in which the Agency took title to the Silver Bend Site in-lieu of foreclosure. The Agency then proceeded to pay off the principal balance of the outstanding first mortgage in order to own the Site free and clear. Agency staff has determined that the cost of these transactions to acquire the Silver Bend Site was approximately $738,300.

- Project Loan – The Agency is providing the following financial assistance to the Project. (1) the Agency will provide the Developer with a loan of $2,000,000 to be used for predevelopment, construction, and permanent financing of the Project; and (2) the Agency will be taking back a note for $1,215,000 based on the May 21, 2010 appraised fair market value of the Site.

- Interest Costs – Approximately $2 million of the Agency's costs are expected to be funded by tax increment housing set-aside funds and bond proceeds from the Agency's Low/Mod Housing Set-aside Fund. Interest on Agency financing is estimated to be in the range of $1.9 million over a period of 30 years assuming an interest rate of 5%. On a net present value (NPV) basis, the interest cost is nominal.

The following table summarizes the Agency's estimated costs related to the Agreement:

Property Acquisition Costs	$ 738,300
Predevelopment/Construction/Permanent Loan	$2,000,000
Bond Interest Costs	Nominal on a NPV Basis
TOTAL COST	**$2,738,300**

IV. VALUE OF THE INTEREST TO BE CONVEYED

Fair Reuse Value

The reuse value of the Site is directly a function of the development economics specific to the proposed Project. Based on the affordability restrictions imposed by the Agreement as well as the expected tax credit financing, all but the resident manager unit will be deed-restricted with rents based on household incomes between 30% and 60% of Area Median Income (AMI). These affordability restrictions will remain in place for not less than 55 years.

Given the rent restrictions, the units will rent for as low as $358 per month for the one-bedroom units at 30% of AMI and as high as $1,051 per month for the three-bedroom units at 60% of AMI. The restricted rental income stream is estimated to support a conventional first mortgage of $1.6 million relative to the total development cost estimated at $19.3 million. Without significant public subsidies, the Project would not be financially feasible.

The key to the Developer's financing plan is federal Low Income Housing Tax Credits. It is estimated that these tax credits will generate $14 million in funds for the Project. The Agency is providing the

gap financing needed to render the Project financially feasible. The total permanent sources of funds anticipated for the Project are as follows:

First Mortgage	$1,600,000
Tax Credit Equity	$14,135,576
Developer Note	$313,271
Agency Land Loan	$1,215,000
Agency Pre/Construction/Perm Loan	$2,000,000
TOTAL Permanent Sources	**$19,263,847**

Given the Project's affordability restrictions and the availability of other funding sources specified above, the fair reuse value of the Site is nominal. Under the terms of the Agreement, the Agency will convey the Site to the Developer in exchange for a promissory note in the amount of the appraised fair market value of $1,215,000.

Value at Highest and Best Use

The Site was appraised in May 2010 for $1,215,000. The appraiser determined that the highest and best use for the Site was multi-family residential.

V. CONSIDERATION RECEIVED AND REASONS THEREOF

Under the terms of the Agreement, the Agency will convey the Site to the Developer in exchange for a promissory note in the amount of the appraised fair market value of $1,215,000. In addition, the Agency will provide $2,000,000 for predevelopment, construction, and permanent financing of the Project. Repayment of the Agency's assistance is on a residual receipts basis, meaning the Agency will only receive annual payments to the extent that there is operating cash flow remaining after payment of all operating expenses, senior debt service, and certain allowed payments to the Developer and partnership entity owning the Project. At this time, it is not assumed that the Agency will receive any significant loan repayment during the 55-year term of the affordability restrictions. Due to the highly restricted rents that can be charged the residents, it is typical for public agencies to provide subsidies for these types of affordable housing projects.

VI. ELIMINATION OF BLIGHT / CONFORMANCE WITH FIVE-YEAR IMPLEMENTATION PLAN

The Project is located in the North Auburn Redevelopment Project Area, which was established in 1997. As specified in the Project Area's 2007-2012 Five-Year Implementation Plan, the following are among the Project Area goals:

- The re-planning, redesign, and development of underutilized or poorly developed areas;

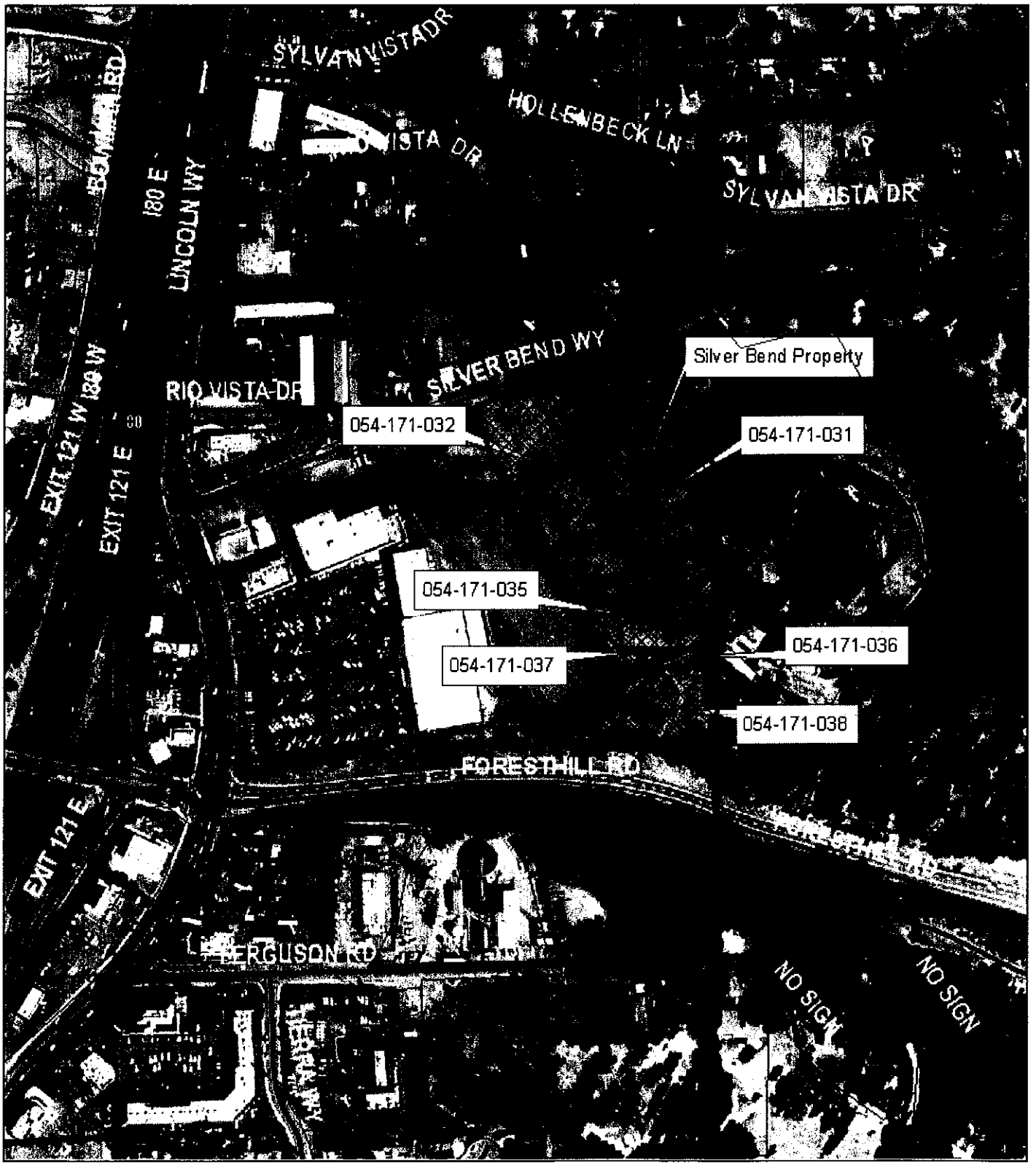
- The expansion and improvement of housing for low and moderate-income persons.

The Agency has determined that the Site is ideal for an affordable apartment development and the proposed Project is a key project in the Agency's redevelopment plans for the North Auburn area. The Project will help eliminate blight through construction of a high-quality residential development on a currently vacant and formerly derelict and degraded property, and the Project will achieve goals stated in the Five-Year Implementation Plan.

VII. PROVISIONS OF LOW OR MODERATE INCOME HOUSING

The Project is proposed to consist of 63 affordable apartment units and one resident manager unit. The specific affordability mix of the 31 Agency restricted units is as follows:

Affordability	**Units**	**% of Total**
30% of AMI	4	13%
50% of AMI	16	52%
80% of AMI	11	35%
Total	31	100%



360 Silver Bend Way
Auburn, CA

Redevelopment Agency Boundaries

N

Quartz Ridge Family Apartments (Miner's Ridge)
Housing Development
FINANCING PLAN

Sources of Funds

1,600,000	Private Loan
1,215,000	Redevelopment Agency Land Acquisition
2,000,000	Redevelopment Agency Gap Loan
313,271	Developer Note (deferred fee)
14,135,576	Limited Partner Equity (Tax Credits Investment)
$19,263,847	**TOTAL SOURCES**

Uses of Funds

1,290,000	Acquisition Costs
8,346,573	Construction Costs
914,403	Contractor Overhead & Profit
527,076	Architecture and Engineering
539,804	Financing Costs
2,796,500	Development Impact & Permit Fees
1,109,752	Offsite Improvements
731,062	Other Transaction Costs
898,677	Contingency
110,000	Bond Cost of Issuance
2,000,000	Developer Fee
$19,263,847	**TOTAL USES**

CONTRACT/AGREEMENT
FOR REVIEW ONLY AT
THE CLERK OF THE BOARD

DISPOSITION AND DEVELOPMENT AGREEMENT

THIS DISPOSITION AND DEVELOPMENT AGREEMENT (this "Agreement") is entered into by and between the PLACER COUNTY REDEVELOPMENT AGENCY, a public body corporate and politic (the "**Agency**"), and QUARTZ RIDGE FAMILY APARTMENTS, L.P., a California limited partnership (the "**Developer**"), dated as of this _____ day of _____, 2011, the date of execution of this Agreement by the Agency indicated on the signature page hereof.

RECITALS

The following recitals are a substantive part of this Agreement; capitalized terms used herein and not otherwise defined are defined in Section 100 of this Agreement:

A. The purpose of this Agreement is to effectuate the Redevelopment Plan for the North Auburn Redevelopment Project Area by providing for the disposition of certain real property (the "**Site**") by the Agency to the Developer and providing Developer additional financial assistance in the form of a loan (the "**Agency Loan**") for the construction of a sixty-four (64) unit multifamily rental housing project that includes: (i) four (4) units to be rented at an affordable housing cost to "extremely low income households," which are persons and families whose income is at or below thirty percent (30%) of area median income adjusted for family size as established on an annual basis by the California State Department of Housing and Community Development; (ii) sixteen (16) units to be rented at an affordable housing cost to "very low income households," which are persons and families whose income is at or below fifty percent (50%) of area median income adjusted for family size as established on an annual basis by the California State Department of Housing and Community Development; and (iii) eleven (11) units to be rented at an affordable housing cost to "low income households," which are persons and families whose income is at or below eighty percent (80%) of area median income adjusted for family size as established on an annual basis by the California State Department of Housing and Community Development (collectively, the "**Affordable Units**"), with one of the non-income restricted units reserved as an on-site manager's unit. The affordability restrictions as required by this Agreement shall remain in effect for fifty-five (55) years, commencing upon recordation of the Affordable Housing Covenant attached hereto as Attachment No. 7. The Site is comprised of approximately 6.15 acres and is located within the Redevelopment Project Area, as depicted on the Site Map, attached hereto as Attachment No. 1 and more particularly described in the Site Legal Description attached hereto as Attachment No. 2.

B. Agency desires to enter into this Agreement because, pursuant to the Community Redevelopment Law and the Redevelopment Plan, it will provide affordable housing in the community, help to eliminate blight in the Redevelopment Project Area, increase the employment opportunities within the Redevelopment Project Area, and assist in providing an environment for the social, psychological and economic growth and well-being of the citizens of the County.

C. The Agency is authorized and empowered under the Community Redevelopment Law and the Redevelopment Plan to enter into agreements for the acquisition, disposition and development of real property and otherwise to assist in the redevelopment of real property within

the Redevelopment Project Area in conformity with the Redevelopment Plan; to acquire real and personal property in the Redevelopment Project Area; to receive consideration for the provision by the Agency of redevelopment assistance; to make and execute contracts and other instruments necessary or convenient to the exercise of its powers; and to incur indebtedness to finance or refinance the Redevelopment Project.

D. The Agency and the Developer desire to enter into this Agreement in order to set forth the terms and conditions relating to: (i) the disposition of the Site to the Developer; (ii) the development and maintenance of the Project by the Developer; (iii) the provision of the Agency Loan to the Developer; and (iv) the provision of covenants to ensure the Affordable Units on the Site shall remain affordable for the longest feasible time.

E. The fulfillment of this Agreement is in the vital and best interests of the County and the health, safety and welfare of its residents and in accord with the provisions of applicable federal, state and local law.

AGREEMENT

NOW, THEREFORE, the Agency and the Developer hereby agree as follows:

100. DEFINITIONS; REPRESENTATIONS AND WARRANTIES

101. Definitions.

"Affiliate of Developer" means an entity or entities in which Developer retains more than fifty percent (50%) in the aggregate, directly or indirectly, of the ownership or beneficial interest and retains full management and control of the transferee entity or entities, either directly or indirectly through another entity, subject only to certain major events requiring the consent or approval of the other owners of such entity.

"Affordable Housing Covenant" means the Affordable Housing Covenant to be recorded against the Site as provided in Section 401 in the form attached hereto as Attachment No. 7 and incorporated herein.

"Affordable Housing Fund" means the low and moderate income housing fund established by the Agency pursuant to Section 33334.3 of the Community Redevelopment Law.

"Affordable Unit(s)" is defined in Recital A and further described in Section 401 hereof.

"Agency" means the Placer County Redevelopment Agency, a public body, corporate and politic, exercising governmental functions and powers and organized and existing under Chapter 2 of the Community Redevelopment Law of the State of California, and any assignee of or successor to its rights, powers and responsibilities.

"Agency Deed of Trust" is defined in Section 201 hereof.

"Agency Loan" is defined in Section 201 hereof.

"Agency Note" is defined in Section 201 hereof.

"Agency's Conditions Precedent to Closing" is defined in Section 205.1 hereof.

"Agreement" means this Disposition and Development Agreement between the Agency and the Developer.

"Approval Date" is defined in Section 208.1 hereof.

"Certificate of Completion" or **"Agency's Certificate of Completion"** means the document which evidences the Developer's satisfactory completion of construction and installation of the Improvements, as set forth in Section 316 hereof, in the form attached hereto as Attachment No. 6 and incorporated herein.

"Closing" is defined in Section 202.4 hereof.

"Closing Date" is defined in Section 202.4 hereof.

"Community Redevelopment Law" means the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000, et seq.).

"Condition of Title" is defined in Section 203 hereof.

"Conditions of Closing" are as set forth in Section 205 hereof.

"Conditions Precedent to Disbursement of Agency Loan" are as set forth in Sections 303 and 304 hereof.

"Construction Budget" is defined in Section 303.3 hereof.

"Conveyance" means the conveyance of fee title to the Site by the Agency to the Developer.

"County" means the County of Placer, a political subdivision of the State of California.

"Date of Agreement" means the date first set forth above.

"Default" means the failure of a party to perform any action or covenant required by this Agreement within the time periods provided herein following notice and opportunity to cure, as set forth in Section 601 hereof.

"Developer" means Quartz Ridge Family Apartments, L.P., a California limited partnership, or its permitted assignee or transferee.

"Developer's Conditions Precedent to Closing" is defined in Section 205.2 hereof.

"Director" or "Executive Director" means the Executive Director of the Agency.

"Eligible Household(s)" is defined in paragraph 1.B.(1) of the Affordable Housing Covenant.

"Escrow" is defined in Section 202 of this Agreement.

"Escrow Agent" is defined in Section 202 of this Agreement.

"Exceptions" is defined in Section 203 of this Agreement.

"Governmental Requirements" means all laws, ordinances, statutes, codes, rules, regulations, orders and decrees, of the United States, the State of California, the County of Placer, or any other political subdivision in which the Site is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over the Agency, the Developer or the Site.

"Grant Deed" means the Grant Deed for the conveyance of the Site from the Agency to the Developer in the form attached hereto as Attachment No. 5 and incorporated herein.

"Hazardous Materials" means any substance, material, or waste which is or becomes regulated by any local governmental authority, the State of California, or the United States Government, including, but not limited to, any material or substance which is: (i) defined as a "hazardous waste," "extremely hazardous waste," or "restricted hazardous waste" under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law); (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act); (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory); (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances); (v) petroleum; (vi) friable asbestos; (vii) polychlorinated biphenyls; (viii) listed under Article 9 or defined as "hazardous" or "extremely hazardous" pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20; (ix) designated as "hazardous substances" pursuant to Section 311 of the Clean Water Act (33 U.S.C. §1317); (x) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §6901, et seq. (42 U.S.C. §6903); or (xi) defined as "hazardous substances" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §9601, et seq., as the foregoing statutes and regulations now exist or may hereafter be amended.

"Improvements" means the Affordable Units and appurtenant on-site and off-site improvements to be constructed and installed by Developer as set forth herein and in the Scope of Development.

"Intercreditor Agreement" is defined in Section 201 hereof.

"Loan Documents" means this DDA, the Affordable Housing Covenant, the Agency Note and the Agency Deed of Trust.

"Low and Moderate Income Housing Fund" means the Agency's low and moderate income housing fund, as established pursuant to Health and Safety Code Section 33334.3

"Maintenance Standards" is defined in Section 402 hereof.

"Notice" shall mean a notice in the form prescribed by Section 701 hereof.

"Outside Date" is defined in Section 202.4 hereof.

"Pre-Approved Exceptions" is defined in Section 203 of this Agreement.

"Project" means the Site and the Improvements to be constructed by Developer on the Site as set forth herein.

"Purchase Price" is defined in Section 201 hereof.

"Redevelopment Plan" means the Redevelopment Plan for the North Auburn Redevelopment Project Area, adopted by *Ordinance No. 4832-B* of the Board of Supervisors of the County, as amended, and incorporated herein by reference.

"Redevelopment Project" or **"Redevelopment Project Area"** means the North Auburn Redevelopment Project Area, adopted by the County pursuant to the Redevelopment Plan.

"Report" is the preliminary title report described in Section 203 hereof.

"Schedule of Performance" means the Schedule of Performance attached hereto as Attachment No. 3 and incorporated herein, setting out the dates and/or time periods by which certain obligations set forth in this Agreement must be accomplished. The Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing between the Developer and the Agency's Director, and the Agency's Director is authorized to make such revisions as he or she deems reasonably necessary.

"Scope of Development" means the Scope of Development attached hereto as Attachment No. 4 and incorporated herein, which describes the scope, amount and quality of the work of Improvements to be constructed and installed by the Developer. The Scope of Development is subject to revision only as provided herein.

"Site" is defined in Recital A.

"Site Legal Description" means the description of the Site attached hereto as Attachment No. 2 and incorporated herein.

"Site Map" means the map of the Site attached hereto as Attachment No. 1 and incorporated herein.

"Title Company" is defined in Section 203 hereof.

"Title Policy" is defined in Section 204 hereof.

102. Representations and Warranties.

102.1 Agency Representations. Agency represents and warrants to Developer as follows:

a. Authority. Agency is a public body, corporate and politic, existing pursuant to the California Community Redevelopment Law (California Health & Safety Code Section 33000, et seq.), which has been authorized to transact business pursuant to action of the County. Agency has full right, power and lawful authority to perform its obligations hereunder and the execution, performance and delivery of this Agreement by Agency has been fully authorized by all requisite actions on the part of Agency.

b. No Conflict. To the best of Agency's knowledge, Agency's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Agency is a party or by which it is bound.

c. No Litigation. There are no claims, causes of action or other litigation or proceedings pending or, to the best knowledge of the Agency, threatened with respect to the ownership, operation or environmental condition of the Site or any part thereof (including disputes with mortgages, governmental authorities, utility companies, contractors, adjoining landowners or suppliers of goods and services). There has been, however, prior litigation related to the Site which has been resolved via a settlement agreement and there exists a claim of prescriptive easement by an adjacent property owner. It should also be recognized that until the statute of limitations runs on any project approvals, there may be the potential for litigation challenging those approvals.

Until the expiration or earlier termination of this Agreement, Agency shall, upon learning of any fact or condition that would cause any of the warranties and representations in this Section 102.1 not to be true, immediately give written notice of such fact or condition to Developer.

102.2 Developer's Representations. Developer represents and warrants to Agency as follows:

a. Authority. Developer is a duly organized limited partnership organized within and in good standing under the laws of the State of California. The copies of the documents evidencing the organization of the Developer that have been delivered to the Agency are true and complete copies of the originals, as amended to the Date of Agreement. Developer has full right, power and lawful authority to undertake all obligations as provided herein and the execution, performance and delivery of this Agreement by Developer has been fully authorized by all requisite actions on the part of the Developer.

b. No Conflict. To the best of Developer's knowledge, Developer's execution, delivery and performance of its obligations under this Agreement will not

constitute a default or a breach under any contract, agreement or order to which the Developer is a party or by which it is bound.

c. No Developer Bankruptcy. Developer is not the subject of a bankruptcy proceeding.

d. No Litigation. There are no claims, causes of action or other litigation or proceedings pending or threatened against the Developer, or any affiliate thereof, that would affect Developer's ability to undertake and satisfy all of its obligations pursuant to this Agreement.

Until the Closing, the Developer shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 102.2 not to be true, immediately give written notice of such fact or condition to Agency. Such exception(s) to a representation shall not be deemed a breach of this Agreement by the Developer, but shall constitute an exception that Agency shall have a right to approve or disapprove. If the Agency elects to close Escrow following disclosure of such information, Developer's representations and warranties shall be deemed to have been made as of the Closing, subject to such exception(s). If, following the disclosure of such information, the Agency elects to not close Escrow, then this Agreement and the Escrow shall automatically terminate, and neither party shall have any further rights, obligations or liabilities hereunder. The representations and warranties set forth in this Section shall survive the Closing.

102.3 Prohibition Against and Limitations on Change in Ownership, Management and Control of Developer.

a. General. The qualifications and identity of the Developer are of particular concern to the Agency. It is because of the demonstrated qualifications and identity that the Agency has entered into this Agreement with the Developer. No voluntary or involuntary successor in interest of the Developer shall acquire any interest in the Site or the Project nor any rights or powers under this Agreement, except as expressly set forth herein. It is expressly stipulated and agreed that any assignment, sale, transfer or other disposition of the Project or the Site, or any portion(s) thereof or interest(s) therein or of any rights or powers under this Agreement in violation of this Section 102.3 shall be null, void and without effect, and shall be ineffective to relieve Developer of its obligations under this Agreement and the Affordable Housing Covenant.

Developer shall notify Agency of any proposed transfer, assignment or refinancing promptly upon commencement of negotiations in connection with such event. The Agency's Director shall approve or disapprove any requested transfer, assignment or refinancing within thirty (30) days after receipt of a written request for approval from Developer, together with such documentation as may be reasonably required by the Agency's Director. The documentation to be provided by Developer to the Agency's Director may include, without limitation, all loan documents in connection with any proposed refinancing and all documentation which Agency's Director determines is reasonably necessary to evaluate the proposed transaction and the proposed assignee's/transferee's experience and qualifications. The Agency's Director shall not unreasonably withhold its approval of a transfer or assignment to a

proposed transferee/assignee who in the reasonable opinion of the Agency's Director is financially capable and has the development qualifications and experience to perform the duties and obligations of the Developer hereunder.

Prior to any proposed assignment being considered for approval by the Agency's Director, the Developer shall deliver to the Agency's Director the form of a proposed written assignment and assumption agreement in which the assignee would expressly agree to assume all rights and obligations of the Developer under this Agreement which arise after the effective date of the assignment, and in which the assignee would agree to assume, or Developer would expressly remain responsible for, all performance of the Developer which arose prior to the effective date of the assignment. The assignment and assumption agreement shall be in a form reasonably acceptable to the Agency's legal counsel. No later than the date the assignment becomes effective, Developer shall deliver to the Agency a fully executed counterpart of the assignment and assumption agreement.

b. Prior to Issuance of Certificate of Completion. Prior to issuance of the Certificate of Completion, the Developer shall not assign or transfer this Agreement, the Project or the Site, or any portion(s) thereof, or interest(s) therein, or any right(s) hereunder without the prior written approval of the Agency's Director. Assignments for financing purposes shall be subject to review and approval by the Agency's Director in accordance with this Section 102.3 and with the requirements of Section 313, below. The Agency's Director shall have the right to disapprove any transfer, assignment or refinancing, which would diminish or otherwise impair the ability of the Developer to fulfill all its duties and obligations under this Agreement.

c. Following Issuance of Certificate of Completion. Following issuance of the Certificate of Completion, Developer shall not assign or transfer this Agreement, the Project or the Site, or any portion(s) thereof, or interest(s) therein, or any right(s) hereunder without the prior written approval of the Agency's Director, which approval shall not be unreasonably withheld or delayed, and shall be granted upon Agency's receipt of evidence acceptable to Agency that the following conditions have been satisfied:

i. Developer is not in Default hereunder or in violation of the Affordable Housing Covenant, or the purchaser or assignee agrees to undertake to cure any Defaults or violations of Developer to the reasonable satisfaction of Agency;

ii. The continued operation of the Project shall comply with the provisions of this Agreement and the Affordable Housing Covenant;

iii. Either (i) the purchaser or assignee or its property manager has at least three year's experience in the ownership, operation and management of similar size rental housing projects, and at least one year's experience in the ownership, operation and management of rental housing projects containing below-market-rate units, without any record of material violations of discrimination restrictions or other state or federal laws or regulations or local

governmental requirements applicable to such projects, or (ii) the purchaser or assignee agrees to retain a property management firm with the experience and record described in subclause (i) above, or (iii) Developer or its management company will continue to manage the Project for at least one year following such transfer and during such period will provide training to the transferee and its manager in the responsibilities relating to the Affordable Units;

iv. The person or entity which is to acquire the Project does not have pending against it, and does not have a history of significant and material building code violations or complaints concerning the maintenance, upkeep, operation and regulatory agreement compliance of any of its projects as identified by any local, state or federal regulatory agencies; and

v. The proposed purchaser or assignee enters into a written assignment and assumption agreement in form and content reasonably satisfactory to Agency's legal counsel, and, if requested by Agency, an opinion of such purchaser or assignee's counsel to the effect that this Agreement and the Affordable Housing Covenant are valid, binding and enforceable obligations of such purchaser or assignee, subject to bankruptcy and other standard limitations affecting creditor's rights.

d. Pre-Approved Transfers. Notwithstanding any other provision of this Agreement to the contrary, Agency approval of a transfer or assignment of this Agreement, the Project, or the Site or any interest therein shall not be required in connection with any of the following:

i. Subject to the Developer submitting the assignment and assumption agreement referred to above and the approval of such agreement by the Agency, which approval shall not be unreasonably withheld, any transfer or assignment of the Project or any interest therein to an Affiliate of Developer;

ii. The granting of temporary or permanent easements or permits to facilitate development of the Project;

iii. Any assignment for financing purposes (subject to such financing being considered and approved by the Agency pursuant to Section 314 below), including the grant of a deed of trust, assignment of rents and security agreement to secure the funds necessary for construction and permanent financing of the Improvements;

iv. A transfer which combined with any and all previous or simultaneous transfers represents less than fifty percent (50%) of the equity or beneficial interest of Developer, provided such transfer does not cause a material change in the rights to manage and control Developer; and

v. The rental, in the ordinary course of business, of the Affordable Units, provided that such rental shall be in accordance with the terms of this Agreement and the Affordable Housing Covenant.

