

### DISPOSITION AND DEVELOPMENT AGREEMENT

(309 West Yosemite Avenue & 105 Sycamore Avenue—Yosemite Senior Housing)

This Disposition and Development Agreement (the "Agreement") is entered into as of \_\_\_\_\_, 2024 (the "Effective Date"), by and between the City of Manteca, a municipal corporation (the "City"), and Delta Community Developers Corp., a California nonprofit public benefit corporation (the "Developer"), with reference to the following facts, understandings and intentions of City and the Developer:

### RECITALS

A. These Recitals refer to and utilize certain capitalized terms which are defined in Article 1 of this Agreement. The City and the Developer are sometimes referred to in this Agreement individually as a "Party" and collectively as the "Parties". The Parties intend to refer to those definitions in connection with the use of capitalized terms in these Recitals.

B. The City owns the vacant property, which is located at 309 West Yosemite Avenue and 105 Sycamore Avenue (APN No. 217-210-10 and APN No. 217-210-11), as more particularly described in the attached Exhibit A (the "Property"). The Developer intends to develop at least forty (40) units of affordable housing for low income senior citizens on the Property (the "Improvements"). The Property and the Improvements together constitute the "Development".

C. The Developer intends to purchase the Property from the City and to ground lease the Property to a single purpose entity (the "Development Entity") which Development Entity will lease the Property for the Ground Rent (as defined below), own the Improvements, and complete and operate the Development. The establishment of the Ground Rent and payment under the Promissory Note (as defined below) to be secured by the Deed of Trust (as defined below) is an essential element of the transactions contemplated by this Agreement.

D. The City desires to sell the Property to the Developer in accordance with the provisions of this Agreement in order to facilitate the use of the Property for the development and operation of affordable housing. The City will require the Development Entity to record a Performance Deed of Trust (the "Performance Deed of Trust") in the form attached as Exhibit E, against the Development Entity's leasehold interest in the Property in order to assure the Developer's completion of the Development by December 31, 2028, as evidenced by a Notice of Completion and Final Inspection from the City (the "DDA Secured Obligation").

E. In accordance with this Agreement, the City and the Developer have established the terms and conditions for the conveyance of the Property to the Developer and the ongoing operation of the Development upon completion of construction. The City has determined that the Developer has the necessary expertise, skill and ability to carry out the commitments set forth in this Agreement.

F. To effectuate the redevelopment of the Property, upon the Developer's satisfaction of the conditions set forth below, the City will convey the Property to the Developer.

THEREFORE, the Parties agree as follows:

**AGREEMENT**

The foregoing recitals are incorporated by reference and made part of this Agreement.

**ARTICLE 1.  
DEFINITIONS AND EXHIBITS**

**Section 1.1 Definitions.**

In addition to the terms defined elsewhere in this Agreement, the following definitions will apply throughout this Agreement.

(a) "Affordable Housing Covenant" means the Affordable Housing Covenant between the City and the Partnership in the form attached as Exhibit D.

(b) "Building Permit" means the building permit and all other ministerial construction permits required from the City and other governmental agencies to construct the Improvements.

(c) "CEQA" means the California Environmental Quality Act (Public Resource Code 21000 et seq.), and its implementing regulations.

(d) "City" means the City of Manteca, a municipal corporation.

(e) "City Approvals" means all discretionary land use approvals required to be obtained from the City for the Development, if any.

(f) "City Council" means the city council of the City.

(g) "City Documents" means, collectively, this Agreement, the Affordable Housing Covenant, the Performance Deed of Trust, and all other documents executed by the Developer in favor of the City in accordance with this Agreement, and all other documents required by the City to be executed by the Developer in connection with the transaction contemplated by this Agreement. "City Document" means any of the City Documents.

(h) "Close of Escrow" means the date on which the City conveys the Property as evidenced by the Grant Deed from the City to the Partnership.

(i) "Code" means the Internal Revenue Code of 1986, as amended.

(j) "Construction Plans" means the final construction plans for the construction of the Improvements as approved by the City in accordance with Section 2.4.

(k) "Control" means: (i) direct or indirect management or control of the managing member or members in the case of a limited liability company; (ii) direct or indirect

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management or control of the managing general partner or general partners in the case of a partnership; and (iii) (a) boards of directors that overlap by fifty percent (50%) or more of their directors, or (b) direct or indirect control of a majority of the directors in the case of a corporation.