In the event of an assignment or transfer by Developer under the above Subsections 102.3(d)(i) through 102.3(d)(v), inclusive, not requiring the Agency's prior approval, Developer nevertheless agrees that it shall give at least fifteen (15) days prior written Notice to Agency of such assignment or transfer. In addition, Agency shall be entitled to review such documentation as may be reasonably required by the Agency's Director for the purpose of determining compliance of such assignment or transfer with the requirements of Subsections 102.3(d)(i) through 102.3(d)(v), inclusive.

Nothing in this Section or elsewhere in this Agreement shall prohibit (i) sale or transfer of all or any portion of the Site through foreclosure of a mortgage or deed of trust permitted pursuant to Section 314, (ii) transfer to the holder of such permitted mortgage or deed of trust by deed in lieu of foreclosure or (iii) transfer of the Site by any such holder subsequent to acquisition by foreclosure or deed in lieu, so long as such transfer complies with Section 314. Agency shall not be obligated to pay the Agency Loan to any transferee of the Site after foreclosure or transfer in lieu of foreclosure unless such transferee assumes all of Developer's obligations under this Agreement and the Affordable Housing Covenant.

200. AGENCY DISPOSITION OF THE SITE TO THE DEVELOPER

201. Disposition of the Site; Agency Loan. In accordance with and subject to all of the terms, covenants and conditions of this Agreement, the Agency agrees to convey the Site and the Developer agrees to acquire the Site for development.

The purchase price for the Site shall be ONE MILLION TWO HUNDRED FIFTEEN THOUSAND AND NO/100 DOLLARS ($1,215,000) (the "**Purchase Price**"), which amount represents the fair market value of the Site. In addition to the conveyance of the Site, Agency agrees to loan and the Developer agrees to borrow an amount not to exceed THREE MILLION TWO HUNDRED FIFTEEN THOUSAND AND NO/100 DOLLARS ($3,215,000) (the "**Agency Loan,**" which includes the Purchase Price) for the purpose of acquiring the Site and developing the Improvements. The Agency Loan shall be disbursed to the Developer in installments pursuant to the terms of an intercreditor agreement by and among the Developer, Agency and the applicable construction lender providing construction funds ("**Intercreditor Agreement**"), said terms to be consistent with the provisions of Sections 303-305 of this Agreement. The principal amount of the Agency Loan which includes the Purchase Price (collectively, the "**Agency Assistance**") shall be included together under the principal amount of a promissory note (the "**Agency Note**") to be executed by the Developer substantially in the form attached hereto as Attachment No. 8. The Agency Assistance shall be repaid in accordance with the terms and conditions of the Agency Note. As security for the Agency Note, the Developer shall grant the Agency a deed of trust (the "**Agency Deed of Trust**") in the form attached hereto as Attachment No. 9.

The Developer acknowledges and understands that the Site will be conveyed to Developer for the purposes of development pursuant to this Agreement and not for speculation in undeveloped land.

202. Escrow. Within the time set forth in the Schedule of Performance, the Agency shall open an escrow (the "**Escrow**") with First American Title (the "**Escrow Agent**"), for the Conveyance of the Site to the Developer.

202.1 Costs of Escrow. All usual fees, charges, and costs which arise from Escrow including, but not limited to, the costs of the Title Policy and the documentary transfer taxes, if any, due with respect to the Conveyance of the Site shall be paid by Developer.

202.2 Escrow Instructions. This Agreement constitutes the joint escrow instructions of the Developer and the Agency, and the Escrow Agent to whom these instructions are delivered is hereby empowered to act under this Agreement. Upon indicating its acceptance of the provisions of this Section 202 in writing, delivered to the Agency and to the Developer within five (5) days of the opening of Escrow, Escrow Agent shall carry out its duties hereunder. The parties hereto agree to do all acts reasonably necessary to close this Escrow in the shortest possible time. Insurance policies for fire or casualty are not to be transferred, and Agency will cancel its own policies, if any, after the Closing. All funds received in the Escrow shall be deposited with other escrow funds in a general escrow account and may be transferred to any other such escrow trust account in any state or national bank doing business in the State of California. All disbursements shall be made by check or wire transfer from such account.

If, in the opinion of either party, it is necessary or convenient in order to accomplish the Closing of this transaction, such party may require that the parties sign supplemental escrow instructions; provided that if there is any inconsistency between this Agreement and the supplemental escrow instructions, then the provisions of this Agreement shall control. The parties agree to execute such other and further documents as may be reasonably necessary, helpful or appropriate to effectuate the provisions of this Agreement. The Closing shall take place when both the Agency's and Developer's Conditions Precedent to Closing as set forth in Section 205 hereof have been satisfied, but as stated in Section 202.4 below, in no event later than the date set forth in the Schedule of Performance. Upon Closing, Escrow Agent is instructed to release Agency's and Developer's escrow closing statements to the respective parties.

202.3 Authority of Escrow Agent. Escrow Agent is authorized to, and shall:

a. Pay and charge Developer for the premium of the Title Policy as set forth in Section 204 hereof and any amount necessary to place title in the condition necessary to satisfy Section 203 of this Agreement.

b. Pay and charge Developer for any endorsements to the Title Policy which are requested by the Developer as set forth in Section 204 hereof.

c. Pay and charge Developer for any escrow fees, charges, and costs payable under Section 202.1 of this Agreement.

d. Deliver the Agency Note to Agency, and record the grant deed conveying title to the Site to the Developer and the Agency Deed of Trust.

e. Record the Affordable Housing Covenant against the Site at the time of Closing.

f. Disburse funds and deliver and record the Grant Deed, when both the Developer's and the Agency's Conditions Precedent to Closing have been fulfilled or waived in writing by Developer and/or Agency as applicable.

g. Do such other actions as necessary, including obtaining the Title Policy, to fulfill its obligations under this Agreement.

h. Within the discretion of Escrow Agent, direct Agency and Developer to execute and deliver any instrument, affidavit, and statement, and to perform any act reasonably necessary to comply with the provisions of FIRPTA and any similar state act and regulations promulgated thereunder. Agency agrees to execute a Certificate of Non-Foreign Status by individual transferor and/or a Certification of Compliance with Real Estate Reporting Requirement of the 1986 Tax Reform Act as may be required by Escrow Agent, on the form to be supplied by Escrow Agent.

i. Prepare and file with all appropriate governmental or taxing authorities a uniform settlement statement, closing statement, and tax withholding forms including an IRS 1099-S form (if any such forms are provided for or required by law), and be responsible for withholding taxes as applicable.

202.4 Closing. Except as otherwise agreed by the parties in writing, the Conveyance of the Site by Agency to the Developer shall take place after the parties satisfaction of all of the Agency's and Developer's Conditions Precedent to Closing as set forth in Section 205 hereof, but in no event later than the date set forth in the Schedule of Performance (the "Outside Date"). Agency and Developer shall cooperate to identify a mutually acceptable Closing Date, which shall be on or before the Outside Date. The "Closing" shall mean the time and day the Grant Deed is filed for recordation with the Placer County Recorder. The "Closing Date" shall mean the day on which the Closing occurs.

202.5 Closing Procedure. Escrow Agent shall close Escrow for the Site as follows:

a. Record the Grant Deed with instructions for the Recorder of Placer County, California to deliver the Grant Deed to Developer;

b. Deliver the Agency Note and record the Agency Deed of Trust and the Affordable Housing Covenant with instructions for the Recorder of Placer County, California to deliver the Agency Deed of Trust and the Affordable Housing Covenant to Agency.

c. Instruct the Title Company to deliver the Title Policy to Developer;

d. File any informational reports required by Internal Revenue Code Section 6045(e), as amended, and any other applicable requirements;

e. Deliver the FIRPTA Certificate, if any, to Developer;

f. Disburse proceeds of Agency Loan to Developer, subject to the procedures and requirements of disbursements as described in Section 303 and 304, at close of escrow as outlined in the Senior Lender's Escrow Instructions; and

g. Forward to both Developer and Agency a separate accounting of all funds received from and disbursed to each party and conformed copies of all executed and recorded or filed documents deposited into Escrow, with such recording and filing date and information endorsed thereon.

203. Review of Title. The Developer shall cause First American Title Company (the "Title Company"), to deliver to Developer and to Agency a standard preliminary title report (the "Report") with respect to the title to the Site, together with legible copies of the documents underlying the exceptions ("Exceptions") set forth in the Report, within the time set forth in the Schedule of Performance. The Developer shall have the right to reasonably approve or disapprove the Exceptions; provided, however, the Developer hereby approves the following Exceptions that shall be referred to herein as the "Pre Approved Exceptions":

a. The Redevelopment Plan;

b. The lien of any non-delinquent property taxes and assessments (to be prorated at close of Escrow);

c. All existing easements over, under and across the Site for public utilities;

d. Any incidental easements or other matters affecting title that do not preclude Developer's intended use of the Site;

e. The conditions set forth in the Grant Deed;

f. The Affordable Housing Covenant;

g. Matters created by, through or under Developer; and

h. Such other exceptions to title as may hereafter be mutually approved by the Agency and the Developer.

Within the time set forth in the Schedule of Performance, Developer shall give written Notice to the Agency and Escrow Holder of Developer's approval or disapproval of any of the Exceptions (except the Pre Approved Exceptions). Developer's failure to give written disapproval of the Exceptions set forth in the Report within such time limit shall be deemed approval of the Exceptions set forth in the Report. If Developer notifies Agency of its disapproval of any Exceptions in the Report, Agency shall have the right, but not the obligation, to cause any disapproved Exceptions to be removed within sixty (60) days after receiving written Notice of Developer's disapproval or provide assurances satisfactory to Developer that such Exception(s) will be removed on or before the Closing. The Agency's failure to notify

Developer within such sixty (60) day period shall be deemed an election not to remove the disapproved Exceptions. The Agency's election not to remove any disapproved Exceptions shall not be a default under the provisions of this Agreement. If Agency cannot or does not elect to remove any of the disapproved Exceptions within that sixty (60) day period, Developer shall have ten (10) days after the expiration of such sixty (60) day period to either give the Agency written Notice that Developer elects to proceed with the purchase of the Site subject to the disapproved Exceptions or to give the Agency written Notice that the Developer elects to terminate this Agreement. The Exceptions to title approved by Developer as provided herein shall hereinafter be referred to as the "Condition of Title." Developer shall have the right to approve or disapprove any Exceptions reported by the Title Company after Developer has approved the Condition of Title for the Site (which are not created by Developer).

204. Title Insurance. Concurrently with recordation of the Grant Deed conveying title to the Site, there shall be issued to Developer a CLTA owner's policy of title insurance (the "Title Policy"), together with such endorsements as are reasonably requested by the Developer, issued by the Title Company insuring that the title to the Site is vested in Developer in the condition required by Section 203 of this Agreement. The Title Company shall provide the Agency with a copy of the Title Policy. The Final Title Policy shall be in the amount of THREE MILLION TWO HUNDRED FIFTEEN THOUSAND AND NO/100 DOLLARS ($3,215,000), which is equal to the sum of the Agency Loan which includes the Purchase Price. The premium for the Title Policy plus any additional costs, including without limitation, the cost of an ALTA policy, surveys, and any endorsements requested by the Developer shall be borne by the Developer.

205. Conditions of Closing and Term of the Agreement. The Closing is conditioned upon the satisfaction of the following terms and conditions within the times designated below. All conditions of closing shall be met within three years from the execution of this agreement. An extension of an additional two years may be allowed by mutual written agreement of the Agency and the Developer:

205.1 Agency's Conditions of Closing. Agency's obligation to proceed with the Closing of the Conveyance of the Site is subject to the fulfillment or waiver by Agency of each and all of the conditions precedent described below ("Agency's Conditions Precedent to Closing"), which are solely for the benefit of Agency, and which shall be fulfilled or waived within the time periods provided for herein:

a. No Default. Prior to the Closing, Developer shall not be in default of any of its obligations under the terms of this Agreement and all representations and warranties of Developer contained herein shall be true and correct in all material respects.

b. Execution of Documents. The Developer shall have executed and acknowledged the Affordable Housing Covenant, the Agency Note, the Agency Deed of Trust, the Intercreditor Agreement and any other documents required hereunder and delivered such documents into Escrow.

c. Evidence of Financing. The Agency shall have approved Developer's evidence of financing as provided in Section 501 hereof.

d. Insurance. The Developer shall have provided proof of insurance as required by Section 310 of this Agreement.

e. Land Acquisition/Construction Loan Closing. The Developer's land acquisition/construction loan(s) shall have closed or shall be ready to close concurrently with the Closing.

f. Permits and Land Use Approvals. The Developer shall have obtained all County and governmental agency permits and land use approvals required pursuant to Section 302 hereof and all other Project entitlements, and the period for administrative and legal challenge to such land use approvals and entitlements shall have expired and the County shall be ready to issue building permits for the construction of the Improvements upon the payment of the applicable fees by the Developer.

g. Payment of Development Fees. All development fees required enabling Developer to commence development of the Project and construction and installation of the Improvements, including but not limited to, any and all traffic mitigation and development impact fees shall be paid within seven days of Closing with the exception of any fees that may be waived or deferred by the County.

h. Evidence of Financing and Loan Closings. To the extent not previously delivered, Developer shall deliver to Agency evidence that Developer has obtained all approvals necessary for construction financing and commitments for permanent financing for the Project, and the construction loan(s) shall have closed.

i. Design Review. County shall have reviewed and approved the construction plans, drawings and related documents for the Project as provided in Section 307 hereof.

j. No Litigation. There shall be no litigation pending with respect to the Agreement or any County approvals related to the Project, the outcome of which could materially interfere with the development of the Site as set forth herein.

k. Availability of Funds. The Agency shall have unencumbered funds available in an amount not less than the principal amount of the Agency Loan.

l. Performance Bonds or Equivalent. Developer shall provide performance bonds or other assurance of completion reasonably satisfactory to Agency pursuant to the requirements set forth in Section 306.

205.2 Developer's Conditions of Closing. Developer's obligation to proceed with the Conveyance of the Site is subject to the fulfillment or waiver by Developer of each and all of the conditions precedent described below ("Developer's Conditions Precedent to Closing"), which are solely for the benefit of Developer, and which shall be fulfilled or waived within the time periods provided for herein:

a. **No Default**. Prior to the Close of Escrow, and subject to the notice and opportunity to cure provisions of Section 601 hereof, Agency shall not be in default of any of its obligations under the terms of this Agreement and all representations and warranties of Agency contained herein shall be true and correct in all material respects.

b. **Execution of Documents.** The Agency shall have executed and acknowledged the Grant Deed and any other documents required hereunder, and delivered such documents into Escrow.

c. **Review and Approval of Title.** Developer shall have reviewed and approved the Condition of Title of the Site, as provided in Section 203 hereof.

d. **Title Policy**. The Title Company shall, upon payment of Title Company's regularly scheduled premium, be ready to issue the Title Policy upon recordation of the Grant Deed in accordance with Section 204 hereof.

e. **Site Investigation.** Developer shall have completed its investigation of the condition of the Site and approved the same in accordance with the provisions of Section 208 hereof.

f. **Permits and Land Use Approvals.** Developer shall have obtained each of the permits and land use approvals for the Project that are required pursuant to Section 302 hereof, and the County shall be ready to issue building permits for the construction of the Improvements upon the payment of the applicable fees by the Developer.

g. **Land Acquisition/Construction Loan Closing**. The Developer's land acquisition/construction loan(s) shall have closed or shall be ready to close concurrently with the Closing.

h. **Design Review**. County shall have reviewed and approved the construction plans, drawings and related documents for the Project as provided in Section 307 hereof.

206. Property Taxes and Assessments. Ad valorem taxes and assessments levied, assessed or imposed on the Site for any period prior to the Conveyance of the Site to the Developer shall be paid by the Agency. Ad valorem taxes and assessments levied, assessed or imposed on the Site for the period after the Conveyance shall be borne by the Developer.

207. Access to Site Prior to Conveyance. Between the date of this Agreement and Conveyance of the Site, the Agency shall allow representatives of the Developer to have access to the Site at all reasonable times for the purpose of obtaining data and making surveys and tests necessary to carry out this Agreement, including without limitation the investigation of the environmental condition of the Site. The Developer agrees to notify the Agency in writing at least twenty four (24) hours prior to undertaking any studies or work upon the Site. The Agency may require the Developer to execute a right of entry agreement(s) satisfactory to the Agency's legal counsel prior to commencing such studies or work. Any preliminary work by the Developer shall be undertaken only after securing all required insurance and any and all

necessary permits from the appropriate governmental agencies. The Developer shall indemnify, defend and hold the Agency and the County harmless from any claims, losses, liabilities and damages arising out of the activities of the Developer as set forth in this Section 207. In addition, in the event that the Developer causes any damage to any portion of the Site, the Developer shall promptly restore the Site as nearly as possible to the physical condition existing immediately prior to the Developer's entry onto the Site.

208. Condition of the Site.

208.1 Investigation of the Site. Developer shall have until 5:00 p.m. (Pacific Time) on the date which is sixty (60) calendar days after the date on which the Agency has executed this Agreement (the "**Feasibility Period**"), the last day of which may be referred to as the "**Approval Date,**" to conduct any and all inspections, investigations, tests and studies (including, without limitation, investigations with regard to zoning, building codes and other governmental regulations, engineering tests, economic feasibility studies and soils, seismic and geologic reports and environmental testing) with respect to the Site as Developer may elect to make or maintain, and to determine, in Developer's sole and absolute discretion, whether or not to proceed with the acquisition of the Site. The Developer shall have access to all tests, surveys, maps, plans, studies, records, permits, correspondence, reports and other materials related to or affecting the Site which are within the Agency's possession or control (the "**Documents and Materials**") without warranty as to accuracy or completeness. Copies of data, surveys and tests obtained or made by the Developer shall be filed with the Agency. Any preliminary work by the Developer shall be undertaken only after securing any necessary permits from the appropriate governmental agencies.

Prior to the expiration of the Feasibility Period, Developer shall deliver to Agency and Escrow Agent written notice ("**Feasibility Period Notice**") of its approval or disapproval of the condition of the Site, the Documents and Materials, or any aspect, feature or condition of the Site, which approval shall be in Developer's sole and absolute discretion. The failure of Developer to timely deliver the Feasibility Period Notice shall be deemed to constitute Developer's disapproval of the condition of the Site.

208.2 No Further Warranties As To Site; Release of Agency. Notwithstanding any provision of this Agreement to the contrary, the Site shall be conveyed by Agency to Developer in its "AS IS" condition, "WITH ALL FAULTS," with no warranty expressed or implied by Agency regarding the presence of Hazardous Materials or the condition of the soil, its geology, the presence of known or unknown seismic faults, title to the Site or the suitability of the Site for the development purposes intended hereunder. To the extent authorized by contract or law, the Agency shall assign to the Developer all warranties and guaranties with respect to the Site, if any, that the Agency may receive from prior owners of the Site.

The Developer hereby waives, releases and discharges forever the Agency and the County, and its and their employees, officers, volunteers, agents and representatives, from all present and future claims, demands, suits, legal and administrative proceedings and from all liability for damages, losses, costs, liabilities, fees and expenses, present and future, arising out of or in any way connected with the condition of the Site, any Hazardous Materials on, under or about the Site, or the existence of Hazardous Materials contamination due to the generation of

Hazardous Materials from the Site, however they came to be placed there, except that arising out of the active negligence or willful misconduct of the Agency or County or its or their employees, officers, volunteers, agents or representatives.

The Developer is aware of and familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

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

As such relates to this Section 208.2, the Developer hereby waives and relinquishes all rights and benefits that it may have under Section 1542 of the California Civil Code.

209. Developer's Obligations with Respect to Hazardous Materials After Conveyance. After the Conveyance, the Developer shall, at its sole cost and expense, promptly take: (i) all actions required by any federal, state or local governmental agency or political subdivision or any Governmental Requirements with respect to the Site pursuant to this Agreement; (ii) all actions necessary to prepare the soil on the Site for the development required hereunder; and (iii) all actions necessary to make full economic use of the Site pursuant to this Agreement for the purposes described in this Agreement, which actions, requirements or necessities arise from the presence upon, about or beneath the Site of any Hazardous Materials regardless of when such Hazardous Materials were introduced to the Site and regardless of who is responsible for introducing such Hazardous Materials to the Site. The Developer shall take all actions necessary to promptly restore the Site to an environmentally sound condition for uses contemplated by this Agreement, notwithstanding any lesser standard of remediation allowable under applicable Governmental Requirements. The obligations under this Section 209 shall survive the issuance of the Certificate of Completion.

209.1 Duty to Prevent Hazardous Materials Contamination. After the Conveyance, the Developer shall take all reasonably necessary precautions to prevent the release of any Hazardous Materials into the environment. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials. In addition, the Developer shall install and utilize such equipment and implement and adhere to such procedures as are consistent with Governmental Requirements in respect of the disclosure, storage, use, removal and disposal of Hazardous Materials.

209.2 Environmental Inquiries. After the Conveyance, the Developer shall notify the Agency, and provide to the Agency a copy or copies, of the following environmental permits, disclosures, applications, entitlements or inquiries relating to the Site: notices of violation, notices to comply, citations, inquiries, clean up or abatement orders, cease and desist orders, reports filed pursuant to self reporting requirements and reports filed or applications made pursuant to any Governmental Requirements relating to Hazardous Materials or underground tanks, and the Developer shall report to the Agency, as soon as possible after each incident, any unusual, potentially important incidents, including but not limited to, the following:

a. All required reports of releases of Hazardous Materials, including notices of any release of Hazardous Materials as required by any Governmental Requirements;

b. All notices of suspension of any permits;

c. All notices of violation from Federal, State or local environmental authorities;

d. All orders under the State Hazardous Waste Control Law and the State Hazardous Substance Account Act and corresponding federal statutes, concerning investigation, compliance schedules, clean up, or other remedial actions;

e. All orders under the Porter Cologne Act, including corrective action orders, cease and desist orders, and clean up and abatement orders;

f. Any notices of violation from OSHA or Cal OSHA concerning employees' exposure to Hazardous Materials;

g. All complaints and other pleadings filed against the Developer relating to the Developer's storage, use, transportation, handling or disposal of Hazardous Materials on or about the Site.

In the event of a release of any Hazardous Materials onto or from the Site, the Developer shall, as soon as possible after the release, furnish to the Agency a copy of any and all reports relating thereto and copies of all correspondence with governmental agencies relating to the release. Upon request of the Agency, the Developer shall furnish to the Agency a copy or copies of any and all other environmental entitlements or inquiries relating to or affecting the Site including, but not limited to, all permit applications, permits and reports including, without limitation, those reports and other matters which may be characterized as confidential.

209.3 Environmental Indemnification. From and after the Conveyance, the Developer shall indemnify, defend and hold the Agency and the County harmless from and against any claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense (including, without limitation, attorneys' fees), resulting from, arising out of, or based upon the release, use, generation, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from, the Site in violation, or alleged violation, of any Governmental Requirements, no matter when occurred. This indemnity shall include any damage, liability, fine, penalty, parallel indemnity, cost or expense arising from or out of any claim, action, suit or proceeding for bodily injury (including sickness, disease or death), tangible or intangible property damage, compensation for lost wages, business income, profits or other economic loss, damage to the natural resource or the environment, nuisance, trespass, contamination, leak, spill, release or other adverse effect on the environment.

209.4 Materiality. The parties each acknowledge and agree that the defense, indemnification, protection and hold harmless obligations of the parties under this Section 209 are material elements of the consideration to the respective parties for the performance of their

obligations under this Agreement, and that the parties would not have entered this Agreement unless such obligations were as provided for herein.

300. DEVELOPMENT OF THE SITE

301. Scope of Development. The Developer shall construct and install the Improvements in accordance with the Scope of Development; the schematic drawings, plans and documents submitted to and approved by the County; and the plans, drawings and documents submitted by the Developer to the County as provided in Section 307, below. All such work shall be performed by a licensed contractor(s).

302. Permits and Approvals. Before commencement of construction of the Improvements or other works of improvement upon the Site, the Developer shall, at its expense, secure or cause to be secured any and all land use and other entitlements, including but not limited to any required reparcelization and/or subdivision of the Site to create the required number of units, permits (permit ready letter shall be sufficient for this purpose) and approvals which may be required by the County and any other governmental agency affected by such construction or work. The Agency staff will work cooperatively with the Developer to assist in the expeditious processing of all necessary permits, entitlements and approvals. Agency will grant easements to the County and local utility providers that are required before improvement plans can be approved. However, the execution of this Agreement does not constitute the granting of, or a commitment to obtain, any required land use permits, entitlements or approvals required by the County nor any approvals required by the Agency.

303. Initial Disbursement of Agency Loan for Predevelopment Expenses. At or prior to Closing, Developer, Agency and the applicable construction lender shall have entered into the Intercreditor Agreement setting forth the specific terms for the disbursement of the Agency Loan and other construction loan funds, the Agency reserves the right to review the Intercreditor Agreement to assure the terms of which include provisions consistent with this Section 300 unless otherwise mutually agreed by Agency and Developer. Prior to the disbursement of Agency Loan funds under the Intercreditor Agreement, Developer shall have satisfied each of the following conditions precedent in this Section 303, it being understood and agreed between the parties, however, that the Agency advanced to Developer a total of up to THREE HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS ($350,000) prior to the close of Escrow strictly for the predevelopment and amended predevelopment loan dated January 25, 2011. This advanced amount for the predevelopment loan and amended predevelopment loan shall be included in the terms of the Intercreditor Agreement and shall begin accruing interest upon its advancement to Developer.

303.1 Developer shall have satisfied, and shall continue to satisfy, all Conditions of Closing as set forth in Section 205 of this Agreement.

303.2 All representations and warranties made by the Developer in this Agreement and in any of the other Loan Documents shall be true and correct as of the date of the proposed disbursement.

303.3 Developer has delivered a cost breakdown, in trade breakdown/proforma form, of all development, construction and other project costs, which must be approved by the Agency (the "**Construction Budget**").

303.4 Developer has delivered to the Agency an executed construction contract with a general contractor approved by Agency.

303.5 Developer has submitted to the Agency a draw request in a form provided by the Agency, which shall include, at minimum, (i) the specific dollar amount of the draw requested; (ii) the specific proposed use of the draw; (iii) documentation that supports the amount and use as described in the request (invoices); (iv) a certification representing that Developer intends to use the full amount of requested funds within thirty days of the draw.

304. Subsequent Disbursement of Agency Loan for Construction. In the event that all Agency funds have not been disbursed at the Closing, prior to each subsequent disbursement of funds under this Agreement, Developer shall have satisfied each of the following conditions precedent:

304.1 All of the conditions set forth in Section 303 shall have been and continue to be satisfied.

304.2 Developer has made payment for all costs incurred that were the basis for the previous draw requests and has obtained lien waivers in relation to the same.

304.3 Following the initial disbursement for construction costs, the Project is being constructed in a good and worker-like manner by appropriate means substantially in accordance with the plans and specifications and all required inspections and approvals have been obtained as and when necessary or desirable;

304.4 The Title Company continues to insure the lien of the Agency Deed of Trust as a prior, and paramount lien against the Site and the Project securing all previous disbursements and the disbursement then being requested, and in particular that nothing has intervened to affect the validity or priority of the Agency Deed of Trust and it is prepared to issue a CLTA Endorsement No. 122;

304.5 Developer is "in balance" on the Agency Loan (as defined in Section 305) and Construction Budget, and in the Agency's judgment Borrower can finish the Project and pay for it without additional money;

304.6 Developer is substantially on time with respect to the development and construction of the Improvements as set forth in the Schedule of Performance, subject, however, to the provisions of Section 702;

304.7 Agency shall have received, in form and substance acceptable to Agency:

a. With respect to the first disbursement subsequent to the completion of any foundations and footings, CLTA Endorsement No. 102.5 to Agency insuring that

all foundations and footings are within the boundaries of the Site and that no buildings are to be constructed within the areas of any easement;

b. A draw request and all supporting documentation required by the Agency, including work progress certifications by the architect and general contractor and mechanic's lien waivers and releases;

304.8 Agency shall disburse funds to Developer subject to the procedures and requirements of disbursements as described in Section 303. Draw requests shall be submitted no more often than once per calendar month. Agency shall release funds to Developer, provided that all conditions to disbursement are met, within twenty-one (21) days following the request for disbursement.

305. Sufficiency of Agency Loan to Complete Construction; Developer Deposit.

305.1 Loan "In Balance". Notwithstanding anything in this Agreement or the Loan Documents to the contrary, the Agency Loan shall at all times be in balance, and the Agency shall have no obligation to make any disbursement or perform any other act unless and until the Agency Loan is in balance.

305.2 Definition of "In Balance". The Agency Loan shall be deemed to be in balance only when the undisbursed proceeds of the Agency Loan, together with funds available to Developer from other funding sources approved by the Agency after provision for all reserves, shall equal or exceed the amount reasonably estimated by the Agency to pay for all work done or to be done and all materials furnished and to be furnished for the completion of the construction of the Project in each category of costs referred to in the Construction Budget, including installation of all fixtures, equipment, and all other finish materials required for use, occupancy and operation of the Project.

306. Performance and Payment Bonds or Equivalent. Prior to commencement of construction work on the Project, Developer shall cause its general contractor to deliver to the Agency copies of payment bond(s) and performance bond(s) issued by a reputable insurance company licensed to do business in California, each in a penal sum of not less than one hundred percent (100%) of the schedule cost of construction of the Project. The bonds shall name the Agency and the County as co-obligees. In lieu of such performance and payment bonds, subject to Agency's approval of the form and substance thereof, Developer may submit evidence satisfactory to the Agency of the contractor's ability to commence and complete construction of the Project in the form of an irrevocable letter of credit, pledge of cash deposit, certificate of deposit, or other marketable securities held by a broker or other financial institution, with signature authority of the Agency required for any withdrawal, or a completion guaranty in a form and from a guarantor acceptable to Agency. Such evidence must be submitted to Agency in approval form in sufficient time to allow for Agency's review and approval prior to the scheduled construction start date.

307. Construction Plans, Drawings and Related Documents. The Developer shall prepare and submit construction plans, drawings and related documents to the County for

architectural and site planning review and written approval as required under the County's regular design review process.

308. Submission of Plans, Drawings and Related Documents to Agency. Developer shall submit to Agency copies of any and all construction plans, drawings and related documents submitted to the County under Section 307 above. Developer shall notify Agency of any changes that are made to said documents after their submission to the County and Agency.

309. Schedule of Performance. The Developer shall commence and complete construction of the Improvements and satisfy all other obligations and conditions of this Agreement within the times established therefor in the Schedule of Performance, subject to the provisions of Section 702 hereof. Construction shall be deemed commenced when the Developer has commenced excavating and grading of the Site.

310. Insurance Requirements. The Developer shall procure and maintain for the duration of the 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 Developer, his contractors, his agents, representatives, employees or subcontractors. Developer shall procure and maintain for the duration of the Agreement the following coverages and limits:

Commercial General Liability coverage, including contractual liability (ISO CG 00 01) with limits no less than $2,000,000 per occurrence for bodily injury, personal injury and property damage.

Commercial Automobile Liability coverage, Code 1 (any auto), (ISO CA 0001) with limits no less than $1,000,000 per accident for bodily injury and property damage.

The General Liability and Automobile Liability policies are to contain, or be endorsed to contain, the following provisions:

a. The Agency and County, its officers, officials, employees, and volunteers are to be covered as insured with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the Developer; and with respect to liability arising out of work or operations performed by or on behalf of the Developer including materials, parts or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Developer's insurance, or as a separate owner's policy.

b. For any claims related to this Project, the Developer's insurance coverage shall be primary insurance as respects the Agency and County, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the Agency and County, its officers, officials, employees, or volunteers shall be excess of the Developer's insurance and shall not contribute with it.

c. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days prior written notice has been provided to the Agency.

Workers' Compensation insurance with limits as required by the State of California and Employer's Liability insurance with limits of $1,000,000 each accident, $1,000,000 policy limit bodily injury by disease, $1,000,000 each employee bodily injury by disease.

Builder's Risk – Installation Floater all-risk insurance for the completed value of the Project with no coinsurance penalty provisions.

Professional Liability - $1,000,000 as needed for design/build.

Contractors Pollution – Asbestos Legal Liability - $1,000,000 each occurrence/$2,000,000 policy aggregate, including errors and omissions.

If General Liability, Contractors' Pollution Legal Liability and/or Asbestos Pollution Liability and/or Errors & Omissions coverages are written on a claims-made form:

d. The retroactive date must be shown, and must be before the date of the Agreement or the beginning of work undertaken pursuant to the Agreement.

e. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of work performed pursuant to the Agreement.

f. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the Agreement effective date, the Developer must purchase extended reporting period coverage for a minimum of five (5) years after completion of work performed pursuant to the Agreement.

g. A copy of the claims reporting requirements must be submitted to the Entity for review.

h. If the services involve lead-based paint or asbestos identification/remediation, the Developers Pollution Liability policy shall not contain lead-based paint or asbestos exclusions. If the services involve mold identification/remediation, the Developers Pollution Liability policy shall not contain a mold exclusion, and the definition of Pollution shall include microbial matter, including mold.

Any deductibles or self-insured retentions must be declared to and approved by the Agency. At the option of the Agency, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the Agency, its officers, officials, employees and volunteers; or the Developer shall provide a financial guarantee satisfactory to the Agency guaranteeing payment of losses and related investigations, claim administration and defense expenses

Companies writing the insurance required hereunder shall be licensed to do business in the State of California. Insurance is to be placed with insurers with a current A.M. Best rating of no less than A:VII, unless otherwise acceptable to the Agency.

The Developer shall furnish a notarized certificate of insurance countersigned by an authorized agent of the insurance carrier on a form reasonably approved by the Agency setting forth the general provisions of the insurance coverage. This countersigned certificate shall name the County and the Agency and their respective officers, agents, employees, volunteers and representatives as additionally insured parties under the policy, and the certificate shall be accompanied by a duly executed endorsement evidencing such additional insured status. The certificate and endorsement by the insurance carrier shall contain a statement of obligation on the part of the carrier to notify County and the Agency of any material change, cancellation or termination of the coverage at least thirty (30) days in advance of the effective date of any such material change, cancellation or termination. Coverage provided hereunder by the Developer shall be primary insurance and shall not be contributing with any insurance, self-insurance or joint self-insurance maintained by the Agency or the County, and the policy shall contain such an endorsement.

The insurance policy or the endorsement shall contain a waiver of subrogation for the benefit of the County and the Agency. Developer hereby agrees to waive subrogation which any insurer of Developer may acquire from Developer by virtue of the payment of any loss. Developer agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the Agency for all work performed by the Developer, its employees, agents and subcontractors.

The required certificate shall be furnished by the Developer to Agency within the time provided in the Schedule of Performance.

311. Rights of Access. Prior to the issuance of a Certificate of Completion, for purposes of assuring compliance with this Agreement, representatives of the Agency and/or the County shall have the right of access to the Site, without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including but not limited to, the inspection of the Project and the work of Improvements, so long as the Agency and/or the County or their representatives comply with all safety rules. The Agency and County (or their representatives) shall, except in emergency situations, notify the Developer prior to exercising its rights pursuant to this Section 311. Nothing herein shall be deemed to limit the ability of the Agency and/or the County to conduct code enforcement and other administrative inspections of the Site in accordance with applicable law.

312. Compliance With Laws; Indemnity; Waiver. The Developer shall carry out the work of Improvements in conformity with all applicable laws, including without limitation all applicable state and federal labor laws and standards; all applicable Public Contracts Code requirements; the County zoning and development standards; building, plumbing, mechanical and electrical codes; all other provisions of the County Code; and all applicable disabled and handicapped access requirements, including without limitation the Americans With Disabilities

Act, 42 U.S.C. Section 12101, et seq., Government Code Section 4450, et seq., Government Code Section 11135, et seq., and the Unruh Civil Rights Act, Civil Code Section 51, et seq.

Developer, for itself and its successors and assigns, agrees that in the construction of the Improvements, the Developer will not discriminate against any employee or applicant for employment because of race, color, creed, religion, sex, marital status, ancestry or national origin.

Developer shall defend, indemnify and hold harmless the Agency and the County and its and their officers, employees, volunteers, agents and representatives from and against any and all present and future liabilities, obligations, orders, claims, damages, fines, penalties and expenses (including attorneys' fees and costs) (collectively, "**Claims**"), arising out of or in any way connected with Developer's obligation to comply with all laws with respect to the work of Improvements including, without limitation, all applicable state and federal labor laws and standards and Public Contracts Code requirements.

The Developer hereby waives, releases and discharges forever the Agency and the County, and its and their employees, officers, volunteers, agents and representatives, from any and all present and future Claims arising out of or in any way connected with Developer's obligation to comply with all laws with respect to the work of Improvements including, without limitation, all applicable state labor laws and standards and Public Contracts Code requirements.

The Developer is aware of and familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

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

As such relates to this Section 312, the Developer hereby waives and relinquishes all rights and benefits that it may have under Section 1542 of the California Civil Code.

312.1 Prevailing Wage Requirements. If required by applicable federal and state law, Developer and its contractors and agents shall comply with California Labor Code Section 1720 *et seq.* and the regulations adopted pursuant thereto (Prevailing Wage Laws), and shall be responsible for carrying out the requirement of such provisions. If applicable, Developer shall submit to Agency a plan for monitoring payment of prevailing wages and shall implement such plan at developer's expense.

Developer shall indemnify, defend (with counsel approved by Agency) and hold the Agency, the County, and their respective elected and appointed officers, officials, employees, agents, consultants, and contractors (collectively, the Indemnities) harmless from and against all liability, loss, cost, expense (including without limitation attorneys' fees and costs of litigation), claim demand, action, suit, judicial or administrative proceeding, penalty, deficiency, fine, order, and damage (all of the foregoing collectively Claims) which directly or indirectly, in whole or in part, are caused by, arise in connection with, result from, relate to, or are alleged to be caused by, arise in connection with, or relate to, the payment or requirement of payment of prevailing wages

(including without limitation, all claims that may be made by contractors, subcontractors or other third party claimants pursuant to Labor Code Sections 1726 and 1781) or the requirement of competitive bidding in connection with the Project, the failure to comply with any state or federal labor laws, regulations or standards in connection with this Agreement, including but not limited to the Prevailing Wage Laws, or any act or omission of Developer related to this Agreement with respect to the payment or requirement of payment of prevailing wages or the requirement of competitive bidding, whether or not any insurance policies shall have been determined to be applicable to any such Claims. It is further agreed that Agency and County do not and shall not waive any rights against Developer which they may have by reason of this indemnity and hold harmless agreement because of the acceptance by Agency, or Developer's deposit with Agency of any of the insurance policies described in this Agreement. The provisions of this Section 312.1 shall survive the expiration or earlier termination of this Agreement and the issuance of a Certificate of Completion for the Project. Developer's indemnification obligations set forth in this Section shall not apply to Claims arising solely from the gross negligence or willful misconduct of the Indemnities.

313. Taxes and Assessments. Following the Close of Escrow and during its period of ownership of the Site, the Developer shall pay prior to delinquency all required ad valorem real estate taxes and assessments on the Site, subject to the Developer's right to contest in good faith any such taxes. The Developer shall remove or have removed any levy or attachment made on the Site or any part thereof, or assure the satisfaction thereof within thirty (30) days following the date of attachment or levy.

314. Liens and Stop Notices. The Developer shall not allow to be placed on the Site or any part thereof any lien or stop notice. If a claim of a lien or stop notice is given or recorded affecting the Project, the Developer shall within thirty (30) days of such recording or service:

a. pay and discharge the same; or

b. affect the release thereof by recording and delivering to the Agency a surety bond in sufficient form and amount; or

c. provide the Agency with other assurance which the Agency deems, in its sole discretion, to be satisfactory for the payment of such lien or bonded stop notice and for the full and continuous protection of Agency from the effect of such lien or bonded stop notice.

315. Right of the Agency to Satisfy Other Liens on the Site After Title Passes. After the Conveyance of the Site and prior to the completion of construction of the Improvements, and after the Developer has had written Notice and has failed after a reasonable time, but in any event not more than sixty (60) days, to challenge, cure, adequately bond against, or satisfy any liens or encumbrances on the Site which are not otherwise permitted under this Agreement, the Agency shall have the right, but not the obligation, to satisfy any such liens or encumbrances without further notice to the Developer. In such event Developer shall be liable for and the Agency shall be entitled to reimbursement by the Developer for such paid lien or encumbrance.

316. Agency's Certificate of Completion. Following Developer's completion of the work of construction and installation of the Improvements on the Site in conformity with this Agreement, and within the time set forth in the Schedule of Performance, the Agency shall furnish the Developer with a "Certificate of Completion" substantially in the form of Attachment No. 6 attached hereto. The Agency shall not unreasonably withhold such Certificate of Completion. The Certificate of Completion shall be conclusive determination of satisfactory completion of the work of construction and installation of the Improvements on the Site and the Certificate of Completion shall so state. Any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the Site shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this Agreement except for those continuing covenants as set forth in Section 404 of this Agreement and the Affordable Housing Covenant.

If the Agency refuses or fails to furnish the Certificate of Completion, the Agency shall, within thirty (30) days after Developer's written request therefor, provide the Developer with a written statement of the reasons the Agency refused or failed to furnish the Certificate of Completion. The statement shall also contain the Agency's opinion of the actions the Developer must take to obtain the Certificate of Completion. Agency's failure to provide such a written statement within such thirty (30) day period shall be deemed Agency's disapproval of Developer's request for issuance of the Certificate of Completion. The Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of any mortgage, or any insurer of a mortgage securing money loaned to finance the work of Improvements, or any part thereof. The Certificate of Completion is not a notice of completion as referred to in Section 3093 of the California Civil Code.

317. Mortgage, Deed of Trust, Sale and Lease-Back Financing.

317.1 No Encumbrances Except Mortgages, Deeds of Trust, or Sale and Lease-Back for Development. Pursuant to the terms set forth herein and in the Intercreditor Agreement, mortgages and deeds of trust are permitted before completion of the construction of the Improvements, but only for the purpose of securing loans of funds to be used for financing the costs of constructing the Improvements. Mortgages and deeds of trust are permitted after completion of the construction of the Improvements, but only for the purpose of securing loans of funds to be used for permanent financing of the Improvements. The Developer covenants and agrees, on behalf of itself and its successors and assigns, that it shall not enter into any conveyance for such financing without the prior written approval of the Agency's Director. The requirements of this Section 317.1 shall terminate effective upon the recordation of the Certificate of Completion. The Developer shall notify the Agency in advance of any proposed mortgage or deed of trust. The words "mortgage" and "deed of trust" as used hereinafter shall include sale and lease-back financing.

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

317.3 Notice of Default to Mortgagee or Deed of Trust Holders; Right to Cure. With respect to any mortgage or deed of trust granted by Developer as provided herein, whenever the Agency shall deliver any notice or demand to Developer with respect to any breach or default by the Developer hereunder, the Agency shall at the same time deliver to each holder of record of any mortgage or deed of trust authorized by this Agreement a copy of such notice or demand. No notice of default shall be effective as to the holder unless such notice is given. Each such holder shall (insofar as the rights of the Agency are concerned) have the right, at its option, within sixty (60) days after the receipt of the notice, to cure or remedy or commence to cure or remedy any such default and to add the cost thereof to the mortgage debt and the lien of its mortgage. In the event possession of the Site (or portion thereof) is required to effectuate such cure or remedy, the holder shall be deemed to have timely cured or remedied if it commences the proceedings necessary to obtain possession thereof within sixty (60) days, diligently pursues such proceedings to completion, and, after obtaining possession, diligently completes such cure or remedy. Nothing in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction or completion of the Improvements (beyond the extent necessary to conserve or protect the Improvements or construction already made) without first having expressly assumed the Developer's obligations to the Agency by written agreement satisfactory to the Agency. Any such holder properly completing the Improvements shall be entitled, upon compliance with the requirements of Section 316 of this Agreement, to a Certificate of Completion.

317.4 Right of the Agency to Cure Mortgage or Deed of Trust Default. If a mortgage or deed of trust default or breach by the Developer prior to the completion of the construction of the Improvements occurs, and the holder of any mortgage or deed of trust has not exercised its option to cure the default, the Agency may cure the default, without acceleration of the subject loan, following prior Notice thereof to the Developer. In such event, the Developer shall be liable for and the Agency shall be entitled to reimbursement from the Developer of all costs and expenses associated with and attributable to the curing of the mortgage or deed of trust default or breach of this Agreement by the Developer and incurred by the Agency in curing such default. The Agency shall also be entitled to record a lien upon the Site to the extent of such incurred costs and disbursements. Any such lien shall be subject to prior encumbrances and deeds of trust. If the ownership of the Site has vested in the holder, the Agency, if it so desires, may elect to purchase the Site from the holder upon such terms as are mutually acceptable to the Agency and the holder.

400. COVENANTS, RESTRICTIONS AND AGREEMENTS

401. Use Covenants. The Developer covenants and agrees for itself, its successors, its assigns and every successor in interest that as set forth in Recital A, the Site shall be used for the Affordable Units which will constitute thirty-one (31) of the total sixty-four (64) multifamily rental housing units (each a "**Unit**") to be built, and that four (4) of the Units shall only be rented to "extremely low income households," which are persons and families whose income is at or below thirty percent (30%) of area median income adjusted for family size as established on an annual basis by the California State Department of Housing and Community Development; sixteen (16) Units shall only be rented to "very low income households," which are persons and families whose income is at or below fifty percent (50%) of area median income adjusted for family size as established on an annual basis by the California State Department of Housing and

Community Development; and eleven (11) Units shall only be rented to "low income households," which are persons and families whose income is at or below eighty percent (80%) of area median income adjusted for family size as established on an annual basis by the California State Department of Housing and Community Development, all in accordance with the terms and in substantially the form of the Affordable Housing Covenant, attached hereto as Attachment No. 7, the uses specified in the Redevelopment Plan, the Grant Deed, and this Agreement for the periods of time specified therein. And shall be interpreted under and be governed by the laws of the State of California, except for those provisions relating to choice of law and those provisions preempted by federal law. The foregoing covenant shall run with the land. The Affordable Housing Covenant shall be recorded against the Site upon transfer of title of the Site to Developer. Additionally, a "Notice of Affordability Restrictions" in the form attached hereto as Attachment No. 10 shall be recorded against the entire Site in accordance with the requirements of Health & Safety Code section 33334.3(f)(3) and (4).

402. Maintenance Covenants. Developer shall maintain in accordance with the Maintenance Standards, as hereinafter defined, the private improvements and public improvements and landscaping to the curbline(s) on and abutting the Site. Said improvements shall include, but not be limited to, buildings, sidewalks, pedestrian lighting, landscaping, irrigation of landscaping, architectural elements identifying the Site and any and all other improvements on the Site and in the public right-of-way to the nearest curbline(s) abutting the Site. To accomplish the maintenance, Developer shall either staff or contract with and hire licensed and qualified personnel to perform the maintenance work, including the provision of labor, equipment, materials, support facilities, and any and all other items necessary to comply with the requirements of this Agreement. The maintenance covenants and obligations set forth in this Section 402 shall remain in effect for the period of time specified in Section 404, below.

a. Maintenance Standards. The following standards ("Maintenance Standards") shall be complied with by Developer and its maintenance staff, contractors and subcontractors:

i. Landscape maintenance shall include: watering/irrigation; fertilization; mowing; edging; trimming of grass; tree and shrub pruning; trimming and shaping of trees and shrubs to maintain a healthy, natural appearance, safe road conditions and visibility, and irrigation coverage; replacement, as needed, of all plant materials; control of weeds in all planters, shrubs, lawns, ground covers, or other planted areas; and staking for support of trees.

ii. Clean-up maintenance shall include: maintenance of all sidewalks, paths and other paved areas in clean and weed-free condition; maintenance of all such areas clear of dirt, mud, trash, debris or other matter which is unsafe or unsightly; removal of all trash, litter and other debris from improvements and landscaping prior to mowing; clearance and cleaning of all areas maintained prior to the end of the day on which the maintenance operations are performed to ensure that all cuttings, weeds, leaves and other debris are properly disposed of by maintenance workers.

iii. All maintenance work shall conform to all applicable federal and state Occupation Safety and Health Act standards and regulations for the performance of maintenance.

iv. Any and all chemicals, unhealthful substances, and pesticides used in and during maintenance shall be applied in strict accordance with all Governmental Requirements. Precautionary measures shall be employed recognizing that all areas are open to public access.

v. The Improvements shall be maintained in conformance and in compliance with the approved entitlements of the Site, as the same may be amended from time to time with the approval of the County and in accordance with the custom and practice generally applicable to comparable new residential multifamily projects located within Placer County, California. The public right-of-way improvements to the curbline(s) on and abutting the Site shall be maintained as required by this Subsection a in good condition and in accordance with the custom and practice generally applicable to public rights-of-way within the County of Placer.

b. Failure to Maintain Improvements. If Developer does not maintain the private and public improvements on the Site to the curbline(s) on and abutting the Site in the manner set forth herein and in accordance with the Maintenance Standards, Agency and/or the County shall have the right to maintain such private and/or public improvements, or to contract for the correction of such deficiencies, after written notice to Developer. However, prior to taking any such action, Agency agrees to notify Developer in writing if the condition of said improvements does not conform to the Maintenance Standards and to specify the deficiencies and the actions required to be taken by Developer to cure the deficiencies. Upon notification of any maintenance deficiency, Developer shall have thirty (30) days within which to correct, remedy or cure the deficiency. If the written notification states that the problem is urgent and relates to the public health and safety, then Developer shall have twenty-four (24) hours to rectify the problem.