- (l) "County" means the County of San Joaquin, California.
- (m) "DDA Secured Obligation" has the meaning set forth in Recital D.
- (n) "Deed of Trust" means the Deed of Trust securing the Promissory Note.
- (o) "Default" has the meaning set forth in Section 6.3.
- (p) "Developer" means Delta Community Developers Corp., a California nonprofit public benefit corporation, and its successors and assigns as permitted by this Agreement.
- (q) "Development" means the Property and Improvements.
- (r) "Development Entity" means the single purpose entity that will be the lessee under the Ground Lease, the owner of the Improvements, and the operator of the Development.
- (s) "Development Schedule" means the schedule attached as Exhibit B, as approved by the City setting forth the anticipated schedule for the Developer's acquisition of the Property, the construction of the Improvements, and the completion of the Development.
- (t) "Effective Date" means the date this Agreement is entered into by the Parties as first written above.
- (u) "Event of Default" has the meaning set forth in Section 6.3.
- (v) "Financing" means any financing received by the Developer or the Development Entity for the Development.
- (w) "Financing Plan" means the Developer's plan for financing the design, engineering and construction of the Improvements, which may be revised from time to time with the approval of the City pursuant to Section 2.3.
- (x) "Financing Proposal" means the Developer's initial financing proposal for financing the acquisition of the Property and the development of the Improvements, in the form approved by City.
- (y) "Grant Deed" means the Grant Deed to be executed by the City and the Developer at the Close of Escrow.
- (z) "Ground Lease" means the Ground Lease that documents the lease of the Property from the Developer to the Development Entity a form of which is attached to this Agreement as Exhibit G.

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(aa) "Ground Rent" means the capitalized ground rent in an amount equal to the fair market value of the Property, taking into account all restrictions to which the Development will be subject.

(bb) "Hazardous Materials" means: any "hazardous substance" as defined in Section 101(14) of CERCLA (42 U.S.C. Section 9601(14)) or Section 25281(d) or 25316 of the California Health and Safety Code as amended from time to time;

(1) any "hazardous waste," "infectious waste" or "hazardous material" as defined in Section 25117, 25117.5 or 25501(j) of the California Health and Safety Code as amended from time to time;

(2) any other waste, substance or material designated or regulated in any way as "toxic" or "hazardous" in the RCRA (42 U.S.C. Section 6901 et seq.), CERCLA (42 U.S.C. Section 9601 et seq., Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), Safe Drinking Water Act (42 U.S.C. Section 300(f) et seq.), Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.), Clear Air Act (42 U.S.C. Section 7401 et seq.), California Health and Safety Code (Section 25100 et seq., Section 39000 et seq.), or California Water Code (Section 13000 et seq.) as amended from time to time; and

(3) any additional wastes, substances or materials which at such time are classified, considered or regulated as hazardous or toxic under any other present or future environmental or other similar laws relating to the Property or the Improvements.

The term "Hazardous Materials" will not include: (i) construction materials, gardening materials, household products, office supply products, art supplies, or janitorial supply products customarily used in the construction, maintenance, construction, or management of art facilities, or typically used in office activities, or (ii) certain substances which may contain chemicals listed by the State of California pursuant to California Health and Safety Code Sections 25249.8 et seq., which substances are commonly used by a significant portion of the population living within the region of the Property, including, but not limited to, alcoholic beverages, aspirin, tobacco products, nutrasweet and saccharine.

(cc) "Hazardous Materials Laws" means all federal, state, and local laws, ordinances, regulations, orders and directives pertaining to Hazardous Materials in, on or under the Property or the Improvements or any portion thereof.

(dd) "Improvements" means the approximately forty (40) unit affordable housing development for low income senior citizens, and related improvements, to be located on the Property.

(ee) "Investor" means an equity investor committed to purchasing a limited partnership interest in the Development Entity, if the Development Entity is a limited partnership.

(ff) "Managing General Partner" means a general partner of the Development Entity if the Development Entity which will be an entity that: (i) is under the Control of the

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Developer; and (ii) meets the requirements necessary for the Partnership to be eligible for a property tax exemption pursuant to California Revenue & Taxation Code 214(g).

(gg) "Official Records" means the official land records of the County.

(hh) "Parties" means, collectively, the City, and the Developer. "Party" will refer to either of the Parties.

(ii) "Partnership" means a California limited partnership formed by the Developer as the Development Entity for the development of the Improvements on the Property. The Partnership will consist of, at a minimum: (i) the Managing General Partner, and (ii) the Investor, or an entity under the Control of the Investor, as a limited partner.

(jj) "Partnership Agreement" means the partnership agreement of the Partnership, as may be amended from time to time.

(kk) "Performance Deed of Trust" has the meaning set forth in Recital D, and the form of Performance Deed of Trust is attached to this Agreement as Exhibit E.

(ll) "Promissory Note" means that certain note in the amount of the Ground Rent.

(mm) "Property" means the real property to be ground leased by the Developer to the Development Entity pursuant to this Agreement, which real property is more particularly described in Exhibit A.

(nn) "Purchase Price means the amount of One Hundred Dollars (\$100.00) as evidenced by the Promissory Note

(oo) "Scope of Development" means the description of the basic physical characteristics of the Development which, will serve as a basis for the Developer's application for the City Approvals and for the preparation of the Construction Plans. The Scope of Development is attached to this Agreement as Exhibit C.

(pp) "Security Financing Interest Holder" means any person or entity providing financing for the Development secured by a mortgage or deed of trust recorded against the Property or the Improvements.

(qq) "Tax Credit Funds" means all of the proceeds from the sale of limited partnership interests in the Partnership to an Investor in the anticipated amount set forth in the Financing Plan.

(rr) "Tax Credit Reservation" means a preliminary reservation, or allocation (as applicable), of federal and/or state low income housing tax credits from TCAC.

(ss) "TCAC" means the California Tax Credit Allocation Committee.

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(tt) "Term" means the term of this Agreement, which will consist of the period commencing as of the Effective Date and continuing until the earlier of: (i) the conveyance of the Property to the Developer; or (ii) three (3) years after the Effective Date.

(uu) "Title Company" means Old Republic Title Company, or such other title company as the Parties may mutually select.

(vv) "Title Report" means that certain title report dated \_\_\_\_\_, issued by the Title Company for the Property.

(ww) "Transfer" has the meaning set forth in Section 5.1.

### Section 1.2 Exhibits.

The following exhibits are attached to and incorporated in the Agreement:

- Exhibit A: Legal Description of the Property
- Exhibit B: Development Schedule
- Exhibit C: Scope of Development [To be Attached per Development Schedule]
- Exhibit D: Form of Affordable Housing Covenant
- Exhibit E: Form of Performance Deed of Trust
- Exhibit F: Insurance Requirements [To be Attached per Development Schedule]
- Exhibit G: Form of Ground Lease

## ARTICLE 2. PREDISPOSITION REQUIREMENTS FOR CONVEYANCE OF THE PROPERTY

### Section 2.1 Conditions Precedent to Disposition of the Property.

The requirements set forth in this Article 2 are conditions precedent to the City's obligation to convey the Property to the Developer.

During the period prior to Close of Escrow, the Developer and the Developer's Board members, employees, agents, consultants, contractors, and subcontractors will have the right to enter on to the Property to examine conditions, undertake testing, and carry out such other activities and examinations as the Developer deems necessary or appropriate to determine the suitability of the Property for the Developer's proposed uses and the feasibility of the proposed Development. The City grants to the Developer and its employees, affiliates, consultants, agents, and contractors, upon three (3) Business Day advance written notice to the City, the right to enter upon the Property throughout the Term of this Agreement for the purpose of conducting feasibility studies and physical examinations of the Property during normal business hours, provided that the Developer indemnifies, defends, protects, and holds the City free and harmless from all loss or liability to the extent caused by such activities of the Developer, its agents and employees, upon the Property. The foregoing indemnity, defense, protection, and hold harmless

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obligations do not apply to: (a) any loss, liability cost, claim, damage, injury or expense to the extent arising from the negligence or intentional misconduct of the City, (b) any diminution in value in the Property arising from or relating to matters discovered by the Developer during its investigation of the Property, or (c) any latent defects in the Property or existing condition discovered by the Developer. The Developer will provide the City with evidence of comprehensive general liability insurance with a combined single limit of One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) in the aggregate naming the City as an additional named insured prior to entering the Property. The Developer will not permit any liens to attach to the Property by reason of the exercise of the Developer's rights under this Agreement. The Developer will, at the Developer's sole cost and expense, fully repair any damage caused by the inspections, tests or studies at the Property and restore the Property to substantially the same condition that existed before any of the Developer's inspections, tests, or studies provided that the Developer will have no obligation: (1) to repair any damage caused by the acts of the City or the City's agents or representatives, or (2) to remediate, contain, abate or control any pre-existing condition of the Property that existed prior to the Developer's entry. The Developer's indemnification obligations under this Section will survive the termination of this Agreement.