In the event Developer fails to correct, remedy, or cure or has not commenced correcting, remedying or curing such maintenance deficiency after notification and after expiration of any applicable cure period, then Agency and/or the County shall have the right to maintain such improvements. Developer agrees to pay Agency upon demand all charges and costs incurred by Agency and/or the County for such maintenance. Until so paid, the Agency shall have a lien on the Site for the amount of such charges or costs, which lien shall be perfected by the recordation of a "Notice of Claim of Lien" against the Site. Any lien in favor of the Agency created or claimed hereunder is expressly made subject and subordinate to any mortgage or deed of trust made in good faith and for value, recorded as of the date of the recordation of the Notice of Claim of Lien, and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of any such mortgage or deed of trust, unless the mortgagee or beneficiary thereunder expressly subordinates his interest, of record, to such lien. No lien in favor of the Agency created or claimed hereunder shall in any way defeat, invalidate, or impair the obligation or priority of any lease, sublease or easement unless such instrument is expressly subordinated to

such lien. Developer acknowledges and agrees that the Agency and/or the County may also pursue any and all other remedies available in law or equity in the event of a breach of the maintenance obligations and covenants set forth herein.

403. Nondiscrimination Covenants. The Developer shall refrain from restricting the rental, sale or lease of the Site on any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

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

b. In leases. "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased, nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased."

c. In contracts. "There shall be no discrimination against or segregation of any person or group of persons on any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection,

location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the premises."

404. Effect of Violation of the Terms and Provisions of this Agreement After Completion of Construction. The Agency is deemed the beneficiary of the terms and provisions of this Agreement and of the covenants running with the land, for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided. This Agreement and the covenants herein shall run in favor of the Agency without regard to whether the Agency has been, remains or is an owner of any land or interest therein in the Site, any parcel or subparcel or in the Redevelopment Project. The Agency shall have the right, if the Agreement or covenants are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and covenants may be entitled. The covenants contained in this Agreement shall remain in effect until the issuance of the Certificate of Completion for the completion of the work of Improvements, except for the following:

a. The covenants pertaining to use and maintenance of the Site and all improvements thereon, as set forth in Sections 401 and 402, shall remain in effect for fifty-five (55) years from the date of recordation of the Affordable Housing Covenant.

b. The covenants against discrimination, as set forth in Section 403, shall remain in effect in perpetuity.

c. The covenants pertaining to assignment or transfer of this Agreement, the Project or the Site set forth in Section 102.3, shall remain in effect for the duration of the Affordable Housing Covenant, as set forth in paragraph 2 of the Affordable Housing Covenant.

405. [Intentionally Deleted].

500. FINANCIAL PROVISIONS

501. Evidence of Financing and Loan Closings. Within the time established in the Schedule of Performance, Developer shall obtain and submit to Agency evidence, in a form acceptable to the Agency, that it has obtained firm commitments for debt and equity financing necessary to undertake the development of the Project and the design and construction of the Improvements in accordance with this Agreement. Agency's Director shall approve or disapprove such evidence of financing commitments within the time established in the Schedule of Performance. Approval shall not be unreasonably withheld. If Agency's Director shall reasonably disapprove any such evidence of financing, the Director shall do so by written notice to Developer stating the reasons for such disapproval and, thereafter, Developer shall utilize good faith, diligent efforts to promptly obtain and submit to Agency new evidence of financing. Agency's Director shall approve or disapprove such new evidence of financing in the same manner and within the same times established in the Schedule of Performance for the approval or

disapproval of the evidence of financing as initially submitted to the Agency. The Developer's Financing Plan shall be included as Attachment No. 11 to this agreement.

In the event Agency disapproves Developer's evidence of financing commitments or Developer fails to obtain and deliver the evidence of financing commitments to Agency as provided above, then either party may terminate this Agreement as provided herein by Notice to the other party and, thereafter, neither party shall have any rights or obligations hereunder.

Prior to or simultaneous with the Closing, the Developer's construction loan(s) shall have closed.

600. DEFAULTS AND REMEDIES

601. Default Remedies. Subject to the permitted extensions of time as provided in Section 702 of this Agreement, failure by either party to perform any action or covenant required by this Agreement within the time periods provided herein following Notice and expiration of any applicable cure period, shall constitute a "Default" under this Agreement. A party claiming a Default shall give written notice of Default to the other party specifying the Default complained of. Except as otherwise expressly provided in this Agreement, the claimant shall not institute any proceeding against any other party, and the other party shall not be in Default if such party within thirty (30) days following receipt of such notice of Default immediately, with due diligence, commences to cure, correct or remedy such failure or delay and completes such cure, correction or remedy with diligence.

602. Institution of Legal Actions. Except as otherwise specifically provided herein, upon the occurrence of a Default, the non defaulting party shall have the right, in addition to any other rights or remedies, to institute any action at law or in equity to cure, correct, prevent or remedy any Default, or to recover damages for any Default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Placer, State of California, in an appropriate municipal court in that County or in the Federal District Court in the appropriate district of California. Notwithstanding anything herein to the contrary, the Developer's right to recover damages in the event of a Default by the Agency shall be limited to recovery of actual damages and shall exclude consequential damages.

603. Termination. This Agreement may be terminated: (i) if there is an uncured Default, by written Notice from the party not in Default, (ii) if there is a failure of a condition (which is not waived by the party whom the condition benefits) by Notice from the party whom the condition benefits, or (iii) in accordance with the provisions of Sections 102.1, 102.2, 203, 208.1 or 501 hereof. In the event of termination due to a failure by Developer under Sections 102.2, 203, 208.1 or 501, neither the Agency nor the Developer shall have any further rights against or liability to the other under this Agreement. **Option to Repurchase, Reenter and Repossess. The Agency** shall have the additional right, at its option, to repurchase the Site or any portion thereof with all improvements thereon, if after conveyance of title to the Site or portion thereof and prior to the issuance of the Certificate of Completion therefor, the Developer shall:

a. Subject to extensions pursuant to Section 702 of this Agreement, fail to Commence Construction of the Improvements on the Site or portion thereof within the time set forth in the Schedule of Performance; or

b. Once construction has been commenced, fail to diligently prosecute construction of the Improvements through completion, where such failure has not been cured within three (3) months after Developer's receipt of written Notice thereof from the Agency; or

c. Abandon or substantially suspend construction of the Improvements for a period of three (3) months after Developer's receipt of written notice of such abandonment or suspension from the Agency; or

d. Without the prior written consent of Agency, directly or indirectly, voluntarily or involuntarily sell, assign, transfer, dispose of or further encumber or agree to sell, assign, transfer, dispose of or further encumber or suffer to exist any other lien against all or any portion of or any interest in the Site, except for any sale or transfer which is expressly permitted by the terms of this Agreement. For the purpose of this paragraph, the terms "sell" and "transfer" shall include, in addition to the common and ordinary meaning of those terms and without limiting their generality, transfers made to subsidiary or affiliated entities, and any "change in ownership" as that term is used from time to time in California real property taxation law, irrespective of the fact that the Site may be exempt from such transaction during the period when owned by the Agency.

This option shall be subordinate and subject to and be limited by and shall not defeat, render invalid or limit:

i. Any mortgage, deed of trust or other security instrument permitted by this Agreement; or

ii. Any rights or interests provided in this Agreement for the protection of the holder of such mortgages, deeds of trust or other security instruments; or

iii. Any rental or lease agreement entered into by Developer that is not in violation of this Agreement.

To exercise its right to repurchase, reenter and take possession with respect to the Site or any portion thereof, the Agency shall pay to the Developer in cash an amount equal to:

iv. The out-of-pocket costs actually incurred by the Developer for on-site labor and materials for the construction of the Improvements existing on the Site at the time of the repurchase, reentry and repossession (exclusive of amounts financed, if any, to the extent such financing obligations are assumed by the Agency); less

v. Any net gains or net income withdrawn or made by the Developer from the Site or such portion thereof or the improvements thereon; and less

vi. Any amounts of Agency Loan paid Developer pursuant to Section 201; and less

vii. The amount of unpaid liens on the Site or such portion thereof which the Agency agrees to pay, and any unpaid current or past-due installments of assessments against the Site or such portion thereof which the Agency agrees to pay.

In order to exercise such repurchase option, the Agency shall give Developer Notice of such exercise and Developer shall, within thirty (30) days after Developer's receipt of such Notice, provide the Agency with a summary of all of the Developer's costs incurred as provided above. The Agency, within thirty (30) days thereafter, shall pay to Developer in cash all sums owing pursuant to this Section 604, and Developer shall thereupon execute and deliver to the Agency a grant deed transferring to the Agency all of Developer's interest in the Site.

604. Acceptance of Service of Process. In the event that any legal action is commenced by the Developer against the Agency, service of process on the Agency shall be made by personal service upon the Director of the Agency or in such other manner as may be provided by law. In the event that any legal action is commenced by the Agency against the Developer, service of process on the Developer shall be made by personal service upon the **[Query:** President for the Managing General Partner of the Developer] or in such other manner as may be provided by law.

605. Rights and Remedies Are Cumulative. The rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party, except as otherwise expressly provided herein.

606. Inaction Not a Waiver of Default. Any failures or delays by either party in asserting any of its rights and remedies as to any Default shall not operate as a waiver of any Default or of any such rights or remedies, or deprive either such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

700. GENERAL PROVISIONS

701. Notices, Demands and Communications Between the Parties. Any approval, disapproval, demand, document or other notice ("Notice") which either party may desire to give to the other party under this Agreement must be in writing and may be given by any commercially acceptable means, including, but not limited to, via facsimile or via overnight courier, to the party to whom the Notice is directed at the address of the party as set forth below, or at any other address as that party may later designate by Notice.

To Agency:	Placer County Redevelopment Agency 3091 County Center Drive, Suite 260 Auburn, California 95603 Attention: Redevelopment Deputy Director
To Developer:	Quartz Ridge Family Apartments, L.P. 2440 Professional Drive Roseville, CA 95661 Attention: Geoffrey C. Brown
With a copy to:	Aikenhead, Cipes & Supanich 707 Wilshire Blvd., Suite 4450 Los Angeles, California 90017 Attention: Andrew Cipes, Esq. Facsimile: (213) 312-1301

Any written notice, demand or communication shall be deemed received immediately if delivered by hand, on the third day from the date it is postmarked if delivered by first-class mail, postage prepaid, upon receipt of verification of transmission if sent via facsimile provided a copy is sent the same day via first-class mail, and on the next business day if sent via nationally recognized overnight courier. Notices sent by a party's attorney on behalf of such party shall be deemed delivered by such party.

702. Enforced Delay; Extension of Times of Performance. Subject to the limitations set forth below, performance by either party hereunder shall not be deemed to be in Default, and all performance and other dates specified in this Agreement shall be extended, where delays or Defaults are due to: war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; governmental restrictions or priority; litigation; unusually severe weather; acts or omissions of the other party; or acts or failures to act of the County, Agency or any other public or governmental agency or entity (other than the acts or failures to act of the County and/or Agency which shall not excuse performance by the County and/or Agency). An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause (but in any event shall not exceed a cumulative total of one hundred twenty (120) days), if Notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the mutual agreement of Agency and Developer. Developer expressly agrees that adverse changes in economic conditions, either of Developer specifically or the economy generally, changes in market conditions or demand, and/or Developer's inability to obtain financing or other lack of funding to complete the work of Improvements shall not constitute grounds of enforced delay pursuant to this Section 702. Developer expressly assumes the risk of such adverse economic or market changes and/or inability to obtain financing, whether or not foreseeable as of the Date of Agreement.

703. Successors and Assigns. Subject to the prohibitions against changes in the ownership, management and control of Developer set forth in Section 102.3 above, all of the

terms, covenants and conditions of this Agreement shall be binding upon the Developer and its permitted successors and assigns. Whenever the term "Developer" is used in this Agreement, such term shall include any other permitted successors and assigns as herein provided.

704. Relationship Between Agency and Developer. It is hereby acknowledged that the relationship between the Agency and the Developer is not that of a partnership or joint venture and that the Agency and the Developer shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided herein or in the Attachments hereto, the Agency shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Site or the Project. The Developer agrees to indemnify, hold harmless and defend the Agency from any claim made against the Agency arising from a claimed relationship of partnership or joint venture between the Agency and the Developer with respect to the development, operation, maintenance or management of the Site or the Project.

705. Agency Approvals and Actions. Whenever a reference is made herein to an action or approval to be undertaken by the Agency, the Director of the Agency or his or her designee is authorized to act on behalf of the Agency unless specifically provided otherwise or the context should require otherwise.

706. Counterparts. This Agreement may be signed in multiple counterparts which, when signed by all parties, shall constitute a binding agreement. This Agreement is executed in four (4) duplicate originals, each of which is deemed to be an original.

707. Integration. This Agreement contains the entire understanding between the parties relating to the transaction contemplated by this Agreement. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged in this Agreement and shall be of no further force or effect. Each party is entering this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material. This Agreement includes pages 1 through __ and Attachment Nos. 1 through __, which constitute the entire understanding and agreement of the parties, notwithstanding any previous negotiations or agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof.

708. Brokerage Commissions. The Agency and the Developer each represents to the other that it has not engaged the services of any finder or broker and that it is not liable for any real estate commissions, broker's fees, or finder's fees which may accrue by means of the acquisition of all or part of the Site, and agrees to hold harmless the other party from such commissions or fees as are alleged to be due from the party making such representations.

709. Titles and Captions. Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or of any of its terms. References to section numbers are to sections in this Agreement, unless expressly stated otherwise.

710. Interpretation. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others where and when the

context so dictates. The word "including" shall be construed as if followed by the words "without limitation." This Agreement shall be interpreted as though prepared jointly by both parties.

711. No Waiver. A waiver by either party of a breach of any of the covenants, conditions or agreements under this Agreement to be performed by the other party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Agreement.

712. Modifications. The developer and the Agency agree to mutually consider reasonable requests for amendment to this Agreement that may be made by any of the parties hereto, lending institutions or bond counsel or financial consultants to the Agency, provided such requests are consistent with this Agreement and would not substantially alter the basic business terms included herein. Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each party.

713. Severability. If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

714. Computation of Time. The time in which any act is to be done under this Agreement is computed by excluding the first day (such as the day escrow opens), and including the last day, unless the last day is a holiday or Saturday or Sunday, and then that day is also excluded. The term "holiday" shall mean all holidays as specified in Sections 6700 and 6701 of the California Government Code. If any act is to be done by a particular time during a day, that time shall be Pacific Time Zone time.

715. Legal Advice. Each party represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other party, or their respective agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

716. Time of Essence. Time is of the essence with respect to the performance by the Agency and the Developer of each and every obligation and condition of this Agreement.

717. Cooperation. Each party agrees to cooperate with the other in this transaction and, in that regard, shall execute any and all documents which may be reasonably necessary, helpful, or appropriate to carry out the purposes and intent of this Agreement including, but not limited to, releases or additional agreements.

718. Conflicts of Interest. No member, official or employee of the Agency shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested.

719. Time for Acceptance of Agreement by Agency. This Agreement, when executed by the Developer and delivered to the Agency, must be authorized, executed and delivered by the Agency on or before ten (10) days after signing and delivery of this Agreement by the Developer but in no event later than March 15, 2011 or this Agreement shall be void, except to the extent that the Developer shall consent in writing to a further extension of time for the authorization, execution and delivery of this Agreement. The effective date of this Agreement shall be the date when this Agreement has been signed by the Agency.

720. Developer's Indemnity. The Developer shall defend (with counsel reasonably acceptable to the Agency), indemnify, assume all responsibility for, and hold the Agency and the County, and its and their officers, employees, volunteers, agents and representatives, harmless from, all claims, demands, damages, defense costs or liability of any kind or nature relating to the subject matter of this Agreement or the implementation hereof and for any damages to property or injuries to persons, including accidental death (including attorneys fees and costs), which may be caused by any of the Developer's activities under this Agreement, whether such activities or performance thereof be by the Developer or by anyone directly or indirectly employed or contracted with by the Developer and whether such damage shall accrue or be discovered before or after termination of this Agreement. The Developer's indemnity obligations under this Section 720 shall not extend to claims, demands, damages, defense costs or liabilities occasioned by the sole negligence or willful misconduct of the Agency and/or the County, or its or their designated agents or employees.

721. Date of Agreement. The date of this Agreement (**"Date of Agreement"**) shall be the date first set forth above.

722. Non-Liability of Officials and Employees of the Agency to Developer. No member, official or employee of the Agency and/or the County shall be personally liable to the Developer, or any successor in interest, in the event of any Default or breach by the Agency (or the County) or for any amount which may become due to the Developer or its successors, or on any obligations under the terms of this Agreement. Developer hereby waives and releases any claim it may have against the members, officials or employees of the Agency and the County with respect to any Default or breach by the Agency (or the County) or for any amount which may become due to the Developer or its successors, or on any obligations under the terms of this Agreement. The Developer makes such release with full knowledge of Civil Code Section 1542 and hereby waives any and all rights thereunder to the extent of this release, if such Section 1542 is applicable. Section 1542 of the Civil Code provides as follows:

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

As such relates to this Section 722, the Developer hereby waives and relinquishes all rights and benefits that it may have under Section 1542 of the California Civil Code.

723. Assignment by Agency. The Agency may assign or transfer any of its rights or obligations under this Agreement with the approval of the Developer, which approval shall not be unreasonably withheld; provided, however, that the Agency may assign or transfer any of its interests hereunder to the County or any public or private entity controlled by the County at any time without the consent of the Developer.

724. Applicable Law. The laws of the State of California, without regard to conflict of laws principles, shall govern the interpretation and enforcement of this Agreement.

725. Inspection of Books and Records. The Agency has the right, upon not less than seventy-two (72) hours notice, at all reasonable times, to inspect the books and records of the Developer pertaining to the Site as pertinent to the purposes of this Agreement.

The Developer also has the right, upon not less than seventy-two (72) hours notice, at all reasonable times, to inspect the books and records of the Agency pertaining to the Site as pertinent to the purposes of this Agreement.

726. Plans and Data. Where the Developer does not proceed with the acceptance of the Site and development of the Site, and when this Agreement is terminated for any reason, the Developer shall deliver to the Agency any and all plans and data concerning the Site, and the Agency may use such plans and data, including plans and data previously delivered to the Agency, for any reason whatsoever without cost or liability therefore to the Developer, subject, however to the payment for the completion of any work or contract uncompleted. These plans shall be used by the Agency solely and exclusively for this Project and for no other project. Architect retains all copyrights to the Construction Documents. The Plans and Data delivered to the Agency may be assigned to others with the consent of the Architect. Consent shall not be unreasonably withheld. Architect shall bind its sub-consultants in the same manner that Architect is bound to the Agency under this Agreement.

727. Attorneys' Fees. Should any action be brought arising out of this Agreement including, without limitation, any action for declaratory or injunctive relief, the prevailing party shall be entitled to reasonable attorneys' fees and costs and expenses of investigation incurred, including those incurred in appellate proceedings or in any action or participation in, or in connection with, any case or proceeding under Chapter 7, 11 or 13 of the Bankruptcy Code or any successor statutes, and any judgment or decree rendered in any such actions or proceedings shall include an award thereof.

800. SPECIAL PROVISIONS

801. Amendment of Redevelopment Plan. Pursuant to provisions of the Redevelopment Plan for modification or amendment thereof, the Agency agrees that no amendment that changes the uses or development permitted on the Site or changes the restrictions or controls that apply to the Site or otherwise directly affect the use of the Site shall be made or become effective without the prior written consent of the Developer. Amendments to

the Redevelopment Plan applying to other property in the Redevelopment Project shall not require the consent of the Developer.

802. Submission of Documents to the Agency for Approval. Whenever this Agreement requires the Developer to submit plans, drawings or other documents to the Agency for approval, which shall be deemed approved if not acted on by the Agency within a specified time, said plans, drawings or other documents shall be accompanied by a letter stating that they are being submitted and will be deemed approved unless rejected by the Agency within the stated time. If there is no time specified herein for such Agency action, the Developer may submit a letter requiring Agency approval or rejection of documents within thirty (30) days after submission to the Agency or such documents shall be deemed approved.

IN WITNESS WHEREOF, the Agency and the Developer have executed this Agreement on the respective dates set forth below.

AGENCY:
PLACER COUNTY REDEVELOPMENT AGENCY, a public body, corporate and politic

By:_____
Director

Dated:_____, 2011

APPROVED AS TO FORM:

_____
Agency Counsel

Dated:_____, 2011

DEVELOPER:

QUARTZ RIDGE FAMILY APARTMENTS, L.P., a California limited partnership

By: USA Quartz Ridge Inc., a California corporation, It's Administrative General Partner

By: _____

Name: Geoffrey C. Brown

Its: President

Dated: 02/16, 2011

-AND-

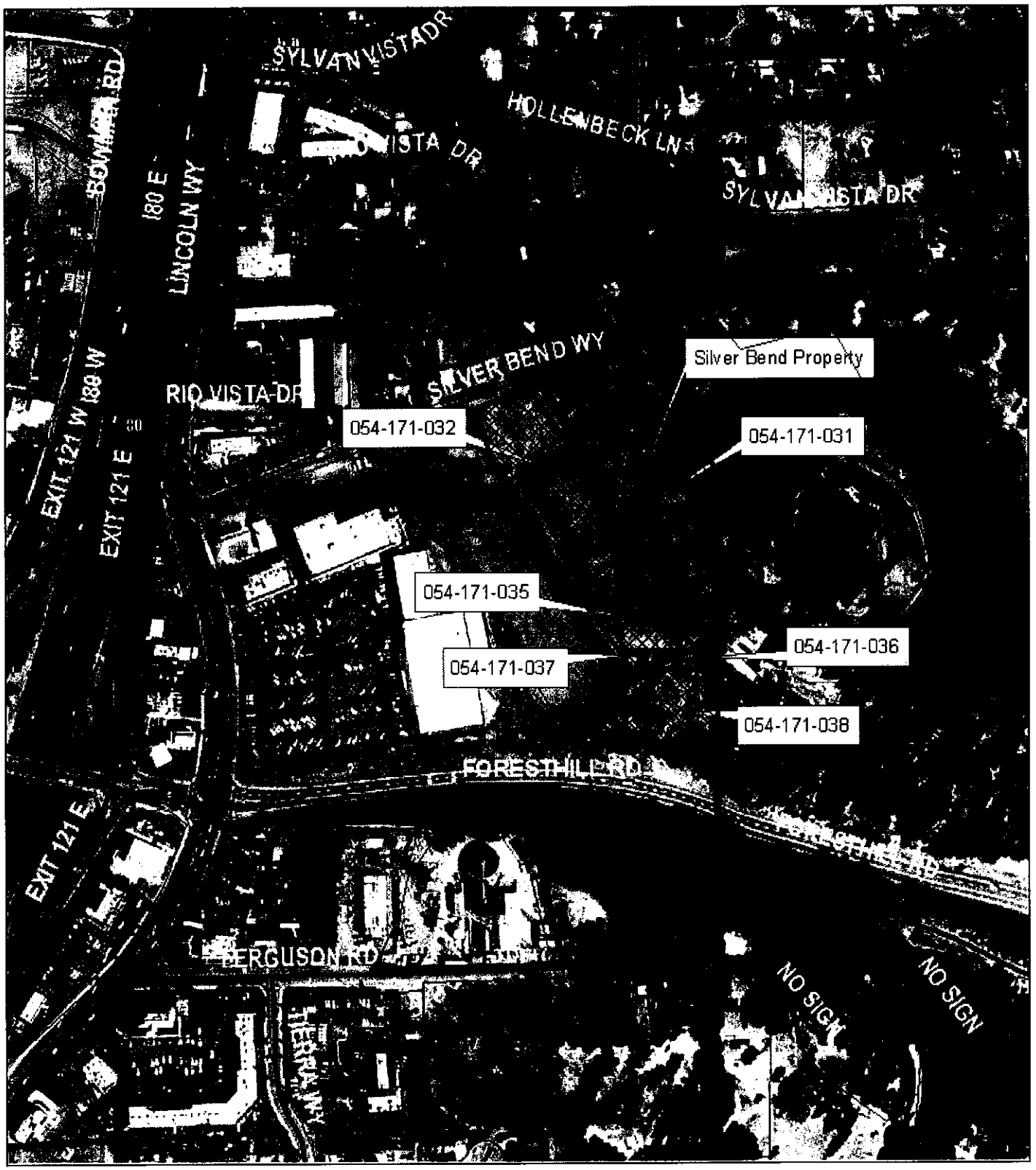
APPROVED AS TO FORM:

_____
Developer Counsel

Dated:_____, 2011

ATTACHMENT NO. 1
SITE MAP

[Insert map of Site.]



360 Silver Bend Way
Auburn, CA

Redevelopment Agency Boundaries

N

ATTACHMENT NO. 2
SITE LEGAL DESCRIPTION

[Insert legal description of Site.]

EXHIBIT A – LEGAL DESCRIPTION OF SITE

LEGAL DESCRIPTION

Real property in the unincorporated area of the County of Placer, State of California, described as follows:

PARCEL ONE:

A PORTION OF THE NORTHWEST QUARTER OF SECTION 2, TOWNSHIP 12 NORTH, RANGE 8 EAST, M.D.B.&M, DESCRIBED AS FOLLOWS:

BEGINNING AT AN IRON PIN AT THE ANGLE POINT ON THE NORTHERLY LINE OF THE PARCEL DESCRIBED HEREBY FROM WHICH POINT THE QUARTER CORNER ON THE NORTH LINE OF SECTION 2, TOWNSHIP 12 NORTH, RANGE 8 EAST, M.D.B.&M, BEARS NORTH 8° 37' 20" EAST 1567.11 FEET AND RUNNING THENCE SOUTH 37° 31' WEST 200.43 FEET; THENCE SOUTH 30° 25' EAST 35 FEET, MORE OR LESS, TO THE NORTH LINE OF THAT CERTAIN PARCEL DESCRIBED IN THE DEED RECORDED IN BOOK 51 OF DEEDS AT PAGE 496, IN THE OFFICE OF THE PLACER COUNTY RECORDER; THENCE ALONG THE NORTH LINE OF THE PARCEL DESCRIBED IN LAST MENTIONED DEED NORTH 88° 40' EAST 322 FEET, MORE OR LESS, TO THE NORTH - SOUTH CENTERLINE OF SAID SECTION 2; THENCE NORTHERLY ALONG SAID NORTH - SOUTH CENTERLINE FOR A DISTANCE OF 271 FEET MORE OR LESS, TO A POINT FROM WHICH THE POINT OF BEGINNING BEARS SOUTH 68° 03' WEST; THENCE SOUTH 68° 03' WEST 238 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM A TRACT OF LAND IN THE NORTHWEST QUARTER NORTHWESTERLY ¼ OF SECTION TWO (2), TOWNSHIP TWELVE (12) NORTH, RANGE EIGHT (8) EAST, MOUNT DIABLO BASE AND MERIDIAN, ALSO BEING A PORTION OF THAT CERTAIN PARCEL OF LAND AS DESCRIBED IN THE DEED FROM WALTER J. BEAM, ET UX, TO THOMAS DUDLY PROTHEROE, ET UX, DATED JANUARY 23, 1963, AND RECORDED JANUARY 28, 1963, IN BOOK 949 OF OFFICIAL RECORDS AT PAGE 443, RECORDS OF PLACER COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE WESTERLY BOUNDARY OF SAID PARCEL WHICH POINT BEARS SOUTH 10° 42' WEST 1,708.6 FEET FROM THE NORTH QUARTER CORNER OF SAID SECTION 2; THENCE FROM SAID POINT OF BEGINNING AND LEAVING SAID WESTERLY BOUNDARY SOUTH 88° 37' EAST 62.6 FEET; THENCE SOUTH 78° 36' EAST 259.9 FEET TO THE SOUTHEAST CORNER OF SAID PARCEL. SAID SOUTHEAST CORNER BEARS NORTH 00° 00' WEST 1,007.6 FEET FROM A ONE-HALF INCH IRON PIPE MARKING THE CENTER OF SAID SECTION 2, SAID IRON PIPE BEING SHOWN ON THE MAP OF RECORD IN BOOK 2 OF SURVEYS AT PAGE 61, RECORDS OF PLACER COUNTY, THENCE ALONG THE SOUTH BOUNDARY OF SAID PARCEL SOUTH 88° 10' WEST 324.4 FEET TO THE SOUTHWEST CORNER OF SAID PARCEL; THENCE ALONG THE WESTERLY BOUNDARY OF SAID PARCEL NORTH 31° 15' WEST 35.0 FEET; THENCE NORTH 37° 01' EAST 41.7 FEET TO THE POINT OF BEGINNING.

PARCEL TWO:

BEGINNING AT A ONE-HALF INCH DIAMETER IRON PIN SET AT THE MOST EASTERLY CORNER OF THE PARCEL DESCRIBED HEREBY, FROM WHICH POINT THE QUARTER SECTION CORNER ON THE NORTH LINE OF SECTION 2, TOWNSHIP 12 NORTH, RANGE 8 EAST, M.D.B.&M, BEARS THE FOLLOWING THREE CONSECUTIVE COURSES: (1) SOUTH 33° 54' EAST 301.22 FEET TO A ONE-HALF INCH DIAMETER IRON PIN, (2) SOUTH 68° 03' WEST 213.35 FEET TO AN IRON PIN, AND (3) NORTH 8° 37' 20" EAST 1,567.11 FEET; THENCE SOUTH 56° 59' WEST 154.74 FEET TO

EXHIBIT A – LEGAL DESCRIPTION OF SITE

A ONE-HALF INCH DIAMETER IRON PIN; THENCE SOUTH 56° 59' WEST 25.00 FEET TO A POINT ON THE CENTERLINE OF A NON-EXCLUSIVE ROAD AND UTILITY EASEMENT FIFTY FEET IN WIDTH WHICH IS DESCRIBED AS PARCEL NO. 2 IN THAT CERTAIN DEED OF CUNNINGHAM TO BEAM, RECORDED IN VOLUME 613 AT PAGE 303 OF THE OFFICIAL RECORDS OF PLACER COUNTY; THENCE ALONG THE CENTERLINE OF THE FIFTY FOOT EASEMENT ON THE FOLLOWING TWO CONSECUTIVE COURSES: NORTH 33° 01' WEST 277.05 FEET AND NORTH 15° 00' WEST 166.0 FEET, MORE OR LESS, TO A POINT ON THE SOUTH LINE OF THE PARCEL DESCRIBED IN THAT CERTAIN DEED RECORDED IN VOLUME 146 OF DEEDS AT PAGE 405 OF THE PLACER COUNTY RECORDS; THENCE NORTH 69° 14' EAST ALONG THE SOUTHERLY LINE OF THE PARCEL DESCRIBED IN THE LAST MENTIONED DEED FOR A DISTANCE OF 125.0 FEET, MORE OR LESS TO A POINT WHICH BEARS NORTH 33° 54' WEST FROM THE POINT OF BEGINNING; THENCE SOUTH 33° 54' EAST 409.0 FEET, MORE OR LESS TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT CERTAIN PARCEL DESCRIBED BY DEED RECORDED IN BOOK 151 OF DEEDS AT PAGE 53, PLACER COUNTY RECORDS.

PARCEL THREE:

BEGINNING AT THE SOUTHWEST CORNER OF THE PARCEL DESCRIBED HEREBY WHICH IS THE SOUTHERLY TERMINUS OF A NON-EXCLUSIVE ROAD AND UTILITY EASEMENT FIFTY FEET IN WIDTH DESCRIBED AS PARCEL NO. 2 IN THAT CERTAIN DEED TO BEAM RECORDED IN VOLUME 613, AT PAGE 303 OF THE OFFICIAL RECORDS OF PLACER COUNTY, BEING A POINT ON THE NORTHERLY LINE OF THE TRACT OF LAND DESCRIBED AS PARCEL NO. 1 IN THE SAID DEED TO BEAM, AND FROM WHICH POINT THE QUARTER SECTION CORNER ON THE NORTH LINE OF SECTION 2, TOWNSHIP 12 NORTH, RANGE 8 EAST, BEARS THE FOLLOWING TWO CONSECUTIVE COURSES: (1) SOUTH 68° 03' WEST 25.47 FEET AND (2) NORTH 8° 37' 20" EAST 1,567.11 FEET; THENCE NORTH 33° 01' WEST FROM THE POINT OF BEGINNING AND ALONG THE CENTERLINE OF THE SAID FIFTY FOOT EASEMENT FOR A DISTANCE OF 265.11 FT; THENCE NORTH 56° 59' EAST 25.00 FEET TO A ONE-HALF INCH DIAMETER IRON PIN; THENCE NORTH 56° 59' EAST 154.74 FEET TO A ONE-HALF INCH DIAMETER IRON PIN; THENCE SOUTH 33° 54' EAST FOR A DISTANCE OF 301.22 FEET TO A ONE-HALF INCH DIAMETER IRON PIN SET AT A POINT ON THE NORTHERLY LINE OF THE TRACT OF LAND DESCRIBED AS SAID PARCEL NO. 1 OF THE BEAM DESCRIPTION; THENCE SOUTH 68° 03' WEST ALONG THE NORTHERLY LINE OF THE SAID PARCEL NO. 1 OF THE BEAM DESCRIPTION FOR A DISTANCE OF 187.88 FEET TO THE POINT OF BEGINNING.

PARCEL FOUR:

BEGINNING AT A ONE-HALF INCH DIAMETER IRON PIN SET AT AN ANGLE POINT IN THE NORTHERLY LINE OF THE PARCEL DESCRIBED HEREBY, SAID POINT BEING IDENTICAL WITH THE MOST SOUTHERLY CORNER OF THE PARCEL OF LAND DESCRIBED IN THAT CERTAIN DEED OF KNOX TO BERWALD RECORDED IN VOLUME 738 AT PAGE 524 OF THE OFFICIAL RECORDS OF PLACER COUNTY AND FROM SAID POINT THE TIE OF RECORD TO THE QUARTER SECTION CORNER ON THE NORTH LINE OF SECTION 2, TOWNSHIP 12 NORTH, RANGE 8 EAST, IS NORTH 17° 24' 40" EAST 1051.54 FEET; THENCE NORTH 33° 54' WEST ALONG THE SOUTHWESTERLY LINE OF THE SAID BERWALD PARCEL FOR A DISTANCE OF 150.76 FEET TO A ONE-HALF INCH DIAMETER IRON PIN; THENCE NORTH 33° 54' WEST 10.0 FEET, MORE OR LESS, TO THE SOUTHERLY LINE OF THE PARCEL OF LAND DESCRIBED IN THAT CERTAIN DEED RECORDED IN BOOK 146 OF DEEDS AT PAGE 405, PLACER COUNTY RECORDS; THENCE SOUTH 69° 14' WEST ALONG THE SOUTHERLY LINE OF THE PARCEL DESCRIBED IN THAT LAST MENTIONED DEED FOR A DISTANCE OF 156.0 FEET, MORE OR LESS, TO THE MOST NORTHERLY CORNER OF THE TRACT OF LAND DESCRIBED AS PARCEL NO. 1 IN THAT CERTAIN DEED TO SUTHERLAND RECORDED IN VOLUME 613 AT PAGE 304 OF THE OFFICIAL RECORDS

EXHIBIT A – LEGAL DESCRIPTION OF SITE

OF PLACER COUNTY, SAID POINT ALSO BEING THE NORTHERLY TERMINUS OF THE CENTERLINE OF A NON-EXCLUSIVE ROAD AND UTILITY EASEMENT HAVING A RIGHT ANGLE WIDTH OF FIFTY FEET WHICH IS DESCRIBED AS PARCEL NO. 2 IN THAT CERTAIN DEED OF CUNNINGHAM TO BEAM RECORDED IN VOLUME 613 AT PAGE 303 OF THE OFFICIAL RECORDS OF PLACER COUNTY; THENCE ALONG THE EASTERLY LINE OF THE ABOVE MENTIONED SUTHERLAND PROPERTY AND THE CENTERLINE OF THE ABOVE MENTIONED EASEMENT ON THE FOLLOWING TWO CONSECUTIVE COURSES: SOUTH 15° 00' EAST 166.0 FEET, MORE OR LESS, AND SOUTH 33° 01' EAST 50.00 FEET TO THE SOUTHEAST CORNER OF THE SUTHERLAND PROPERTY; THENCE ALONG THE SOUTHERLY LINE OF THE SUTHERLAND PROPERTY ON THE FOLLOWING TWO CONSECUTIVE COURSES: SOUTH 69° 14' WEST 25.58 FEET TO AN IRON PIN AND SOUTH 69° 14' WEST 169.18 FEET TO A ONE-HALF INCH DIAMETER IRON PIN SET AT THE MOST SOUTHERLY CORNER OF THE SAID SUTHERLAND PROPERTY; THENCE SOUTH 30° 45' EAST 595.90 FEET TO A ONE-HALF INCH DIAMETER IRON PIN SET AT THE MOST WESTERLY CORNER OF THE TRACT OF LAND DESCRIBED AS PARCEL NO. 1 IN THE ABOVE MENTIONED DEED TO BEAM; THENCE NORTH 37° 31' EAST ALONG THE NORTH LINE OF THE SAID BEAM PROPERTY FOR A DISTANCE OF 200.43 FEET TO A ¾ INCH DIAMETER IRON PIN FOUND SET FOR AN ANGLE POINT IN THE NORTH LINE OF THE SAID BEAM PROPERTY AND FROM WHICH POINT THE RECORD TIE TO THE QUARTER SECTION CORNER ON THE NORTH LINE OF SAID SECTION 2 IS NORTH 8° 37' 20" EAST 1567.11 FEET; THENCE NORTH 68° 03' EAST ALONG THE LINE OF THE BEAM PROPERTY FOR A DISTANCE OF 25.47 FEET TO THE SOUTHERLY TERMINUS OF THE AFOREMENTIONED EASEMENT FIFTY FEET IN WIDTH; THENCE NORTH 33° 01' WEST ALONG THE CENTERLINE OF THE SAID EASEMENT FIFTY FEET IN WIDTH FOR A DISTANCE OF 156.89 FEET TO A POINT HEREBY DESIGNATED AS "POINT A;" THENCE CONTINUING ALONG THE SAID EASEMENT CENTERLINE NORTH 33° 01' WEST FOR A DISTANCE OF 108.22 FEET; THENCE LEAVING THE CENTERLINE OF THE SAID EASEMENT AND RUNNING NORTH 56° 59' EAST 25.00 FEET TO A ONE-HALF INCH DIAMETER IRON PIN; THENCE NORTH 56° 59' EAST 154.74 FEET TO A ONE-HALF INCH DIAMETER IRON PIN; THENCE SOUTH 33° 54' EAST 301.22 FEET TO A ONE-HALF INCH DIAMETER IRON PIN SET ON THE NORTHERLY LINE OF THE AFOREMENTIONED BEAM PROPERTY; THENCE NORTH 68° 03' EAST ALONG THE NORTHERLY LINE OF THE BEAM PROPERTY FOR A DISTANCE OF 25.0 FEET, MORE OR LESS, TO THE NORTH - SOUTH CENTERLINE OF SAID SECTION 2; THENCE NORTHERLY ALONG THE SAID SECTION CENTERLINE FOR A DISTANCE OF 385.0 FEET, MORE OR LESS, TO THE SOUTH LINE OF THE PARCEL DESCRIBED IN THAT CERTAIN DEED RECORDED IN VOLUME 347 AT PAGE 287 OF THE OFFICIAL RECORDS OF PLACER COUNTY; THENCE ALONG THE SOUTHWESTERLY LINE OF THE PARCEL DESCRIBED IN THE LAST MENTIONED DEED ON THE FOLLOWING FOUR CONSECUTIVE COURSES: NORTH 31° 30' WEST 81.5 FEET, NORTH 39° 57' WEST 51.4 FEET, NORTH 51° 07' WEST 39.1 FEET AND NORTH 60° 37' WEST FOR A DISTANCE OF 4.0 FEET, MORE OR LESS, TO THE MOST EASTERLY CORNER OF THE PARCEL DESCRIBED IN THAT CERTAIN DEED OF KNOX TO BERWALD RECORDED IN VOLUME 738 AT PAGE 524 OF THE OFFICIAL RECORDS OF PLACER COUNTY, THENCE ALONG THE SOUTHEASTERLY LINE OF THE SAID BERWALD PROPERTY ON THE FOLLOWING THREE CONSECUTIVE COURSES: SOUTH 72° 08' WEST 26.0 FEET, MORE OR LESS, TO A ONE-HALF DIAMETER IRON PIN, SOUTH 72° 08' WEST 162.69 FEET TO A ¾ INCH DIAMETER IRON PIN, AND SOUTH 72° 08' WEST 15.61 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION THEREOF LIES SOUTHWEST OF THE FOLLOWING DESCRIBED LINE: BEGINNING AT THE MOST EASTERLY CORNER OF PROPERTY DESCRIBED IN DEED TO SUTHERLAND, RECORDED IN BOOK 613 OF OFFICIAL RECORDS, AT PAGE 304, THENCE SOUTH 34° 01' EAST 492.16 FEET.

ALSO EXCEPTING THEREFROM: BEGINNING AT A ONE-HALF INCH DIAMETER IRON PIN SET AT THE MOST EASTERLY CORNER OF THE PARCEL DESCRIBED HEREBY, FROM WHICH POINT THE QUARTER SECTION CORNER ON THE NORTH LINE OF SECTION 2, TOWNSHIP 12 NORTH, RANGE 8 EAST, M.D.B.&M, BEARS THE FOLLOWING THREE CONSECUTIVE COURSES: (1)

EXHIBIT A – LEGAL DESCRIPTION OF SITE

SOUTH 33° 54' EAST 301.22 FEET TO A ONE-HALF INCH DIAMETER IRON PIN (2) SOUTH 68° 03' WEST 213.35 FEET TO A IRON PIN AND (3) NORTH 8° 37' 20" EAST 1567.11 FEET; THENCE SOUTH 56° 59' WEST 154.74 FEET TO A ONE-HALF INCH DIAMETER IRON PIN; THENCE SOUTH 56° 59' WEST 25.00 FEET TO A POINT ON THE CENTERLINE OF A NON-EXCLUSIVE ROAD AND UTILITY EASEMENT FIFTY FEET IN WIDTH WHICH IS DESCRIBED AS PARCEL 2 IN THAT CERTAIN DEED OF CUNNINGHAM TO BEAM RECORDED IN VOLUME 613 AT PAGE 303 OF THE OFFICIAL RECORDS OF PLACER COUNTY; THENCE ALONG THE CENTERLINE OF THE FIFTY FOOT EASEMENT ON THE FOLLOWING TWO CONSECUTIVE COURSES: NORTH 33° 01' WEST 277.05 FEET AND NORTH 15° 00' WEST 166.0 FEET, MORE OR LESS, TO A POINT ON THE SOUTH LINE OF THE PARCEL DESCRIBED IN THAT CERTAIN DEED RECORDED IN VOLUME 146 OF DEEDS AT PERCENT 405, OF THE PLACER COUNTY RECORDS, THENCE NORTH 69° 14' EAST ALONG THE SOUTHERLY LINE OF THE PARCEL DESCRIBED IN THE LAST MENTIONED DEED FOR A DISTANCE OF 125.0 FEET, MORE OR LESS, TO A POINT WHICH BEARS NORTH 33° 54' WEST FROM THE POINT OF BEGINNING; THENCE SOUTH 33° 54' EAST 409.0 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

PARCEL FIVE:

A NON-EXCLUSIVE EASEMENT APPURTENANT TO PARCELS ONE, TWO, THREE, AND FOUR ABOVE, FOR ACCESS AS DISCLOSED BY "GRANT OF EASEMENT" RECORDED JUNE 04, 2007 AS INSTRUMENT NO. 2007-0055745-00 OF OFFICIAL RECORDS OF PLACER COUNTY, DESCRIBED AS FOLLOWS:

ALL THAT PORTION OF THE NORTHWEST QUARTER OF SECTION 2, TOWNSHIP 12 NORTH, RANGE 8 EAST, M.D.M., ALSO BEING A PORTION OF THAT CERTAIN TRACT OF LAND CONVEYED TO DONALD G. ROSENE AND SHAUN L. ROSENE, TRUSTEES OF THE ROSENE FAMILY TRUST DATED JUNE 22, 1992, BY GRANT DEED RECORDED AS INSTRUMENT NO. 92-062289, OFFICIAL RECORDS OF PLACER COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE WESTERLY BOUNDARY OF PARCEL 2, AS DESCRIBED IN THAT CERTAIN GRANT DEED RECORDED IN BOOK 613, PAGE 303, OFFICIAL RECORDS OF PLACER COUNTY, WITH THE SOUTHERLY LINE SILVER BEND WAY, AS CONVEYED TO THE COUNTY OF PLACER BY DOCUMENT RECORDEO IN BOOK 3222, PAGE 182, OFFICIAL RECORDS OF PLACER COUNTY; THENCE FROM SAID POINT OF BEGINNING, ALONG SAID WESTERLY BOUNDARY, SOUTH 15° 00' 00" EAST 11.15 FEET; THENCE SOUTH 75° 00' 00" WEST 4.85 FEET; THENCE ALONG A CURVE TO THE LEFT FROM A TANGENT WHICH BEARS NORTH 48° 38' 59" WEST, HAVING A RADIUS OF 17.00 FEET, THROUGH A CENTRAL ANGLE OF 60° 52' 24", WITH AN ARC LENGTH OF 18.06 FEET; THENCE SOUTH 70° 28' 37' WEST 5.33 FEET; THENCE NORTH 19° 31' 23" WEST 2.00 FEET TO A POINT ON SAID SOUTHERLY LINE SILVER BEND WAY; THENCE, ALONG SAID SOUTHERLY LINE, NORTH 70° 28' 37" EAST 25.89 FEET TO THE POINT OF BEGINNING.

PARCEL SIX:

A NON-EXCLUSIVE EASEMENT APPURTENANT TO PARCELS ONE, TWO, THREE, AND FOUR ABOVE, FOR SLOPE AS DISCLOSED BY "GRANT OF EASEMENT" RECORDED JUNE 04, 2007 AS INSTRUMENT NO. 2007-0055746-00 OF OFFICIAL RECORDS OF PLACER COUNTY, DESCRIBED AS FOLLOWS:

ALL THAT PORTION OF THE NORTHWEST QUARTER OF SECTION 2, TOWNSHIP 12 NORTH, RANGE 8 EAST, M.D.M., ALSO BEING A PORTION OF THAT CERTAIN TRACT OF LAND CONVEYED TO DONALD G. ROSENE AND SHAUN L. ROSENE, TRUSTEES OF THE ROSENE FAMILY TRUST DATED JUNE 22, 1992, BY GRANT DEED RECORDED AS INSTRUMENT NO. 92-062289, OFFICIAL RECORDS OF PLACER COUNTY, DESCRIBED AS FOLLOWS:

EXHIBIT A – LEGAL DESCRIPTION OF SITE

BEGINNING AT A POINT LOCATED ON THE SOUTHEASTERLY BOUNDARY OF SAID TRACT OF LAND CONVEYED TO ROSENE, FROM WHICH THE MOST EASTERLY THEREOF BEARS NORTH 69° 14' 00" EAST 24.97 FEET; THENCE FROM SAID POINT OF BEGINNING ALONG A NON-TANGENT CURVE TO THE RIGHT FROM A TANGENT WHICH BEARS NORTH 29° 25' 44" WEST, HAVING A RADIUS OF 305.00 FEET, THROUGH A CENTRAL ANGLE OF 14° 25' 44", AN ARC LENGTH OF 76.81 FEET; THENCE NORTH 15° 00' 00" WEST 102.09 FEET; THENCE ALONG A CURVE TO THE LEFT, HAVING A RADIUS OF 25.00 FEET, THROUGH A CENTRAL ANGLE OF 39° 29' 42", WITH AN ARC LENGTH OF 17.23 FEET; THENCE SOUTH 35° 30' 18" WEST 10.00 FEET; THENCE ALONG A NON-TANGENT CURVE TO THE RIGHT FROM A TANGENT WHICH BEARS SOUTH 54° 29' 42" EAST, HAVING A RADIUS OF 15.00 FEET, THROUGH A CENTRAL ANGLE OF 39° 29' 42", WITH AN ARC LENGTH OF 10.34 FEET; THENCE SOUTH 15° 00' 00" EAST 102.09 FEET; THENCE SOUTH 75° 00' 00" WEST 5.00 FEET; THENCE ALONG A NON-TANGENT CURVE TO THE LEFT FROM A TANGENT WHICH BEARS SOUTH 15° 00' 00" EAST, HAVING A RADIUS OF 320.00 FEET, THROUGH A CENTRAL ANGLE OF 14° 01' 11", WITH AN ARC LENGTH OF 78.30 FEET TO SAID SOUTHEASTERLY BOUNDARY; THENCE ALONG SAID SOUTHEASTERLY BOUNDARY, NORTH 69° 14' 00" EAST 15.16 FEET TO THE POINT OF BEGINNING.

PARCEL SEVEN:

A NON-EXCLUSIVE EASEMENT, APPURTENANT TO PARCELS ONE, TWO, THREE, AND FOUR ABOVE, FOR FIRE SUPPRESSION AS DISCLOSED BY "GRANT OF EASEMENT" RECORDED JUNE 04, 2007 AS INSTRUMENT NO. 2007-0055747-00 OF OFFICIAL RECORDS OF PLACER COUNTY, DESCRIBED AS FOLLOWS:

ALL THAT PORTION OF THE NORTH HALF OF SECTION 2, TOWNSHIP 12 NORTH, RANGE 8 EAST, M.D.M., ALSO BEING A PORTION OF THAT CERTAIN TRACT OF LAND CONVEYED TO MARY MICHELLE OLLAR, BY GRANT DEED RECORDED AS INSTRUMENT NO. 2001-0134549, OFFICIAL RECORDS OF PLACER COUNTY, DESCRIBED AS FOLLOWS:

A STRIP OF LAND HAVING A UNIFORM WIDTH OF FIVE (5.00) FEET, THE WESTERLY LINE OF WHICH IS DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT LOCATED ON THE WEST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 2, SAID POINT BEING THE SOUTHWEST CORNER OF SAID TRACT OF LAND CONVEYED TO MARY MICHELLE OLLAR; THENCE FROM SAID POINT OF BEGINNING, ALONG SAID WEST LINE, NORTH 00° 28' 47" EAST, 407.39 FEET; THENCE, ALONG THE BOUNDARY OF SAID TRACT OF LAND CONVEYED TO MARY MICHELLE OLLAR, THE FOLLOWING FOUR (4) COURSES: (1) NORTH 31° 30' 00" WEST, 77.90 FEET; (2) NORTH 39° 57' 00" WEST 51.40 FEET; (3) NORTH 51° 07' 00" WEST, 39.10 FEET; AND (4) NORTH 60° 37' 00" WEST, 4.79 FEET TO THE POINT OF ENDING.

THE EASTERLY LINE OF SAID STRIP SHALL BE LENGTHENED SO AS TO TERMINATE AT THE BOUNDARY OF SAID TRACT OF LAND CONVEYED TO MARY MICHELLE OLLAR.

APN: 054-171-036 affects a portion of Parcel One and 054-171-038 affects a portion of Parcel One and 054-171-032 affects Parcel Two and 054-171-035 affects a portion of Parcel Three and 054-171-037 affects a portion of Parcel Three and 054-171-031 affects Parcel Four

EXHIBIT A – LEGAL DESCRIPTION OF SITE

ATTACHMENT NO. 3
SCHEDULE OF PERFORMANCE

	Action	Date
1.	Execution and Delivery of Agreement by Developer. The Developer shall execute and deliver this Agreement to the Agency.	No later than February 14, 2011.
2.	Execution and Delivery of Agreement by Agency. The Agency shall consider approval of this Agreement, and if approved, shall deliver one executed original to Developer. (§719 and §706)	Agency shall execute this agreement after receipt of delivery to the Agency of two (2) executed originals, but in no event later than March 15, 2011.
3.	(Intentionally Deleted)	
4.	Escrow Opening. The Agency shall open escrow for the sale of the Site to the Developer. (§202)	Within _____ (____) days after
5.	Submission – Preliminary Title Report. The Title Company shall submit to Developer and Agency a Preliminary Title Report (§203).	Within fifteen (15) days after escrow opening for the sale of the Site to the Developer.
6.	Expiration of Feasibility Period. Developer shall conduct its investigation of the Site and provide the Agency with the Feasibility Period Notice. (§208.1).	Within sixty (60) days after execution of this Agreement by the Agency.
7.	Submission -- Construction Plans, Drawings and Related Documents. The Developer shall prepare and submit to the County for review and approval construction plans, drawings and related documents containing the overall plan for development of the Site. (§307)	Within _____ (___) days after
8.	Developer Submission of Evidence of Financing. The Developer shall submit its evidence of financing for development of the Site. (§501)	Within _____(___) days after
9.	Agency Approval/Disapproval of Developer Evidence of Financing. Agency shall approve or disapprove Developer's evidence of financing. (§501)	Within twenty (20) days after submission by the Developer.