### Section 2.2 City Approvals.

No later than the date set forth in the Development Schedule, the Developer or the Development Entity will apply for the City Approvals.

Nothing in this Agreement will in any way limit the City's legally permissible discretion in considering any applications submitted by the Developer or the Development Entity for the City Approvals or approval of such applications.

### Section 2.3 Financing Plan.

(a) Submission of Financing Proposal. No later than the date set forth in the Development Schedule, the Developer will submit a Financing Proposal. The City will reasonably approve or disapprove the Financing Proposal in writing within thirty (30) calendar days of the City's receipt of the Financing Proposal. The Developer's Financing Proposal approved by the City (if any) will be referred to as the "Financing Plan".

(b) City Review. If the Financing Proposal is disapproved by the City, the Developer will have thirty (30) calendar days from the date of the Developer's receipt of the City's notice of disapproval to submit a revised Financing Proposal. The provisions of this Section relating to time periods for approval, disapproval, and resubmission of a new Financing Proposal will continue to apply until a revised Financing Plan has been approved by the City. Failure of the City to approve or disapprove the Financing proposed within the thirty (30) calendar days from receipt will be deemed to be approval, and the submitted Financing Proposal will become the Financing Plan.

### Section 2.4 Construction Plans and Building Permit.

(a) Construction Plans. The Developer or the Development Entity will prepare Construction Plans for the construction of the Improvements. The final Construction

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Plans for the Improvements submitted by the Developer or the Development Entity for City approval will consist of all construction documentation upon which the Developer or the Development Entity and its contractors will rely in building the Improvements. The Construction Plans will be consistent with the City Approvals and the Scope of Development, and will not materially deviate from them without the written consent of the City.

(b) Building Permit. No later than the date set forth in the Development Schedule, the Developer or the Development Entity will apply for the City's final building permit plan check approval. After submitting applications for the Building Permit as set forth above, the Developer or the Development Entity will diligently pursue and obtain the Building Permit for the Improvements. For the purposes of this Agreement, the Developer and the Development Entity will be deemed to have satisfied the condition precedent to obtain the Building Permit for the Improvements by obtaining an issue ready letter from the City's building department to commence construction of the Improvements. Upon delivery to the City of such evidence to the City, the predisposition condition of this Section will be deemed met. The Developer acknowledges and agrees that construction cannot begin unless and until the Building Permit is issued.

### Section 2.5 Construction Contract.

(a) Contract Requirements. No later than the date set forth in the Development Schedule, the Developer or the Development Entity will submit to the City for its limited approval the proposed construction contract for the Improvements. The City's review and approval will be limited exclusively to a determination whether: (i) the guaranteed maximum construction cost, or stipulated sum, set forth in the construction contract is consistent with the approved Financing Plan; (ii) the construction contract is with a contractor duly licensed by the State of California; (iii) the construction contract contains provisions consistent with this Agreement; and (iv) the construction contract includes the applicable insurance requirements as set forth in the Agreement.

(b) City Review. Upon receipt by the City of the proposed construction contract, the City will promptly review same and approve it within fifteen (15) days if it satisfies the limited criteria set forth above. If the construction contract is not approved by the City, the City will set forth in writing and notify the Developer of the City's reasons for withholding such approval. The Developer or the Development Entity will thereafter submit a revised construction contract for City approval, which approval will be granted or denied in fifteen (15) days in accordance with the criteria and procedures set forth above. Failure of the City to respond within the fifteen (15) day period(s) set forth above will be deemed approval by the City.

### Section 2.6 Construction Bonds.

(a) Requirements. No later than the date set forth in the Development Schedule, the Developer or the Development Entity will deliver to the City forms of one (1) labor and material bond and one (1) performance bond for the Improvements issued by an insurance company licensed to do business in California, each in a penal sum of not less than one hundred percent (100%) of the scheduled cost of construction of the Improvements as set forth in the approved construction contract, for the City's review and approval. The bonds will name the City



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as co-obligee. Upon receipt by the City of the proposed payment and performance bonds, the City will promptly review such bonds and approve them within fifteen (15) days if they satisfy the criteria set forth above. If the payment and performance bonds are not approved by the City, the City will set forth in writing and notify the Developer of the City's reasons for withholding such approval. The Developer or the Development Entity will thereafter submit revised payment and performance bonds for City approval, which approval will be granted or denied in fifteen (15) days in accordance with the criteria and procedures set forth above. Failure of the City to respond within the fifteen (15) day period(s) set forth above will be deemed approval by the City.

(b) Delivery of Bonds. Prior to the Close of Escrow, the Developer or the Development Entity will deliver to the City copies of actually issued bonds substantially identical to the forms previously delivered to, and approved by, the City. The Developer or the Development Entity may elect to satisfy the obligation set forth in this Section by delivering bonds which name the Developer's general contractor(s), and not the Developer, as the principal. Only upon City receipt of such bonds will the pre-disposition conditions of this Section be deemed met.

### Section 2.7 Insurance.

The Developer or the Development Entity will furnish to the City evidence of the insurance coverage meeting the requirements set forth in Exhibit F, no later than the date set forth in the Development Schedule.

### Section 2.8 No Default.

No Event of Default will exist under this Agreement.

## ARTICLE 3. CEQA PROVISIONS

Section 3.1 No City Obligation; Developer at Risk. If the Developer or the Development Entity utilizes a development process or program that provides exemption from the California Environmental Quality Act ("CEQA"), this Article will not apply. Otherwise, the Parties will comply with all of the applicable requirements of CEQA. Nothing in this Agreement, including, but not limited to the execution of this Agreement will be construed to compel the City Council to approve or make any particular findings with respect to any CEQA approval or documentation required for the Development, or approve or make findings with respect to the applicable land use approvals, and the Developer assumes all risks regarding CEQA, including, but not limited to, the risk that the Development may not be approved by the City Council, and that the City Council may impose mitigation measures on the Development, including but not limited, mitigation measures not contemplated by the Developer.

Section 3.2 Developer Acknowledgement regarding City Council Discretion. The Developer acknowledges that the environmental review process under CEQA involves the preparation and consideration of certain information by the City Council, as well as consideration of input from third parties; that approval or disapproval of the Development following completion of the environmental review process pursuant to CEQA is within the sole

discretion of the City Council without limitation by, or consideration of, the terms of this Agreement; and that the City makes no representation regarding the ability or willingness of the City Council to approve the Development at the conclusion of the environmental review process required by CEQA, or regarding the imposition of any mitigation measures as conditions of any approval that may be imposed by the City Council. The City Council retains, to the maximum extent permitted under applicable law, its full discretion under CEQA to: (a) make such modifications to any entitlements, permits or approvals as may be reasonably necessary to impose reasonable measures to mitigate any significant environmental impacts of the proposed Development; (b) select other reasonable alternatives to avoid significant environmental impacts of the proposed Development; (c) balance the benefits of the proposed Development against any significant environmental impacts of the proposed Development (if any) prior to taking final action if such significant impacts cannot otherwise be reasonably avoided; (d) determine not to proceed with the proposed Development in the event there are substantial environmental impacts that cannot be feasibly reasonably mitigated so the proposed Development can be approved without a statement of overriding considerations; or (e) take such other actions to approve or not approve the proposed Development as determined by the City Council. In addition, any required approvals by any other local, state or federal agency (or any other required approvals under any applicable local, state, or federal law) may require additional environmental review, and that approval by the City Council pursuant to CEQA (if any) will not bind any other local, state or federal agency to approve the Development (or otherwise satisfy any requirements of any other applicable local, state, or federal law, including, to the extent such laws may be applicable to the proposed Development), or bind any other local, state or federal agency to impose mitigation measures that are consistent with the terms of this Agreement or with the terms of any mitigation measures that may be required by the City Council pursuant to the City's environmental review in accordance with CEQA.