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	Action	Date
10.	Insurance. The Developer shall furnish evidence of the insurance required under the Agreement to the Agency. (§310)	Not later than seven (7) days prior to the Closing.
11.	Developer to Deposit Agency Note and Agency Deed of Trust in Escrow. Developer shall deposit the Agency Note, Deed of Trust, Affordable Housing Covenant and other required documents in Escrow. (§205.1)	Not later than three (3) days prior to the Closing.
12.	County and Other Government Permits. The Developer shall secure all permits, other than building permits, for the development of the Site. (§205.1)	Prior to the Closing.
13.	Loan Closings. The Developer shall have closed its loans for construction of the Site. (§205.1)	Prior to or concurrent with the Closing.
14.	Conditions Precedent to Closing. All of the Agency's and Developer's Conditions Precedent to the Closing shall be satisfied (or waived by the appropriate party). (§205)	On or before the Outside Date, as designated in Item 15 of this Schedule of Performance.
15.	Closing. Agency shall close escrow and convey the Site to the Developer. (§202.4)	Within forty five (45) days following satisfaction of all of Agency's and Developer's Conditions Precedent, but in no event later than _____, 20__ (the "Outside Date").
16.	Commencement of Construction of Developer's Improvements. The Developer shall commence construction of the Developer Improvements to be constructed on the Site. (§309)	On or before thirty (30) days following the Closing.
17.	Completion of Construction of Developer's Improvements. The Developer shall complete construction of the Developer Improvements to be constructed on the Site. (§309)	On or before _____ (____) months following the Closing.
18.	Certificate of Completion.	Within thirty (30) days following satisfactory completion of all Developer Improvements on the Site

Action	**Date**
The Agency shall provide the Certificate of Completion to the Developer. (§316)	at the Developer's written request therefor.

ATTACHMENT NO. 4
SCOPE OF DEVELOPMENT

I. PRIVATE DEVELOPMENT

A. General.

The Developer agrees that the Site shall be developed and improved in accordance with the provisions of this Agreement and the plans, drawings and related design or land use approvals made by the County. The Developer and its supervising architect, engineer and contractor shall work with County staff to coordinate the overall design, architecture and color of the Improvements on the Site.

B. Improvements.

The Developer shall construct on the Site a sixty-four (64)-unit multifamily rental housing project that includes: (i) four (4) units to be rented at an affordable housing cost to "extremely low income households," which are persons and families whose income is at or below thirty percent (30%) of area median income adjusted for family size as established on an annual basis by the California State Department of Housing and Community Development; (ii) sixteen (16) units to be rented at an affordable housing cost to "very low income households," which are persons and families whose income is at or below fifty percent (50%) of area median income adjusted for family size as established on an annual basis by the California State Department of Housing and Community Development; and (iii) eleven (11) units to be rented at an affordable housing cost to "low income households," which are persons and families whose income is at or below eighty percent (80%) of area median income adjusted for family size as established on an annual basis by the California State Department of Housing and Community Development, with the final unit reserved as an on-site manager's unit.

The Project is also to include a community clubhouse with management office, tot lot, swimming pool, parking, landscaping, and associated infrastructure.

C. Architecture and Design.

The Improvements shall be of high architectural quality, shall be well landscaped and shall be effectively and aesthetically designed. The shape, scale of volume, exterior design and exterior finish of the buildings must be consonant with, visually related to, physically related to and an enhancement of adjacent buildings within the Project Area. The Developer's plans submitted to the County shall describe in detail the architectural character intended for the Improvements.

D. Applicable Codes.

The Improvements shall be constructed in accordance with the International Building Code (with County modifications as applicable); the County zoning and development standards; building, plumbing, mechanical and electrical codes; all other provisions of the County Code; and any other applicable law, statute, rule, regulation or ordinance.

E. Mitigation Measures.

In constructing the Improvements, Developer shall observe and comply with any and all mitigation measures that are required pursuant to the existing mitigated negative declaration prepared in connection with development of the Site.

II. SITE CLEARANCE AND PREPARATION

The Developer shall perform, or cause to be performed, at its sole cost and expense, the following work in a single phase.

A. On-Site Demolition and Clearance.

1. On the Site, demolish or salvage, clear, grub and remove (as may be needed and called for in the approved plans) on-site buildings, pavements, walks, curbs, gutters and other improvements.

2. Remove, plug and/or crush in place utilities, such as storm sewers, sanitary sewers, water systems, electrical overhead and underground systems and telephone and gas systems located on the Site, as may be required following any necessary relocation of the utilities.

B. Compaction, Finish Grading and Site Work.

The Developer shall compact, finish grade and do such Site preparation as is necessary for the construction of the Developer's Improvements on the Site.

III. PUBLIC IMPROVEMENTS

Construct public improvements per County requirements.

ATTACHMENT NO. 5

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Placer County Redevelopment Agency
PO Box 7096
Auburn, CA 95604-7096
Attention: Director

(Space Above This Line for Recorder's Use Only)
[Exempt from recording fee per Gov. Code § 6103, 27383]

GRANT DEED

For valuable consideration, the receipt of which is hereby acknowledged:

THE PLACER COUNTY REDEVELOPMENT AGENCY, a public body, corporate and politic, of the State of California (herein called "Grantor"), acting to carry out the Redevelopment Plan (herein called "Redevelopment Plan") for the _____ Redevelopment Project, under the Community Redevelopment Law of the State of California, hereby grants to QUARTZ RIDGE FAMILY APARTMENTS, L.P., a California limited partnership (herein called "Grantee"), the real property (the "Site") legally described in the document attached hereto, labeled Exhibit A, and incorporated herein by this reference.

1. The Site is conveyed subject to the Redevelopment Plan and pursuant to a Disposition and Development Agreement (the "DDA") entered into by and between the Grantor and the Grantee dated _____ _____, 2011. The Site is also conveyed subject to all matters of record. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the DDA.

2. The Grantee hereby covenants and agrees, for itself and its successors and assigns, that during construction and thereafter, the Grantee shall not use the Site for uses other than the uses specified in the Redevelopment Plan.

3. Pursuant to the DDA, Grantee shall develop on the Site, a sixty-four (64)-unit multifamily rental housing project that includes: (i) four (4) units to be rented at an affordable housing cost to "extremely low income households," which are persons and families whose income is at or below thirty percent (30%) of area median income adjusted for family size as established on an annual basis by the California State Department of Housing and Community Development; (ii) sixteen (16) units to be rented at an affordable housing cost to "very low income households," which are persons and families whose income is at or below fifty percent (50%) of area median income adjusted for family size as established on an annual basis by the California State Department of Housing and Community Development; and (iii) eleven (11) units to be rented at an affordable housing cost to "low income households," which are persons

and families whose income is at or below eighty percent (80%) of area median income adjusted for family size as established on an annual basis by the California State Department of Housing and Community Development (collectively, the "Affordable Units"), with one non-income restricted unit reserved as an on-site manager's unit. The Affordable Units shall only be rented to Eligible Households, all in accordance with the terms of the Affordable Housing Covenant dated concurrently herewith and recorded against the Site. Grantee hereby covenants and agrees, for itself and its successors and assigns, that during construction and thereafter, for a period of not less than fifty-five (55) years from the date of recording of the Affordable Housing Covenant, the Affordable Units shall be and remain affordable to Eligible Households in accordance with the Affordable Housing Covenant.

4. Prior to the issuance of an Agency Certificate of Completion by the Grantor as provided in Section 316 of the DDA, the Grantee shall not, except as permitted by the DDA, sell, transfer, convey, assign or lease the whole or any part of the Site without the prior written approval of the Grantor. This prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Site, or any portion thereof, or to prohibit or restrict the lease or rental of an Affordable Unit to an Eligible Household when said improvements are completed. Subsequent to the issuance of the Certificate of Completion, Developer shall not sell, transfer, convey, assign or lease the whole or any part of the Site, except as permitted in accordance with the terms and provisions set forth in Section 102.3(c) of the DDA.

5. Option To Repurchase. Until recordation of an Agency Certificate of Completion by the Agency, Grantee hereby grants to Grantor the option to repurchase the Site hereby conveyed and all improvements subsequently constructed thereon upon the terms and provisions more fully set forth in Section 604 of the DDA, which provisions are incorporated herein by this reference thereto.

6. Nondiscrimination. The Grantee shall refrain from restricting the rental, sale or lease of the Site on any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses.

All deeds, leases or contracts made relative to the Site, the improvements thereon or any part thereof shall contain or be subject to substantially the following nondiscrimination clauses:

> **a. In deeds**. "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises

herein conveyed, nor shall the grantee himself, or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

b. In leases. "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased, nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased."

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

The provisions of this Paragraph 7 shall run with the land and shall be contained in each subsequent grant deed conveying title to the Site to any subsequent owner.

7. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument permitted by the DDA, provided, however, that any successor of Grantee to the Site shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

8. Except as otherwise provided, the covenants contained in paragraphs 3, 4 and 5 of this Grant Deed shall remain in effect for fifty-five (55) years from the date of recordation of the Affordable Housing Covenant. The covenant contained in paragraph 2 shall remain in effect until the date of termination of the Redevelopment Plan. The covenants against discrimination contained in paragraph 7 of this Grant Deed shall remain in perpetuity. The covenant contained in paragraph 6 shall remain in effect until issuance of a Certificate of Completion pursuant to Section 316 of the DDA.

9. The covenants contained in paragraphs 2, 3, 4, 5, 6 and 7 of this Grant Deed shall be binding for the benefit of the Grantor, its successors and assigns, the County of Placer, and any successor in interest to the Site or any part thereof, and such covenants shall run in favor of the Grantor and such aforementioned parties for the entire period during which such covenants shall be in force and effect, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. The Grantor and such aforementioned parties, in the event of any breach of any such covenants, shall have the right to exercise all of the rights and remedies and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach. The covenants contained in this Grant Deed shall be for the benefit of and shall be enforceable only by the Grantor, its successors and such aforementioned parties.

10. In the event of any express conflict between this Grant Deed or the DDA, the provisions of this Grant Deed shall control.

IN WITNESS WHEREOF, the Grantor and Grantee have caused this instrument to be executed on their behalf by their respective officers thereunto duly authorized this ____ day of _____, 20___.

"GRANTOR"

PLACER COUNTY REDEVELOPMENT AGENCY

By:_____
Director

"GRANTEE"

QUARTZ RIDGE FAMILY APARTMENTS, L.P.,
a California limited partnership

By: USA Quartz Ridge Inc., a California
corporation, It's Administrative General Partner

By:_____

Name: Geoffrey C. Brown_____

Its:_____

Dated:_____2011

State of California

County of _____

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

State of California

County of _____

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A

LEGAL DESCRIPTION OF THE SITE

[To Be Inserted.]

ATTACHMENT NO. 6

FORM OF AGENCY'S CERTIFICATE OF COMPLETION

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Placer County Redevelopment Agency
PO Box 7096
Auburn, CA 95604-7096
Attention: Director

(Space Above This Line for Recorder's Use Only)
[Exempt from recording fee per Gov. Code § 6103, 27383]

CERTIFICATE OF COMPLETION OF CONSTRUCTION AND IMPROVEMENT

THIS CERTIFICATE OF COMPLETION (the "Certificate") is made by the PLACER COUNTY REDEVELOPMENT AGENCY, a public body corporate and politic (the "Agency"), in favor of QUARTZ RIDGE FAMILY APARTMENTS, L.P., a California limited partnership (the "Developer"), as of the date set forth below.

RECITALS

A. The Agency and the Developer have entered into that certain Disposition and Development Agreement (the "DDA") dated _____, 2010 concerning the redevelopment of certain real property situated in the City of Auburn, County of Placer, and State of California, as more fully described in Exhibit "A" attached hereto and made a part hereof.

B. As referenced in Section 316 of the DDA, the Agency is required to furnish the Developer or its successors with a Certificate of Completion upon completion of construction of the Improvements (as defined in Section 100 of the DDA), which Certificate is required to be in such form as to permit it to be recorded in the Recorder's Office of Placer County. This Certificate is conclusive determination of satisfactory completion of the construction and development required by the DDA.

C. The Agency has conclusively determined that such construction and development has been satisfactorily completed.

NOW, THEREFORE, the Agency hereby certifies as follows:

1. The work of Improvements to be constructed by the Developer has been fully and satisfactorily completed in conformance with the DDA and, accordingly, §5 in the Agency's Grand Deed, dated _____, recorded on _____ with the Placer County Recorder as

instrument number _____, under which Agency had an option to repurchase the property, is hereby terminated and of no further force or effect. This is not the certificate of completion or occupancy that is issued by the County certifying that all improvements have been completed in compliance with applicable building codes and construction and design plans on file.

2. All use, maintenance, operation, nondiscrimination and other covenants contained in the DDA, Grant Deed and Affordable Housing Covenant shall remain in effect and enforceable according to their terms.

3. This Certificate of Completion shall not be deemed or construed to constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance the construction of the Improvements on the Site, or portion thereof. This Certificate of Completion is not a notice of completion as referred to in Section 3093 of the California Civil Code.

IN WITNESS WHEREOF, the Agency has executed this Certificate this _____day of _____, 20___.

PLACER COUNTY REDEVELOPMENT AGENCY,
a public body corporate and politic

By:_____

Its:_____

APPROVED AS TO FORM:

_____
Agency Counsel

EXHIBIT "A"

SITE DESCRIPTION

[TO BE INSERTED]

State of California

County of _____

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

State of California

County of _____

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

ATTACHMENT NO. 7

AFFORDABLE HOUSING COVENANT

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Placer County Redevelopment Agency
PO Box 7096
Auburn, CA 95604-7096
Attention: Director

(Space Above This Line for Recorder's Use Only)
[Exempt from recording fee per Gov. Code § 6103, 27383]

AFFORDABLE HOUSING COVENANT

For valuable consideration, the receipt of which is hereby acknowledged, QUARTZ RIDGE FAMILY APARTMENTS, L.P., a California limited partnership ("Developer"), and the PLACER COUNTY REDEVELOPMENT AGENCY ("Agency") agree as follows with reference to the following facts:

A. Developer owns that certain real property legally described on Exhibit A (the "Site").

B. Agency in acting to carry out the obligations under the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000 et seq.) with respect to affordable housing has entered into that certain Disposition and Development Agreement dated _____, 2011, between Developer and Agency (the "DDA") with respect to the Site.

C. Developer and Agency agree that the Site shall be subject to the conditions and restrictions, and the rights of Agency under this Affordable Housing Covenant (the "Covenant") as specified below.

I. USE OF THE SITE.

Developer hereby covenants and agrees that during the term of this Covenant, Developer shall use the Site in compliance with all of the following:

A. Development.

Developer shall construct on the Site, a sixty-four (64) unit multifamily rental housing project (the "Project"). As described below in paragraph B(1), four (4) units within the Project shall be restricted to households of extremely low income, sixteen (16) units within the Project shall be restricted to households of very low income and eleven (11) units within the

Project shall be restricted to households of low income, with the final unit being reserved as an on-site manager's unit.

B. Rent and Income Restrictions.

(1) Four (4) units of the Project shall be rent restricted (the "Extremely-Low Income Units") and occupied by households whose gross income is thirty percent (30%) or less of Area Median Income as adjusted by household size for Placer County ("Extremely Low Income Households"). Sixteen (16) units of the Project shall be rent restricted (the "Very-Low Income Units") and occupied by households whose gross income is fifty percent (50%) or less of Area Median Income as adjusted by household size for Placer County ("Very Low Income Households"). Eleven (11) units of the Project shall be rent restricted (the "Low Income Units") and occupied by households whose gross income is eighty percent (80%) or less of Area Median Income as adjusted by household size for Placer County ("Low Income Households"). One of the non-income restricted units shall be reserved for use by an on-site property manager. Rent for the Extremely Low, Very Low and Low Income Households shall be no greater than that considered as "affordable rent" for extremely low income, very low-income households and low income households, as appropriate, adjusted for family size appropriate to the unit, pursuant to Section 50053 of the California Health and Safety Code, as amended, or any successor statute thereto (the "Affordable Rent"). "Area Median Income" means the median household income (adjusted for household size) of the Metropolitan Statistical Area in which Placer County is located, as established in accordance with Section 50093 of the California Health and Safety Code. "Adjusted for family size appropriate to the unit" shall mean a household of two persons in the case of a one-bedroom unit, three persons in the case of a two-bedroom unit and four persons in the case of a three-bedroom unit. There will be twelve, (12) one-bedroom units, thirty-two (32) two-bedroom units and twenty (20) three-bedroom units. The manager's units shall be a two-bedroom unit. The determination of an occupant's status as an extremely low, very low or low-income household shall be made by Developer prior to initial occupancy of an Affordable Unit in the Project by such occupant.

(2) If an occupant of an Affordable Unit no longer qualifies for the income category designated for that Affordable Unit, the occupant may continue to occupy the Affordable Unit, provided the occupant's gross income does not exceed the limitations for households, as appropriate for the Affordable Unit.

(3) The income of all persons residing in the Affordable Unit shall be considered for purposes of calculating the applicable income. No less than one (1) person per bedroom shall be allowed. Notwithstanding the foregoing, Affordable Units may be occupied by any number of people which conforms to the requirements of Section 503(b) of the Uniform Housing Code.

C. Reporting Requirements. Annual reports and annual income certifications or recertifications must be submitted to the Agency. The reports, at a minimum, shall include:

(1) The number of persons per unit

(2) Tenant name

(3) Initial occupancy date

(4) Rent paid per month

(5) Gross income per year

(6) Percent of rent paid in relation to income

(7) Copies of those documents used by Developer to certify the tenant as an Eligible Household

The first annual report and annual income certification (the "Initial Report") shall be submitted to the Agency within thirty (30) days of the date of the initial rental of all the Affordable Units on the Site. Subsequent annual reports and annual income certifications or recertifications shall be submitted to the Agency on the anniversary date of submittal of the Initial Report. The Agency may, from time to time during the term of this Covenant, request additional or different information and Developer or a subsequent owner (each an "Owner") or any subsequent owner (each, an "Owner") shall promptly supply such information in the reports required hereunder. Owner shall maintain all necessary books and records, including property, personal and financial records, in accordance with requirements prescribed by the Agency with respect to all matters covered by this Covenant. Owner, at such time and in such forms as the Agency may require, shall furnish to Agency statements, records, reports, data and information pertaining to matters covered by this Covenant. Upon request for examination by the Agency, Owner, at any time during normal business hours, shall make available all of its records with respect to all matters covered by this Covenant. Owner shall permit the Agency to audit, examine and make excerpts or transcripts from these records.

II. LIMITATIONS ON TRANSFER.

A. No voluntary or involuntary successor in interest of Developer shall acquire any interest in the Site or the Project except as expressly set forth herein. It is hereby expressly stipulated and agreed that any assignment, sale, transfer or other disposition of the Project or the Site, or any portion(s) thereof or interest(s) therein, in violation of this section II shall be null, void and without effect, shall cause a reversion of title to Developer, and shall be ineffective to relieve Developer of its obligations under this Covenant. For purposes of this section II, a change in the identity of the initial limited partner of Developer (including, but not limited to, the sale or transfer, in the aggregate, of the controlling stock or interest in said limited partner) shall not be deemed a transfer subject to the provisions of this paragraph. Upon any assignment, sale, transfer or other disposition of the Project or the Site that complies with the requirements of this section II, Developer shall be fully released from its obligations hereunder to the extent such obligations have been fully assumed in writing by the transferee of the Project or the Site pursuant to an assignment and assumption agreement in a form reasonably acceptable to the Agency's legal counsel. No later than the date the assignment becomes effective, Developer shall deliver to Agency a fully executed counterpart of the assignment and assumption agreement. Developer shall request approval by written notice at least sixty (60) days prior to any proposed assignment, sale, transfer or other disposition of the Project or the Site, or any portion(s) thereof or interest(s) therein.

B. Developer shall not assign, sell or transfer the Project or the Site, or any portion(s) thereof, or interest(s) therein without the prior written approval of the Agency's Director, which approval shall not be unreasonably withheld or delayed, and shall be granted upon Agency's receipt of evidence acceptable to Agency that the following conditions have been satisfied:

(1) Developer is not in default hereunder or the purchaser or assignee agrees to undertake to cure any defaults of Developer to the reasonable satisfaction of Agency;

(2) The continued operation of the Project shall comply with the provisions of this Covenant;

(3) Either (i) the purchaser or assignee or its property manager has at least three year's experience in the ownership, operation and management of similar size rental housing projects, and at least one year's experience in the ownership, operation and management of rental housing projects containing below-market-rate units, without any record of material violations of discrimination restrictions or other state or federal laws or regulations or local governmental requirements applicable to such projects, or (ii) the purchaser or assignee agrees to retain a property management firm with the experience and record described in subclause (i) above, or (iii) Developer or its management company will continue to manage the Project for at least one year following such transfer and during such period will provide training to the transferee and its manager in the responsibilities relating to the Affordable Units;

(4) The person or entity which is to acquire the Project does not have pending against it, and does not have a history of significant and material building code violations or complaints concerning the maintenance, upkeep, operation and regulatory agreement compliance of any of its projects as identified by any local, state or federal regulatory agencies; and

(5) The proposed purchaser or assignee enters into a written assignment and assumption agreement in form and content reasonably satisfactory to Agency's legal counsel, and, if requested by Agency, an opinion of such purchaser or assignee's counsel to the effect that this Covenant and the DDA are valid, binding and enforceable obligations of such purchaser or assignee, subject to bankruptcy and other standard limitations affecting creditor's rights.

C. Notwithstanding any other provision of this Covenant to the contrary, Agency approval of an assignment, sale or transfer of the Project or the Site or any interest therein shall not be required in connection with any of the following:

(1) Subject to Developer submitting the assignment and assumption agreement referred to above and the approval of such agreement by the Agency, which approval shall not be unreasonably withheld, any transfer or assignment of the Project or any interest therein to an entity or entities in which Developer, retains more than fifty percent (50%) in the aggregate, directly or indirectly, of the ownership or beneficial interest and retains full management and control of the transferee entity or entities, either directly or indirectly through another entity, subject only to certain major events requiring the consent or approval of the other owners of such entity ("Affiliate of Developer"). (The term "control" as used herein shall mean the ability to direct the operation and management of such corporation, partnership, limited liability or other entity.)

(2) Transfers resulting from the death or mental or physical incapacity of any member of Developer;

(3) The granting of temporary or permanent easements or permits to facilitate development of the Project;

(4) Any assignment for financing purposes (subject to such financing being considered and approved by Agency pursuant to Section 317 of the DDA), including the grant of a deed of trust, assignment of rents and security agreement to secure the funds necessary for construction and permanent financing of the Project ;

(5) Any transfer by foreclosure or deed in lieu of foreclosure under approved financing or transfers by a lender as described in subparagraph (4) above subsequent to foreclosure or deed in lieu of foreclosure (subject to the requirements of this paragraph II and Section 317 of the DDA);

(6) The transfer of any stock, partnership interest, membership or other beneficial interest in any limited partner of Developer or any direct or indirect beneficial owner of any limited partner of Developer;

(7) The admission of any new limited partner to Developer;

(8) The admission of any new general partner to Developer, so long as the initial general partners or an Affiliate of Developer remains a general partner of Developer and maintains control over the operation and management of Developer;

(9) The transfer of any general partner's interest or limited partner's interest in Developer to an Affiliate of Developer so long as the initial general partner or Affiliate of Developer remains a general partner of Developer and maintains control over the operation and management of Developer; and

(10) The rental, in the ordinary course of business, of the apartment units within the Project provided, with respect to the Affordable Units, such rental shall be in accordance with the terms of this Covenant.

In the event of any assignment, sale or transfer by Developer under the above subparagraphs II.C(1) through II.C(11), inclusive, not requiring Agency's prior approval, Developer nevertheless agrees that it shall give at least fifteen (15) days prior written Notice to Agency of such assignment or transfer. In addition, Agency shall be entitled to review such documentation as may be reasonably required by Agency's Executive Director for the purpose of determining compliance of such assignment, sale or transfer with the requirements of subparagraphs II.C(1) through II.C(11), inclusive.

D. Nothing in this Covenant shall be deemed to restrict Developer's right to encumber the Site for the benefit of lenders providing financing for the Site.

E. Nothing in this paragraph II or elsewhere in this Covenant shall prohibit (i) sale or transfer of all or any portion of the Site through foreclosure of a mortgage or deed of trust permitted pursuant to Section 317 of the DDA, (ii) transfer to the holder of such permitted

mortgage or deed of trust by deed in lieu of foreclosure or (iii) transfer of the Site by any such holder subsequent to acquisition by foreclosure or deed in lieu, so long as such transfer complies with Section 317 of the DDA. Agency shall not be obligated to pay the Agency Assistance (as defined in the DDA) to any transferee of the Site after foreclosure or transfer in lieu of foreclosure unless such transferee assumes all of Developer's obligations under the DDA and this Covenant (excluding repayment of any portion of the Agency Assistance not actually disbursed to such transferee).

III. NO DISCRIMINATION.

All deeds, leases or contracts made relative to the Site, the improvements thereon or any part thereof, shall contain or be subject to substantially the following nondiscrimination clauses:

A. In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the grantee himself, or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

B. In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased, nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased."

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

IV. MAINTENANCE AND MANAGEMENT.

Developer shall maintain in accordance with the Maintenance Standards (as hereinafter defined) the private improvements and public improvements (the "Improvements") and landscaping to the curbline(s) on and abutting the Site. The Improvements shall include, but not be limited to, buildings, sidewalks, pedestrian lighting, landscaping, irrigation of landscaping, architectural elements identifying the Site and any and all other improvements on the Site and in the public right-of-way to the nearest curbline(s) abutting the Site. To accomplish the maintenance, Developer shall either staff or contract with and hire licensed and qualified personnel to perform the maintenance work, including the provision of labor, equipment, materials, support facilities, and any and all other items necessary to comply with the requirements of this Covenant. The maintenance covenants and obligations set forth in this paragraph IV shall remain in effect for the period of time specified in paragraph 8, below.

A. The following standards (collectively, "Maintenance Standards") shall be complied with by Developer and its maintenance staff, contractors and subcontractors but do not require extraordinary expenditures or reconstruction after condemnation or the occurrence of a substantial casualty event:

(1) Landscape maintenance shall include: watering/irrigation; fertilization; mowing; edging; trimming of grass; tree and shrub pruning; trimming and shaping of trees and shrubs to maintain a healthy, natural appearance, safe road conditions and visibility, and irrigation coverage; replacement, as needed, of all plant materials; control of weeds in all planters, shrubs, lawns, ground covers, or other planted areas; and staking for support of trees.

(2) Clean-up maintenance shall include: maintenance of all sidewalks, paths and other paved areas in clean and weed-free condition; maintenance of all such areas clear of dirt, mud, trash, debris or other matter which is unsafe or unsightly; removal of all trash, litter and other debris from improvements and landscaping prior to mowing; clearance and cleaning of all areas maintained prior to the end of the day on which the maintenance operations are performed to ensure that all cuttings, weeds, leaves and other debris are properly disposed of by maintenance workers.

(3) All maintenance work shall conform to all applicable federal and state Occupation Safety and Health Act standards and regulations for the performance of maintenance.

(4) Any and all chemicals, unhealthful substances, and pesticides used in and during maintenance shall be applied in strict accordance with all governmental requirements. Precautionary measures shall be employed recognizing that all areas are open to public access.

(5) The Improvements shall be maintained in conformance with the DDA and in accordance with the custom and practice generally applicable to comparable multifamily rental units located within Placer County, California. The public right-of-way improvements to the curbline(s) on and abutting the Site shall be maintained as required by this subparagraph A in good condition and in accordance with the custom and practice generally applicable to public rights-of-way within the County of Placer.

B. If Developer does not maintain the private and public improvements on the Site to the curbline(s) on and abutting the Site in the manner set forth herein and in accordance with the Maintenance Standards, Agency and/or the County shall have the right to maintain such private and/or public improvements, or to contract for the correction of such deficiencies, after written notice to Developer. However, prior to taking any such action, Agency agrees to notify Developer in writing if the condition of said improvements does not conform to the Maintenance Standards and to specify the deficiencies and the actions required to be taken by Developer to cure the deficiencies. Upon notification of any maintenance deficiency, Developer shall have thirty (-90) days within which to correct, remedy or cure the deficiency. If the written notification states that the problem is urgent and relates to the public health and safety, then Developer shall have twenty-four (24) hours to rectify the problem.

In the event Developer fails to correct, remedy, or cure or has not commenced correcting, remedying or curing such maintenance deficiency after notification and after expiration of any applicable cure period, including the notice and cure provisions for any holder of record of any mortgage or deed of trust pursuant to Section 317.3 of the DDA, then Agency and/or the County shall have the right to maintain such improvements. Developer agrees to pay Agency written demand all charges and costs incurred by Agency and/or County for such maintenance. Until so paid, the Agency shall have a lien on the Site for the amount of such charges or costs, which lien shall be perfected by the recordation of a "Notice of Claim of Lien" against the Site. Any lien in favor of the Agency created or claimed hereunder is expressly made subject and subordinate to any mortgage or deed of trust made in good faith and for value, recorded as of the date of the recordation of the Notice of Claim of Lien, and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of any such mortgage or deed of trust, unless the mortgagee or beneficiary thereunder expressly subordinates his interest, of record, to such lien. No lien in favor of the Agency created or claimed hereunder shall in any way defeat, invalidate, or impair the obligation or priority of any lease, sublease or easement unless such instrument is expressly subordinated to such lien. Developer acknowledges and agrees that the County and Agency may also pursue any and all other remedies available in law or equity in the event of a breach of the maintenance obligations and covenants set forth herein, subject to the limitations set forth in Section 602 of the DDA and paragraph 10, below.

C. Marketing and Management Plan. Within 120 days prior to anticipate date of initial Certifiate of Occupancy Owner shall submit for Agency review and approval, a plan for marketing and managing the Property ("Plan"). The Plan shall address in detail how Owner plans to market the Restricted Units to prospective Eligible Households in accordance with fair housing laws and this Agreement, Owner's tenant selection criteria, and how Owner plans to certify the eligibility of Eligible Households. The Plan shall also describe the management team and shall address how the Owner and the management entity plan to manage and maintain the Property and the Project. The Plan shall include the proposed management agreement and the form of rental agreement that Owner proposes to enter into with Project tenants. Owner shall abide by the terms of the Plan in marketing, managing, and maintaining the Property and the Project, and throughout the term of this Agreement, shall submit proposed modifications to Agency for review and approval.

V. REPLACEMENT RESERVE REQUIREMENT.

Developer covenants and agrees that in each operating year Developer shall deposit not less than Two Hundred Fifty Dollars ($250.00) per unit into a special capital replacement reserve account maintained with the Developer's lender approved by the Agency (the "Approved Lender"). The capital replacement reserve account shall be used exclusively for payment of Project capital replacement expenses to the extent provided in the agreement(s) governing such reserves.

VI. NO IMPAIRMENT OF LIEN.

No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Covenant shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument; provided, however, that any successor of Developer to the Site shall be bound by such covenants, conditions, restrictions, limitations and provisions, whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

VII. DURATION.

The covenants set forth at paragraphs I, II, IV and V shall remain in effect until the date which is fifty-five (55) years following the date this Covenant is recorded. The covenants set forth at paragraph III shall remain in effect in perpetuity.

VIII. SUCCESSORS AND ASSIGNS.

The covenants contained in this Covenant shall inure to the benefit of Agency and its successors and assigns and shall be binding upon Developer and any successor in interest to the Site and the Project or any part thereof. The covenants shall run in favor of Agency and its successors and assigns for the entire period during which such covenants shall be in force and effect, without regard to whether Agency is or remains an owner of any land or interest therein to which such covenants relate. Agency, and its successors and assigns, in the event of any breach of any such covenants, shall have the right to exercise all of the rights and remedies and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach.

IX. DEFAULT.

A. Any failure by Developer to perform any term or provision of this Covenant or the DDA shall constitute an "Event of Default" (1) if Developer does not cure such failure within thirty (90) days following written notice of default from Agency, including notice and opportunity to cure for Approved Lenders (pursuant to Section 317 of the DDA) or (2) if such failure is not of a nature which can be cured within such thirty- (30-) day period, the Developer does not within such thirty- (30-) day period commence substantial efforts to cure such failure, or thereafter does not within a reasonable time prosecute to completion with diligence and continuity the curing of such failure. Agency shall not enforce any of its rights and remedies for breach by Developer except upon the occurrence of an Event of Default. The institution of legal actions in the Event of Default shall be brought only in accordance with Section 602 of the DDA.

B. Any notice of default given hereunder shall specify in detail the nature of the failure in performance which Agency claims constitutes the Event of Default and the manner in

which such Event of Default may be satisfactorily cured in accordance with the terms and conditions of this Covenant. During the time periods herein specified for cure of a failure to perform, including the opportunities to cure for Approved Lenders, Developer shall not be considered to be in default of this Covenant for any purposes.

C. Any failure or delay by Agency in asserting any of its rights or remedies as to any Event of Default shall not operate as a waiver of any Event of Default or of any such rights or remedies or deprive Agency of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

D. To protect the rights of Approved Lenders, Agency shall not have the right to file any involuntary petition seeking reorganization, arrangement, adjustment, or composition of or in respect of Developer, respectively, under any liquidation, insolvency, bankruptcy, rehabilitation, reorganization, conservation or other similar law in effect now or in the future.

E. The obligations of Developer under this Covenant shall be personal to the entity or person, defined as Developer, which owned the Site at the time that an event, including without limitation, any Event of Default under this Covenant, occurred or was alleged to have occurred and such entity or person shall remain liable for any and all obligations including damages occasioned by an Event of Default, even after such person or entity ceases to be the owner of the Site. Accordingly, no subsequent owner of the Site shall be liable or obligated for the obligation of any prior owner, including, but not limited to, any obligation for payment, indemnification or damages, for default or breach of this Covenant or otherwise. The owner of the Site at the time the obligation was incurred, including any obligation arising out of a default or breach of this Covenant, shall remain liable for any and all payments and damages occasioned by the owner even after such person or entity ceases to be the owner of the Site.

Under no circumstances shall the Agency:

(a) interfere with or attempt to influence the exercise by any Approved Lender of any of its rights under the terms of the mortgage or deed of trust, including, without limitation, the respective remedial rights of the Approved Lenders upon the occurrence of any event of default by Developer under such mortgage or deed of trust; or

(b) upon the occurrence of an event of default under the terms of a mortgage or deed of trust of an Approved Lender, take any action to accelerate or otherwise enforce payment or seek other remedies with respect thereto.

X. ESTOPPEL CERTIFICATE.

Either party may, at any time, and from time to time, deliver written notice to the other party requesting such party to certify in writing that, to the current, actual knowledge of the certifying party, (a) this Covenant is in full force and effect and a binding obligation of the parties, (b) this Covenant has not been amended or modified or, if so amended or modified, identifying the amendments or modifications, and (c) the requesting party is not in default in the performance of its obligations under this Covenant, or if in default, to describe therein the nature and extent of any such defaults. The requesting party may designate a reasonable form of certificate (including a lender's form) and the party receiving a request hereunder shall execute

and return such certificate or give a written, detailed response explaining why it will not do so within thirty (30) days following the receipt thereof. The Executive Director of the Agency ("Director" or "Executive Director") shall be authorized to execute any certificate requested by Developer hereunder. Developer and Agency acknowledge that a certificate hereunder may be relied upon by tenants, transferees, investors, partners, bond counsel, underwriters, bond holders and "mortgage holders. The request shall clearly indicate that failure of the receiving party to respond within the thirty- (30-) day period will lead to a second and final request and failure to respond to the second and final request within fifteen (15) days of receipt thereof shall be deemed approval of the estoppel certificate. Failure of Developer to execute an estoppel certificate shall not be deemed a default, provided that in the event Developer does not respond within the required thirty- (30-) day period, Agency may send a second and final request to Developer and failure of Developer to respond within fifteen (15) days from receipt thereof (but only if Agency's request contains a clear statement that failure of Developer to respond within this fifteen- (15-) day period shall constitute an approval) shall be deemed approval by Developer of the estoppel certificate and may be relied upon as such by Agency, tenants, transferees, investors, bond counsel, underwriters, bond holders and mortgage holders. Failure of Agency to execute an estoppel certificate shall not be deemed a default, provided that in the event Agency fails to respond within the required thirty- (30-) day period, Developer may send a second and final request to Agency, with a copy to the Executive Director and County Counsel, and failure of Agency to respond within fifteen (15) days from receipt thereof (but only if Developer's request contains a clear statement that failure of Agency to respond within this fifteen- (15-) day period shall constitute an approval) shall be deemed approval by Agency of the estoppel certificate and may be relied upon as such by Developer, tenants, transferees, investors, partners, bond counsel, underwriters, bond holders and Mortgage holders.

XI. THIRD-PARTY BENEFICIARIES.

Developer and Agency recognize and agree that the terms of this Covenant and the enforcement of those terms are essential to the security of any Approved Lender pursuant to Section 317.1 of the DDA and are entered into for the benefit of various parties, including such Approved Lenders. Accordingly, such Approved Lenders may provide written notice to Agency requesting that Agency cure any failure to enforce the terms of this Covenant and the DDA. If Agency fails to commence to cure the failure within thirty (30) days following such written notice and to thereafter diligently pursue such cure to completion, then the Approved Lenders shall be entitled (but not obligated) to enforce, separately or jointly with Agency, or to cause Agency to enforce the terms of this Covenant. In addition, the Approved Lenders are each intended to be and shall be third-party beneficiaries of this Covenant.

XII. INDEMNIFICATION LIMITATION FOR APPROVED LENDERS.

Inasmuch as the covenants, reservations and restrictions of the DDA and this Covenant run with the land, the indemnification obligations of the Developer contained in the DDA and this Covenant will be deemed applicable to any successor in interest to Developer, but, it is acknowledged and agreed, notwithstanding any other provision of the DDA and this Covenant to the contrary, that neither any Approved Lender nor its successors in interest will assume or take subject to any liability for the indemnification obligations of the Developer for acts or omissions of Developer occurring prior to transfer of title to any Approved Lender whether by foreclosure, deed in lieu of foreclosure or comparable conversion; Developer at the time of the act or

omission shall remain liable under the indemnification provisions for its acts or omissions occurring prior to any transfer of title to an Approved Lender whether by foreclosure, deed in lieu of foreclosure or comparable conversion. An Approved Lender shall indemnify Agency following its acquisition of the Project or Site or any portion thereof by foreclosure, deed in lieu of foreclosure or comparable conversion during, and only during, any ensuing period that such Approved Lender owns and operates the Project, provided that the liability of any Approved Lender shall be strictly limited to its acts and omissions occurring during the period of its ownership and operation of the Site.

XIII. SUCCESSORS AND ASSIGNS.

The covenants contained in this Covenant shall be binding for the benefit of the Agency and its respective successors and assigns and any successor in interest to the Site or any part thereof, and such covenants shall run in favor of Agency and such aforementioned parties for the entire period during which such covenants shall be in force and effect, without regard to whether Agency is or remains an owner of any land or interest therein to which such covenants relate. Agency, and such aforementioned parties, in the event of any breach of any such covenants, shall have the right to exercise all of the rights and remedies, and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach. The covenants contained in this Covenant shall be for the benefit of and shall be enforceable only by Agency, and its respective successors and such aforementioned parties.

XIV. SUBORDINATION.

Notwithstanding the provisions of paragraph 5 or any other provisions of this Covenant, upon written request by Owner, Agency shall agree that the terms and conditions of this Covenant shall be subject to and subordinate to the terms and conditions of financing to be secured by a mortgage against the Site, provided such financing has been obtained by Owner through an Approved Lender and upon terms and conditions reasonably approved by Agency; and provided that if such financing is not provided pursuant to an adopted federal or state program, such lender shall agree to include in its deed of trust the following conditions: (i) Agency shall receive any notices of default issued by such lender to Owner; (ii) Agency shall have the right to cure any default by Owner within forty-five (45) days after receipt by Agency of a notice of default; (iii) if Agency takes title to the property and cures any such default, the lender shall not exercise any right it may have to accelerate its debt by reason of the transfer of title to Agency; and (iv) Agency shall have the right to transfer the Project to a nonprofit corporation who shall own and operate the Project as an affordable rental housing project with the consent of such lender, which consent shall not be unreasonably withheld.

XV. COUNTERPARTS.

This Covenant may be signed in multiple counterparts which, when signed by all parties, shall constitute a binding agreement.

XVI. MODIFICATIONS.

Agency and Developer acknowledge that no modifications that may affect the rights or interests of any Approved Lender may be made without prior approval by the holder of record of the mortgage or deed of trust approved pursuant to Section 317.1 of the DDA.

IN WITNESS WHEREOF, Agency and Developer have caused this Covenant to be executed on their behalf by their respective officers thereunto duly authorized.

Dated for reference purposes only as of _____, 20___.

"AGENCY"

PLACER COUNTY REDEVELOPMENT AGENCY

By:_____
Director

Dated: _____, 20____

APPROVED AS TO FORM:

_____
Agency Counsel

"DEVELOPER

QUARTZ RIDGE FAMILY APARTMENTS, L.P., a California limited partnership

By: USA Quartz Ridge Inc., a California corporation, It's Administrative General Partner

By: _____

Name: Geoffrey C. Brown

Its: _President _____

Dated: _____, 20____

APPROVED AS TO FORM:

_____
Counsel for Developer

State of California

County of _____

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

State of California

County of _____

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A

LEGAL DESCRIPTION OF THE SITE

[To Be Inserted]

ATTACHMENT NO. 8

FORM OF AGENCY NOTE

PROMISSORY NOTE

(Quartz Ridge)

Principal Sum:
$3,215,000

_____, 20___
_____, California

For value received, QUARTZ RIDGE FAMILY APARTMENTS, L.P., a California limited partnership (the "Maker"), promises to pay the PLACER COUNTY REDEVELOPMENT AGENCY, or order ("Holder"), the initial principal sum of THREE MILLION TWO HUNDRED FIFTEEN THOUSAND AND NO/100 DOLLARS ($3,215,000), with a term of fifty-five (55) years from the date of this promissory note (the "Note") and bearing simple interest at the rate of three percent (3%) per annum.

1. This Note evidences the obligation of Maker to Holder for repayment of funds pursuant to that certain Disposition and Development Agreement between Maker and Holder dated _____ ____, 20___ (the "DDA") and that certain Intercreditor Agreement ("Intercreditor Agreement") by and among Maker, Holder and the applicable lender providing funding for construction of the improvements contemplated under the DDA dated _____ _____, 20___. The terms and covenants of the DDA and Intercreditor Agreement are incorporated in this Note by reference. Maker shall use the Agency Loan proceeds to pay only costs incurred for the work approved by Holder. All capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the DDA.

2. Payment of this Note is secured by a Deed of Trust, Assignment of Rents, Security Agreement, and Fixture Filing (the "Agency Deed of Trust") from Maker to Holder, which Agency Deed of Trust has been recorded against the Site. The DDA, the Intercreditor Agreement, the Agency Deed of Trust, the Affordable Housing Covenant and this Note shall constitute the "Loan Documents."

3. Unless sooner due or paid as provided herein, the outstanding balance of principal and interest of this Note shall be due and payable in full upon the fifty-fifth (55th) anniversary of this Note (the "Maturity Date").

4. Maker shall make annual payments, which shall be applied to interest and principal as set forth in section 4(D) below, to Holder of the Residual Receipts Payment, as defined herein. The payments described hereinabove shall be paid to Holder no later than one hundred twenty (120) days after the end of Maker's fiscal year.

A. The "Residual Receipts Payment" shall equal 50% (fifty percent) of the Residual Receipts, as defined below, following repayment of the Developer Fee, in accordance with the terms set forth below. "Residual Receipts" shall equal Cash Flow less the Prior Payments, both as defined below.

B. For the purposes of this Note, "Cash Flow" shall mean the sum of money computed as follows:

i. All rents, revenues, consideration or income (of any form) derived by Maker in connection with or relating to the ownership or operation of the Project, including any net revenue derived from any refinancing of the Project and any revenue from contributions, loans or grants which is not required to meet future project obligations (but excluding tenants' security deposits, partner capital contributions and similar advances) less all of the following: all customary and reasonable costs and expenses in connection with the operation and maintenance of the Project, including but not limited to premiums for property and liability insurance, utility services not paid directly by tenants, maintenance and repair, security services and payments for social/supportive services; reasonable property management fees not to exceed 5% of gross revenue; amounts (approved by Holder) expended to restore the Project after a casualty loss or condemnation; reasonable and customary cost for accounting and auditing the books and records of the Project; taxes; franchise tax filing fees; and any other reserves reasonably required by the lenders set forth in the Pro Forma.

ii. Notwithstanding the generality of the foregoing, the following items are not expenses or deductible in computing Cash Flow:

(a) Payment of any fees or expenses or of any portion of the Cash Flow to Maker or any affiliate of Maker, except as specifically set forth herein;

(b) Income taxes imposed upon Maker's income;

(c) Payment of principal or interest on any indebtedness of Maker to any lender, including any affiliate of Maker (individual or entity) or partner of Maker, other than the amount set forth in section 4(C)(i) below or except as specifically approved by Holder in writing or otherwise set forth herein; and

(d) Depreciation, cost recovery, amortization and similar items which do not involve the expenditure of cash.

C. For the purposes of this Note, "Prior Payments" shall mean the following payments, which shall be paid in the order set forth herein:

i. annual payments of principal and interest due on account of the permanent loan from _____ in a principal amount not to exceed $_____ for the _____ year term of that loan. Only after rent up and conversion of the construction loan to permanent loan status will there be a calculation of residual receipts payments.

D. Maker may prepay all or any part of this Note, without penalty, at any time during the term of this Note.

5. Upon written request of Holder, Maker shall deliver quarterly balance sheets showing all revenues and expenses of the Project. An audited financial statement shall be delivered within one hundred twenty (120) days of the end of each calendar year along with payment of the Residual Receipts Payment due to Holder. Holder shall have the right to inspect and audit Maker's books and records concerning the calculation of the Residual Receipts Payment and to object within ninety (90) days from receipt of Maker's statement. Failure to timely object shall be deemed acceptance. If Holder does object, Holder shall specify the reasons for disapproval. Maker shall have thirty (30) days to reconcile any disapproved item. If Maker and Holder cannot agree on the amount of the Residual Receipts Payment, an independent auditor mutually selected by Maker and Holder shall resolve any disputed items. The cost of the auditor shall be shared equally by Maker and Holder.

6. In the first year following rent up, Maker shall prepare and submit to Holder a proposed annual operating budget for the management and operation of the Project no later than no later than 60 days preceding the effective year of such budget. The proposed budget shall include a line item showing the projected Cash Flow from the Project for the year. Holder will review the proposed budget and, if acceptable, approve it, which approval shall not be unreasonably withheld. If the budget is not acceptable, Holder shall specify the reasons for disapproval. The intent of this section is to provide Holder an opportunity to disapprove any unreasonable expenses which would diminish the Cash Flow from the Project. Once approved, any changes to the budget which exceed ten percent (10%) of the total budget shall require Holder's prior written consent, which consent shall not be unreasonably withheld.

7. Payment shall be made in lawful money of the United States to Holder care of the _____, Auburn, California _____. The place of payment may be changed from time to time as the Holder may from time to time designate in writing.

8. Maker hereby covenants and agrees that it shall maintain, or cause to be maintained, the Property in a manner consistent with the provisions set forth therefor in the County Code and/or Auburn Municipal Code (as applicable), and shall keep the entire Site/Project reasonably free from any accumulation of debris or waste materials prior to and after construction.

If, at any time, Maker fails to maintain the Site/Project, and has either failed to commence to cure such condition, or to diligently prosecute to completion the condition or the condition is not corrected after expiration of thirty (30) days from the date of written notice from Holder to Maker, Holder may perform the necessary corrective maintenance, and Maker shall pay such costs as are reasonably incurred for such maintenance. The Holder shall have the right to place a lien on the property should Maker not reimburse Holder for such costs within sixty (60) days following Holder's written demand to Maker for reimbursement of such costs. Maker, on behalf of itself its heirs, successors and assigns, hereby grants to Holder and its officers, employees and agents, an irrevocable license to enter upon the Site to perform such maintenance during normal business hours after receipt of written notice from Holder as hereinabove described and Maker's failure to cure or remedy such failure within thirty (30) days of such notice. Any such entry shall be made only after reasonable notice to Maker, and Holder shall indemnify and hold Maker harmless from any claims or liabilities pertaining to any such entry by Holder.

Failure by Maker to maintain the Site/Project in the condition provided in this Section 8 shall constitute a default under this Note and the related Agency Deed of Trust.

9. The occurrence of any of the following shall constitute an event of default under this Note: (i) Maker fails to pay any amount due hereunder within fifteen (15) days of its due date; (ii) Any other default by Maker under this Note, or any default by Maker under any of the Loan Documents, after the expiration of applicable notice and cure periods, including default under the transfer and assignment restrictions in any such documents; (iii) Any default by Maker under any other loan document affecting the Project or Site after the expiration of applicable notice cure periods provided; (iv) The refinance of any senior loan without Holder's prior written consent; (v) Maker becomes insolvent or the filing or initiation of bankruptcy or insolvency proceedings by or against Maker, whether voluntary or involuntary that is not dismissed within thirty (30) days of initiation, or if Maker makes a general assignment for the benefit of creditors or states its inability to pay its debts as they mature; or (v) Maker dissolves or liquidates.

Upon the occurrence of any event of default, or at any time thereafter, at the option of the Holder hereof and without notice, the entire unpaid principal and interest owing on this Note shall become immediately due and payable. However, this option may be exercised at any time following any such event, and the acceptance of one or more installments thereafter shall not constitute a waiver of Holder's option. Holder's failure to exercise such option shall not constitute a waiver of such option with respect to any subsequent event. Holder's failure in the exercise of any other right or remedy hereunder or under any 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. Holder agrees that in the event any such default is cured by a general partner or limited partner of Maker within the times set forth herein, it shall accept such cure as a cure of the default under this Note.

10. At all times when Maker is in default hereunder by reason of Maker's failure to pay principal due under this Note or any amounts due under any Loan Documents securing this Note, the interest rate on the sums as to which Maker is in default (including principal, if Holder has elected to declare it immediately due and payable), shall be the lower of ten percent (10%) or two percent (2%) over the prime interest rate announced by _____ Bank, N.A., as of the date of the default.

11. 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, to the release of any party liable for this obligation, and any such extension or release may be made without notice to any of said parties and without any way affecting or discharging this liability.