Section 3.3 Termination following Completion of CEQA; Developer Release. Either Party has the right to terminate this Agreement if the City Council disapproves the Development following completion of the environmental review process pursuant to CEQA. In addition, the Developer may terminate this Agreement if Developer determines that the implementation of any mitigation measures required pursuant to CEQA would cause development of the Development to become economically or operationally infeasible. To effectuate such termination of this Agreement, the terminating Party will deliver a written notice to the other Party setting forth that this Agreement is terminated pursuant to this Section within thirty (30) days following the City Council's final action under CEQA. In the event this Agreement is terminated pursuant to this Section, then the City: (a) will have no obligation to convey the Property to the Developer; and (b) will have no further obligation or duty under this Agreement (except for any provision that expressly survives the termination of this Agreement). The City further acknowledges that due to the termination of this Agreement as set forth above, the City may suffer economic loss or other consequences due to the failure of the Property to be developed, including, but not limited to, economic loss or other consequences due to the City's inability to operate, or to permit the operation of, any particular form of business at the Property. In the event of such a termination of this Agreement under this Section, then the Developer will have no further duties or obligations under this Agreement (except for any provision that expressly survives the termination of this Agreement). The Developer further acknowledges that due to the termination of this Agreement as set forth above, the Developer will have no right, pursuant to this Agreement, to acquire the

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Property, and, therefore, may suffer economic loss or other consequences, including, but not limited to, economic loss or other consequences due to the Developer's inability to obtain any interest in the Property, develop the Property, or to operate, or to permit the operation of, any particular form of business at the Property. The City and Developer, on behalf of themselves and anyone claiming by, through or under each of them specifically releases and waives any claim against the other Party for such loss or economic consequences in connection with the termination of this Agreement following completion of all applicable requirements of CEQA, or any other failure of any, or all, of the conditions precedent set forth below. The City and Developer, on behalf of themselves and anyone claiming by, through or under the each of them, hereby assumes the above-mentioned risks and hereby expressly waives any right the Developer or City and anyone claiming by, through or under the Developer or City, may have under Section 1542 of the California Civil Code, which reads as follows:

**"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her would have materially affected his or her settlement with the debtor or released party."**

Developer's Initials: \_\_\_\_\_

City's Initials: \_\_\_\_\_

### ARTICLE 4. DISPOSITION OF THE PROPERTY

#### Section 4.1 Opening Escrow.

To accomplish the transfer of the Property from the City to the Developer, the Parties will, within ninety (90) days after the Effective Date, establish an escrow with the Title Company. The Parties will execute and deliver all written instructions to the Title Company to accomplish the terms hereof, so long as such instructions are consistent with this Agreement.

#### Section 4.2 Close of Escrow.

The Close of Escrow will occur within thirty (30) days after the Developer and the Development Entity, if applicable, have met all of its pre-disposition conditions as set forth in Article 2 above and as set forth below, but in no event will the Close of Escrow occur later than the time set forth in the Development Schedule, unless extended in writing by the City. At the Close of Escrow, the City will convey the Property to Developer by Grant Deed.

Section 4.3 Conditions to Conveyance. The City's obligation to convey the Property to the Developer will be subject to satisfaction of the following pre-conditions:

(a) Article 2 Conditions. The conditions precedent set forth in Article 2 above will have been satisfied in accordance with the Development Schedule.

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(b) Representations. The representations, warranties, and covenants of the Developer set forth in Section 7.17 will be true and correct as of the Effective Date and as of the Close of Escrow.

(c) No Event of Default. There exists no Event of Default nor any act, failure, omission, or condition that would constitute an Event of Default under this Agreement.

(d) Developer Authority. The Developer has delivered to the City a copy of the Developer's organizational documents and corporate resolution(s) authorizing the Developer's execution of this Agreement and the transactions contemplated by this Agreement.

(e) City Documents. The Developer has executed and delivered the Affordable Housing Covenant and Performance Deed of Trust to escrow.

(f) Ground Lease Documents. The Developer has delivered copies to the City of the executed Ground Lease, the Promissory Note in the amount of the Ground Rent, and the Deed of Trust securing the Promissory Note.

(g) Purchase Price. The Developer has paid, or the Title Company is prepared to release, to the City the Purchase Price, as evidenced by the final settlement statement for the closing of the Financing approved by the City.

Section 4.4 Condition of Title. At the Close of Escrow, the City will deliver title to the Property free and clear of all liens, encumbrances, clouds and conditions, rights of occupancy or possession, except those set forth in the Title Report and accepted by the Developer.

### Section 4.5 Condition of the Property.

(a) Hazardous Materials. In fulfillment of the purposes of Health and Safety Code Section 25359.7(a), to the City's Current Actual Knowledge, no release of Hazardous Materials has come to be located on or beneath the Property, except as previously disclosed by the City to the Developer (as applicable). As used in this Agreement, the phrase "to the City's Current Actual Knowledge" and words of similar import will mean the actual knowledge of \_\_\_\_\_ (the "City Representative"), on behalf of the City, as of the Effective Date, without any duty of separate inquiry and investigation. The City represents and warrants that the City Representative is that person affiliated with the City most knowledgeable regarding the ownership and operation of the Property. The Developer agrees that the foregoing person will not have or incur any personal liability for the breach of any representation or warranty in this Agreement, and that the Developer's sole remedy for any such breach will be against the City.

(b) **"AS IS" CONVEYANCE. EXCEPT AS SET FORTH ABOVE, THE DEVELOPER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT THE CITY IS CONVEYING AND THE DEVELOPER IS ACCEPTING THE PROPERTY ON AN "AS IS WITH ALL FAULTS" BASIS, INCLUDING, AND THAT THE DEVELOPER IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS (EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT) OR IMPLIED, FROM THE CITY AS TO ANY MATTERS CONCERNING THE PROPERTY, INCLUDING WITHOUT LIMITATION: (A) THE**

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**QUALITY, NATURE, ADEQUACY, AND PHYSICAL CONDITION OF THE PROPERTY; (B) THE QUALITY, NATURE, ADEQUACY, AND PHYSICAL CONDITION OF SOILS, GEOLOGY, AND GROUNDWATER; (C) THE DEVELOPMENT POTENTIAL OF THE PROPERTY, AND THE PROPERTY'S USE, HABITABILITY, MERCHANTABILITY, OR FITNESS, SUITABILITY, VALUE, OR ADEQUACY OF THE PROPERTY FOR ANY PARTICULAR PURPOSE; (D) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS WITHIN THE EXISTING BUILDING OR ON, UNDER OR ABOUT THE PROPERTY; AND (E) THE CONDITION OF TITLE TO THE PROPERTY. THE DEVELOPER AFFIRMS THAT THE DEVELOPER HAS NOT RELIED ON THE SKILL OR JUDGMENT OF THE CITY OR ANY OF ITS RESPECTIVE AGENTS, EMPLOYEES, OR CONTRACTORS TO SELECT OR FURNISH THE PROPERTY FOR ANY PARTICULAR PURPOSE, AND THAT THE CITY MAKES NO WARRANTY THAT THE PROPERTY IS FIT FOR ANY PARTICULAR PURPOSE. THE DEVELOPER ACKNOWLEDGES THAT IT WILL USE ITS INDEPENDENT JUDGMENT AND MAKE ITS OWN DETERMINATION AS TO THE SCOPE AND BREADTH OF ITS DUE DILIGENCE INVESTIGATION WHICH IT WILL MAKE RELATIVE TO THE PROPERTY AND WILL RELY UPON ITS OWN INVESTIGATION OF THE PHYSICAL, ENVIRONMENTAL, ECONOMIC, AND LEGAL CONDITION OF THE PROPERTY.**

(c) Survival. The terms and conditions of this Section will expressly survive the Close of Escrow. The City is not liable or bound in any manner by any oral or written statements, representations or information pertaining to the Property furnished by any contractor, agent, employee, servant or other person. The Developer acknowledges that the Purchase Price reflects the "as is" nature of this transaction and any faults, liabilities, defects, or other adverse matters that may be associated with the Property. The Developer has fully reviewed the disclaimers and waivers set forth in this Agreement with the Developer's counsel and understand the significance and effect of the disclaimers and waivers.

(d) Developer's Release of the City. The Developer, on behalf of itself and anyone claiming by, through or under the Developer waives its right to recover from and fully and irrevocably releases the City and its council members, employees, and agents (the "Released Parties") from any and all claims, responsibility and/or liability that the Developer may have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demand, action, or cause of action arising from or related to the condition, valuation, salability, or utility of the Property. The Developer, on behalf of itself and anyone claiming by, through, or under the Developer, assumes the above-mentioned risks and expressly waives any right the Developer and anyone claiming by, through, or under the Developer, may have under Section 1542 of the California Civil Code, which reads as follows:

**"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her would have materially affected his or her settlement with the debtor or released party."**

**Developer's Initials:** \_\_\_\_\_

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Notwithstanding the foregoing, this release will not apply to, nor will the City be released from, the City's fraud or intentional misrepresentation.