12. Maker agrees to pay immediately upon demand all costs and expenses of Holder including without limitation reasonable attorneys' fees: (i) if after default this Note be placed in the hands of an attorney or attorneys for collection; (ii) if after a default hereunder or under the Agency Deed of Trust, Intercreditor Agreement, the Affordable Housing Covenant, the DDA or under any other loan document referred to in this Note, Holder finds it necessary or desirable to secure the services or advice of one or more attorneys with regard to collection of this Note

against Maker, any guarantor or any other party liable therefor or to the protection of its rights under this Note, the Loan Documents or other loan documents related to the Project; or (iii) if Holder seeks to have the Project or the Site abandoned by or reclaimed from any estate in bankruptcy, or attempts to have any stay or injunction prohibiting the enforcement or collection of the Note or prohibiting the enforcement of any of the Loan Documents or any other agreement evidencing or securing this Note lifted by any bankruptcy or other court.

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

14. 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.

15. This Note shall be binding upon Maker, its successors, and assigns.

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

17. If any provision of this Note 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.

18. This Note is a nonrecourse obligation of Maker. Neither Maker nor any of its general and limited partners shall have any personal liability for repayment of the Loan, and the Holder must resort only to the Project or Site, for repayment should the Maker fail to repay the sums evidenced hereby.

19. Regardless of the limitation of liability above, Maker and its general partners will be fully liable for the following:

A. Failure to pay taxes, assessments, and any other charges that could result in liens against the Site or Project or any portion of the same or any other collateral pledged, encumbered, or otherwise covered by the Loan Documents, provided however, that if Maker is contesting these taxes, assessments or other charges, any delay in the payment of such items shall not be a default hereunder;

B. Failure to pay and discharge any materialmens' liens or other liens against any portion of the Project or any other collateral pledged, encumbered, or otherwise covered by the Loan Documents;

C. Fraud or intentional misrepresentation with respect to any representation, warranties, or certifications made in the Loan Documents, or otherwise made by Maker in connection with the loan evidenced by this Note;

D. Retention by Maker of any rental income or other income arising with respect to any portion of the Site or Project or any other collateral pledged, encumbered, or otherwise covered by the Loan Documents subsequent to the date of any notice of default from Holder to Maker, or which, under the terms of the Loan Documents, should otherwise have been paid to Holder;

E. Retention by Maker of any insurance proceeds, condemnation awards, or other similar funds or payments attributable to the Site and/or Project as applicable or any other collateral pledged, encumbered, or otherwise covered by the Loan Documents that, by its terms, should have been paid to Holder or used in a manner contrary to the use made by Maker; or

F. Waste of the Site or Project, or any failure to maintain, repair, or restore any portion of the Site or Project or any other collateral pledged, encumbered, or otherwise covered by the Loan Documents in accordance with the terms.

Nothing in this section will affect or limit the rights of Holder to enforce any of Holder's rights or remedies with respect to any portion of the Site or Project described in the Agency Deed of Trust or any other collateral pledged, encumbered, or otherwise covered by the Loan Documents.

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

MAKER:

QUARTZ RIDGE FAMILY APARTMENTS, L.P.,
a California limited partnership

By: USA Quartz Ridge Inc., a California
corporation, It's Administrative General Partner

By:_____

Name: Geoffrey C. Brown_____

Its President_____

ATTACHMENT NO. 9

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Placer County Redevelopment Agency
PO Box 7096
Auburn, CA 95604-7096
Attention: Director

(Space Above This Line for Recorder's Use Only)
[Exempt from recording fee per Gov. Code § 6103, 27383]

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

(AGENCY LOAN --- QUARTZ RIDGE)

This Deed of Trust is made as of _____, among QUARTZ RIDGE FAMILY APARTMENTS, L.P., a California limited partnership("TRUSTOR"), whose address is 2440 Professional Drive, Roseville, CA 95661, _____, whose address is _____, CA _____ ("TRUSTEE"), and the PLACER COUNTY REDEVELOPMENT AGENCY ("BENEFICIARY"), whose address is_____, _____, CA _____.

Trustor irrevocably grants, conveys, transfers and assigns to Trustee in trust, with power of sale and right of entry and possession, all of Trustor's estate, right, title and interest in, to and under the following property (collectively, the "Property"): (a) the real property in Placer County, California, described on Exhibit A attached hereto and incorporated herein by this reference, together with all existing and future easements and rights affording access to it (the "Land"), (b) together with all buildings, structures and improvements now existing or hereafter constructed thereon (the "Improvements"), (c) together with all articles of personal property now or hereafter attached to, placed upon for an indefinite term, or used in connection with the Land and/or Improvements, together with all goods and other property that are, or at any time become, so related to the Property that an interest in them arises under real estate law, or they are otherwise adjudged to be a "fixture" under applicable law (each a "Fixture," collectively "Fixtures"), (d) together with all other property and interests of any kind or character which may be reasonably necessary or desirable to promote the present and future beneficial use and enjoyment of such real property and improvements.

1. **Secured Obligations**. Trustor makes the grant, conveyance, transfer and assignment herein for the purpose of securing the following obligations (the "Secured Obligations"): (a) payment of the sum of _____ Dollars ($_____) with interest thereon according to the terms of a promissory note (the "Note") of even date herewith, executed by Trustor in favor of Beneficiary or order and any

extension or renewals thereof; (b) payment of such further sums as the then record owner of the Property may borrow from Beneficiary, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust; and (c) performance of each agreement of Trustor incorporated by reference or contained herein.

2. **Maintenance and Repair**. Trustor shall (a) keep the Property in good condition and repair and not remove or demolish any building; (b) complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed; (c) pay when due all claims for labor performed and materials furnished; (d) comply with all laws affecting the Property or requiring any alterations or improvements to be made; (e) not commit or permit waste; and (f) cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of the Property may be reasonably necessary.

3. **Insurance**. Trustor shall maintain hazard insurance against loss by fire, hazards included with the term "extended coverage," and any other hazards for which Beneficiary requires insurance, and liability insurance. The insurance carrier and the insurance policies and amounts of coverage shall be acceptable to Beneficiary, the policies shall name Beneficiary as a loss payee or an additional insured, as applicable, the policies shall include Beneficiary as an additional insured, as applicable, and shall require 30 days' prior notice to Beneficiary before the policy is modified or terminated.

4. **Defense of Security**. Trustor shall appear in and defend any action or proceeding purporting to affect the security or the rights or powers of Beneficiary or Trustee. Trustor shall pay all costs and expenses, including costs of evidence of title and attorneys' fees, in any such action or proceeding in which Trustee or Beneficiary may appear, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

5. **Payment of Taxes and Liens**. Trustor shall pay (a) at least 10 days before delinquency, all taxes and assessments affecting the Property, including water stock assessments; (b) when due, all encumbrances, charges and liens, with interest, on the Property, which are or appear to be prior or superior to this Deed of Trust; and (c) upon demand all costs, fees and expenses of this Deed of Trust. If Trustor fails to make any payment or to do any act provided for in this Deed of Trust, then Beneficiary or Trustee may, without obligation to do so, and with or without notice to or demand upon Trustor, and without releasing Trustor from any obligation under this Deed of Trust: (a) make or do the same in such manner and to such extent as either may deem necessary to protect the security, Beneficiary or Trustee being authorized to enter upon the Property for such purposes; (b) appear in or commence any action or proceeding purporting to affect the security, or the rights or powers of Beneficiary or Trustee; (c) pay, purchase, contest or settle any encumbrance, charge or lien which in the judgment of either appears to be senior to this Deed of Trust; and (d) in exercising any such powers, pay allowable expenses, including attorneys' fees.

6. **Reimbursement of Costs**. Trustor shall pay upon demand all sums expended by Beneficiary or Trustee provided for in this Deed of Trust or allowed by law, with interest from date of expenditure at the maximum rate provided in the Note.

7. **No Waiver**. By accepting payment of any sum after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums or declare a default for failure to pay.

8. **Reconveyance**. That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and said note or notes to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals of such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

9. **Assignment of Rents**. Trustor hereby absolutely and unconditionally assigns to Beneficiary all of the rents, issues, profits, royalties, revenues, income and other benefits (collectively, the "Rents") derived from the Property, whether now due, past due or to become due, and hereby gives to and confers upon Beneficiary, either directly or through a receiver, the right, power and authority, but not the obligation, to collect the Rents, and to sue, either in the name of Trustor or Beneficiary, for all such Rents and to apply the same to the indebtedness secured hereby in such order as Beneficiary may determine in its sole discretion. This assignment of Rents is intended to create and shall be construed to create an absolute assignment to Beneficiary of all of Trustor's right, title and interest in the Rents, the foregoing, so long as no default exists by Trustor in the payment of any indebtedness secured hereby, or in any other covenant contained herein, or in said note or notes or in any other document evidencing or securing such indebtedness, Trustor shall have the right to collect all Rents from the Property and to retain, use and enjoy the same. Upon the occurrence of such a default, without the necessity of demand or other notice to Trustor or any other act to enforce Beneficiary's interest pursuant to this assignment, Trustor shall have no interest whatsoever in the Rents that are received by Trustor after a default, and all such Rents shall be received and held by Trustor in constructive trust for Beneficiary and delivered promptly to Beneficiary, or to a court appointed receiver for the Property, without the necessity for further notice to, or demand upon, Trustor. Upon the occurrence of such a default and at any time thereafter during the continuance thereof, Beneficiary may, at its option, send any tenant of the Property a notice to the effect that: (a) a default has occurred; (b) Beneficiary has elected to exercise its rights under this assignment; and (c) such tenant is thereby directed to thereafter make all payments of Rents to or for the benefit of Beneficiary or as Beneficiary shall direct. Any such tenant shall be entitled to rely upon any notice from Beneficiary and shall be protected with respect to any payment of Rents made pursuant to such notice, irrespective of whether a dispute exists between Trustor and Beneficiary with respect to the existence of a default or the rights of Beneficiary hereunder. Any such tenant shall not be required to investigate or determine the validity or accuracy of such notice or the validity or enforceability of this assignment. Trustor hereby agrees to indemnify, defend and hold any such tenant harmless from and against any and all losses, claims, damages or liabilities arising from or related to any payment of Rents by such tenant made in reliance on and pursuant to such notice.

10. **Default and Foreclosure**. Upon default by Trustor in payment or performance of any Secured Obligation, subject to any applicable cure period, Beneficiary may declare all sums secured immediately due and payable by delivery to Trustee of a declaration of default and

demand for sale and of a notice of default and of a notice of sale, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, said note or notes and all documents evidencing expenditures secured by this Deed of Trust. Upon default of any obligation secured by this Deed of Trust and acceleration of all sums due, Beneficiary may instruct Trustee to proceed with a sale of the Property under the power of sale granted in this Deed of Trust, noticed and held in accordance with California Civil Code Sections 2924, et seq., as such statutes may be amended from time to time. Trustor waives all rights it may have to require marshaling of assets or to require sales of assets in any particular order, including any rights under California Civil Code Sections 2899 and 3455.

11. Substitution of Trustee. Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where the Property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed of Trust is recorded and the name and address of the new Trustee.

12. Successors and Assigns. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term "Beneficiary" shall mean the owner and holder, including pledgees, of the secured note or notes, whether or not named as Beneficiary herein.

13. Trustee Acceptance. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

14. Further Assurances. Trustor shall, at its own cost and expense, do, execute, acknowledge, and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignments, transfers, and assurances as Trustee or Beneficiary shall from time to time require, for better assuring, conveying, assigning, transferring, and confirming unto Trustee the Property and rights hereby conveyed or assigned or intended now or hereafter so to be, or which Trustor may be or may hereafter become bound to convey or assign to Trustee, or for carrying out the intention or facilitating the performance of the terms of this Deed of Trust, or for filing, registering, or recording this Deed of Trust. Trustor shall, on demand, execute and deliver, and hereby authorizes Trustee and Beneficiary, or either of them, to execute in the name of Trustor, to the extent it may lawfully do so, one or more financing statements, chattel mortgages, or comparable security instruments, to evidence more effectively the lien hereof. Immediately upon the execution and delivery of this Deed of Trust, and thereafter from time to time, Trustor shall cause this Deed of Trust, and any security instruments creating a lien or evidencing the lien hereof upon any personal property and each instrument of further assurance, to be filed, registered, or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect the lien hereof upon, and the title of Trustee to, the Property encumbered hereby.

15. Condemnation and Insurance Proceeds. Immediately upon obtaining knowledge of the institution of any proceedings for the condemnation or other taking of all or any portion of the Property, or knowledge of any casualty damage to the Property, or damage in any other manner, Trustor shall immediately notify Beneficiary thereof. Trustor hereby authorizes and empowers Beneficiary as attorney in fact for Trustor to make proof of loss, to adjust and compromise any claim under the insurance policies covering the Property, to appear in and prosecute any action arising from such insurance policies, to collect and receive insurance proceeds, and to deduct therefrom Beneficiary's expenses incurred in the collection of such proceeds; provided, however, that nothing contained in this Section shall require Beneficiary to incur any expense or take any action hereunder. Trustor hereby authorizes and empowers Beneficiary, at Beneficiary's option, as attorney in fact for Trustor, to commence, appear in and prosecute, in Beneficiary's or Trustor's name, any action or proceeding relating to any condemnation or other taking of all or any part of the Property, whether direct or indirect, and to settle or compromise any claim in connection with such condemnation or other taking. The proceeds of any award payment or claim for damages, direct or consequential, in connection with any condemnation or other taking, whether direct or indirect, of the Property, or any part thereof, or for conveyances in lieu of the Property, or any part thereof, shall be paid to Beneficiary. The foregoing powers of attorney are coupled with an interest and are irrevocable. Trustor hereby authorizes Beneficiary to apply such awards, payments, proceeds or damages relating to condemnation of the Property and insurance covering the Property, after the deduction of Beneficiary's expenses incurred in the collection of such amounts, subject to the requirements of applicable law and the provisions hereof, to restoration or repair of the Property or to payment of the sums secured by this Deed of Trust. Beneficiary shall be under no obligation to question the amount of any compensation, awards, proceeds, damages, claims, rights of action, and payments relating to condemnation or other taking of the Property or insured casualty affecting the Property, and may accept the same in the amount in which the same shall be paid. Trustor shall execute such further evidence of assignment of any awards, proceeds damages or claims arising in connection with such condemnation or taking or such insurance as Beneficiary may require. Notwithstanding the above, the Beneficiary shall release all insurance and condemnation proceeds to Trustor to be used to reconstruct the improvements on the Property provided that Beneficiary determines that such restoration, repair or rebuilding is economically feasible. If such insurance proceeds shall be insufficient for such purposes, Trustor shall make up the deficiency. If the Project is subject to a partial condemnation or taking, then the proceeds received therefrom shall be applied to restore the Project taken, provided the Beneficiary determines that such restoration is economically feasible and no default exists under the Loan Documents following the expiration of all applicable cure periods. If the Project is subject to a total condemnation, or if Beneficiary determines that restoration of the Project is not feasible following a partial condemnation, or if a default exists then the proceeds from any condemnation award or claim for damages shall be used first to repay all sums under the Note, with the excess, if any, paid to Trustor.

16. Severability. If any one or more of the provisions contained in this Deed of Trust shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Deed of Trust, but this Deed of Trust shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein or therein, but only to the extent of such invalidity.

17. Estoppel Certificate. Trustor shall, within ten (10) days of a written request from Beneficiary, furnish Beneficiary with a written statement, duly acknowledged, setting forth the sums secured by this Deed of Trust and any right of set off, counterclaim or other defense which exists against such sums and the obligations of this Deed of Trust.

18. California Uniform Commercial Code Security Agreement; Fixture Filing. Trustor hereby grants Beneficiary a security interest in all personal property of Trustor located on the Property and wherever located and used in any way in connection with or in any way relating to the Property, and whether now owned or hereafter in existence, acquired or created (including equipment, inventory, goods, documents, instruments, general intangibles, chattel paper, accounts, accounts receivable, deposit accounts and contract rights), and all fixtures of Trustor now owned or hereafter in existence, acquired or created on, of or relating to the Property, and all substitutions, replacements, additions, accessions and proceeds (including insurance proceeds) of all of the foregoing (collectively, the "Personal Property"). Beneficiary may file this Deed of Trust, or a reproduction hereof, in the real estate records or other appropriate index, as a financing statement for the Personal Property. Any reproduction of this Deed of Trust or of any other security agreement or financing statement shall be sufficient as a financing statement. In addition, Trustor shall execute and deliver to Beneficiary, upon Beneficiary's request, any financing statements, as well as extensions, renewals and amendments thereof, and reproductions of this Deed of Trust in such form as Beneficiary may require to perfect a security interest with respect to the Personal Property. Trustor shall pay all costs of filing such financing statements and any extensions, renewals, amendments and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements Beneficiary may reasonably require. Without the prior written consent of Beneficiary, Trustor shall not create or suffer to be created pursuant to the California Uniform Commercial Code any other security interest in the Personal Property. Upon Trustor's breach of any covenant or agreement of Trustor contained in this Deed of Trust, including the covenants to pay when due all sums secured by this Deed of Trust, Beneficiary shall have the remedies of a secured party under the California Uniform Commercial Code and, at Beneficiary's option, may also invoke any remedies provided in this Deed of Trust as to the Personal Property. In exercising any of such remedies, Beneficiary may proceed against the Property and any of the Personal Property separately or together and in any order whatsoever, without in any way affecting the availability of Beneficiary's remedies under the California Uniform Commercial Code or the remedies provided in the Deed of Trust. This Deed of Trust also covers goods which are or which are to become fixtures on the Property and constitutes and is filed as a fixture filing under the California Uniform Commercial Code.

19. Due On Sale or Encumbrance. If all or any part of the Property, or any interest therein, or any beneficial interest in Trustor (if Trustor is not a natural person or persons but is a corporation, partnership, trust, limited liability company or other legal entity), is sold, transferred, mortgaged, assigned, pledged, or further encumbered, whether directly or indirectly, whether voluntarily or involuntarily or by operational law, Beneficiary may, at Beneficiary's option, declare all of the sums secured by this Deed of Trust to be immediately due and payable, and Beneficiary may invoke any remedies permitted by this Deed of Trust. Notwithstanding the foregoing, the granting of any dedication or easement for the purpose of development of the Property shall not be deemed a transfer under this Paragraph 19.

The undersigned Trustor requests that a copy of any notice of Default and of any notice of sale hereunder be mailed to Trustor at Trustor's address hereinbefore set forth.

TRUSTOR:

QUARTZ RIDGE APARTMENTS, L.P., a California limited partnership

By: USA Quartz Ridge Inc., a California corporation, It's Administrative General Partner

By: _____

Name: Geoffrey C. Brown

Its: President

EXHIBIT A

LEGAL DESCRIPTION

State of California

County of _____

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

State of California

County of _____

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

ATTACHMENT 10

NOTICE OF AFFORDABILITY RESTRICTIONS ON TRANSFER OF PROPERTY

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Placer County Redevelopment Agency
PO Box 7096
Auburn, CA 95604-7096
Attention: Director

(*Space Above This Line for Recorder's Use Only*)
[Exempt from recording fee per Gov. Code § 6103, 27383]

NOTICE OF AFFORDABILITY RESTRICTIONS ON TRANSFER OF PROPERTY

Important notice to owners, purchasers, tenants, lenders, brokers, escrow and title companies, and other persons, regarding affordable housing restrictions on the real property described in this Notice: Restrictions have been recorded with respect to the property described below (referred to in this Notice as the "Property") which restrict the price and terms at which the Property may be sold or rented. These restrictions may limit the sales price or rents of the Property to an amount which is less than the fair market value of the Property. These restrictions also limit the income of persons and households who are permitted to purchase and rent the Property.

Title of Document Containing Affordable Housing Restrictions: Affordable Housing Covenant (referred to in this Notice as the "Affordable Housing Restrictions").

Parties to Affordable Housing Restrictions:
_____ Redevelopment Agency ("Agency") and
_____ ("Owner").

The Affordable Housing Restrictions are recorded (*check one*)

- o as Document No. _____, official records of _____ County, on _____; or
- o concurrently with this Notice, official records of _____ County.

Legal Description of Property:
See Exhibit A (Attached hereto)

Street Address of Property: _____, Unit No._____, _____, California.

Assessor's Parcel Number of Property:_____

Summary of Affordable Housing Restrictions (*check as applicable*):

- o The Affordable Housing Restrictions restrict the amount of rent which may be charged for the rental housing unit or units on the Property, as follows: _____.
- o The Affordable Housing Restrictions restrict the sales price which may be charged for the sale of the ownership housing unit or units on the Property, as follows: _____.
- o The Affordable Housing Restrictions restrict the income level of the tenant or buyer of the Property, as follows: _____.
- o Term of Restrictions: _____ years, commencing on _____ and terminating on _____.

This Notice does not contain a full description of the details of all of the terms and conditions of the Affordable Housing Restrictions. You will need to obtain and read the Affordable Housing Restrictions to fully understand the restrictions and requirements which apply to the Property. In the event of any conflict between the terms of this Notice and the terms of the Affordable Housing Restrictions, the terms of the Affordable Housing Restrictions shall control.

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

Dated: _____, 20___

REDEVELOPMENT AGENCY

By: _____,
Director

OWNER:

Dated: _____, 20___

_____

ACKNOWLEDGMENTS

State of California

County of _____

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

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

WITNESS my hand and official seal.

Signature _____

(Seal)

State of California

County of _____

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

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

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

[To Be Inserted.]

ATTACHMENT 11

DEVELOPMENT FINANCING PLAN

(Sources & Uses)

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ATTACHMENTS

Attachment No. 1 Site Map

Attachment No. 2 Site Legal Description

Attachment No. 3 Schedule of Performance

Attachment No. 4 Scope of Development

Attachment No. 5	Grant Deed
Attachment No. 6	Certificate of Completion
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Attachment No. 8	Promissory Note
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Attachment No. 10	Notice of Affordability Restrictions
Attachment No. 11	Financing Plan

DISPOSITION AND DEVELOPMENT AGREEMENT

by and between the

PLACER COUNTY REDEVELOPMENT AGENCY

and

QUARTZ RIDGE FAMILY APARTMENTS, L.P., a

California limited partnership

North Auburn Redevelopment Project Area

Dated:_____

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG)
FUNDS REQUEST FORM

Conditions for CDBG Processing:
1. Requests for less than $1,000 will be returned unprocessed (exception: Final Funds Request).
2. Frequency – Submit a Funds Requests as funds are needed.
3. Supporting Documentation - Submit as specified by HCD.
4. Signature Card - Must be on file with HCD authorizing signer(s).

Section I - CDBG GRANTEE INFORMATION

1. CDBG Grant Number:	2. Request Type:	3. Request Number:	4. Fiscal Year: (Multi-Year Contracts Only)	5. Date Prepared:	6. Reporting Period
10-STBG-6733	Reimbursement	2	2010/2011		04/01/11-04/30/11

7. Grantee Name and Address
COUNTY OF PLACER
P O Box 331
Auburn, CA 95604
Phone Number: (530) 745-3150
E-Mail Address: mohaver@placer.ca.gov

8. Preparer Name and Address:
COUNTY OF PLACER
Pam Winters
P O Box 331, Auburn, CA 95604
Phone Number: (530) 745-3166
E-Mail Address: pwinters@placer.ca.gov

9. Execution Date:	12/15/10	10. Expiration Date:	6/30/13
11. Grant Amendment Expiration Date:		12. Grant Amendment No.	

Section II - FUNDS REQUEST INFORMATION (ROUND ALL FIGURES TO THE NEAREST DOLLAR)

13. Activity Name with HUD Code	14. Budgeted Amount per Fiscal Year	15. Funds Previously Requested	16. Funds Being Requested	17.Budget Balance	18. Funds Previously Requested Not Received	19. IDIS No. (HCD USE ONLY)
General Administration (21A)	$60,000	$3,648	$1,770	$54,582		
				$0		
				$0		
				$0		
				$0		
				$0		
20. TOTALS	$60,000	$3,648	$1,770	$54,582	$0	
21. CDBG Excess Cash on Hand	$					

22. Comments: REIMBURSEMENT FOR APRIL 2011 EXPENDITURES

Section III - EXPENDITURE OF MATCH FUNDS - PLANNING AND TECHNICAL ASSISTANCE & FREEZE CONTRACTS

23. Activity Name with HUD Code	24. Budgeted Amount	25. Funds Previously Reported	26. Funds Expended This Period	27. Funds Expended to Date
				$0
				$0
				$0
28. TOTALS	$0	$0	$0	$0

Section IV - EXPENDITURE OF PROGRAM INCOME ON ACTIVITIES ASSOCIATED WITH THIS GRANT

29. Activity Name with HUD Code	30. Budgeted Amount	31. Funds Previously Reported	32. Funds Expended This Period	33. Funds Expended to Date
				$0
				$0
				$0
34. TOTALS	$0	$0	$0	$0

Section V - GRANTEE APPROVAL

35. Grantee Certification: I certify to the best of my knowledge that this report is true in all respects, that the reported amounts agree with the official accounting reports and that all disbursements have been made for the purposes and conditions of this grant.

PREPARER SIGNATURE Pam Winters	AUTHORIZED SIGNER SIGNATURE Joanne Auerbach
TYPE/PRINT PREPARER NAME Pam Winters	TYPE/PRINT AUTHORIZED SIGNER NAME Joanne Auerbach - Housing Program Coordinator
DATE 5-10-11	DATE 5-10-11

Section VI - FOR HCD USE ONLY

IDIS Voucher Date:	IDIS Voucher#:	Fiscal Representative:

Revised: May 6, 2009

DRAW #2
10-STBG-6733
APRIL 2011 - EXPENDITURES

Date	Placer Co Doc #	OCA	User Code	Invoice # - Description	Vendor	Amount	Personnel	Misc	
04/08/11	JV255367	702340		April Payroll	PP21	1,542	1,542.19		
"	JV255741	702340		3rd Qtr Employee Benefits	Placer County	220	219.96		
					EXPENSES - APRIL 2011	**1,762**	**1,762.15**	**0.00**	**1,762.15**
4/19/2011	VP401448	702340		7-462-19431	Federal Express	8	7.85		
						8	**7.85**	**0.00**	**7.85**
					TOTAL FUNDS REQUEST	**1,770**	**1,770.00**	**0.00**	**1,770.00**