Section 4.6 Costs of Escrow and Close of Escrow. Ad valorem taxes, if any, will be prorated as of the Close of Escrow. The lien of any bond or assessment will be assumed by the Developer and assessments payable on any bond or assessment will be prorated as of the Closing Date. The City will pay any delinquent ad valorem taxes and any amounts owing for delinquent bonds and assessments as of the date of conveyance. The Developer or the Development Entity will bear the costs of title insurance for any owner's title insurance policy desired by the Developer or the Development Entity, all other title insurance policies, and all other costs of escrow (including the Title Company's fee).

### ARTICLE 5. ASSIGNMENT AND TRANSFERS

#### Section 5.1 Definitions.

As used in this Article , the term "Transfer" means, with respect to:

(a) Property. Any total or partial sale, assignment, conveyance, or any transfer in any other mode or form, of this Agreement or of the Developer's or the Development Entity's interest in the Property or the Improvements or any part of the Property or Improvements or any interest in the Development.

(b) Developer. Any total or partial sale, assignment, conveyance, or any transfer in any other mode or form of any ownership interest in Developer except to the Development Entity or as otherwise provided in this Agreement, or

(c) Merger. Any merger, consolidation, sale, or lease of all or substantially all of the assets of Developer.

#### Section 5.2 Purpose of Restrictions on Transfer.

This Agreement is entered into solely for the purpose of the development and operation of the Development and its subsequent use in accordance with the terms of the City Documents and the Ground Lease. The Developer recognizes that the qualifications and identity of Developer are of particular concern to the City, in view of: (i) the importance of the development of the Property to the general welfare of the community; (ii) the reliance by the City upon the qualifications and ability of the Developer to develop and operate the Development; and (iv) the fact that the Property is not to be leased or used for speculation, except as provided in the Affordable Housing Covenant and the Ground Lease, but only for development and operation by the Developer in accordance with the Agreement. The Developer further recognizes that it is because of such qualifications and purposes that the City are entering into this Agreement with the Developer and that Transfers are permitted only as provided in this Agreement.

#### Section 5.3 Prohibited Transfers.

## ATTACHMENT 2

The limitations on Transfers set forth in this Article will apply throughout the Term. Except as expressly permitted in this Agreement, the Developer represents and agrees that the Developer has not made or created, and will not make or create or suffer to be made or created, any Transfer, either voluntarily or by operation of law without the prior written approval of the City, except for the Ground Lease to the Development Entity. Any Transfer made in contravention of this Section will be void and will be deemed to be an Event of Default under this Agreement whether or not the Developer knew of or participated in such Transfer.

### Section 5.4 Permitted Transfers; Process.

(a) Permitted Transfers. Notwithstanding the provisions of Section 5.3, the following Transfers will be permitted and are approved by the City:

(1) The Transfer of this Agreement and the Developer's interest in this Agreement and the Property or an interest in the Property and the assumption of the Developer's duties and obligations under the City Documents by: (a) the Development Entity; provided that the Developer, or an entity under the Control of the Developer, remains a General Partner throughout the Term; (b) a limited liability company in which the Developer or an entity under the Control of the Developer, remains a member or the manager throughout the Term; or (3) a nonprofit corporation under the Control of the Developer throughout the Term.

(2) The admission of an Investor as a limited partner of a Development Entity for the purposes of syndicating a Tax Credit Reservation to the Investor to obtain the Tax Credit Funds. The City approves the sale of limited partnership interests in a Development Entity to an Investor, provided that the amended partnership agreement of the Development Entity is provided to the City.

(b) Process. No Transfer permitted pursuant to this Article will be effective unless, at the time of the Transfer, the person or entity to which such Transfer is made, by an instrument in writing expressly assumes the obligations of the Developer under the City Documents, to the fullest extent that such obligations are applicable to the particular portion of or interest in the Property and Improvements conveyed in such Transfer. In the absence of specific written agreement by the City, no such Transfer, assignment or approval by the City will be deemed to relieve the Developer or any other party from any obligations under this Agreement.

### Section 5.5 Other Transfers with City Consent.

The City may, in its sole discretion, approve in writing other Transfers as requested by the Developer. In connection with such request, the Developer will submit to the City for review all instruments and other legal documents proposed to effect any such Transfer and all other documents as reasonably requested by the City to determine the qualifications and identity of the proposed transferee. If a requested Transfer is approved by the City such approval will be indicated to the Developer in writing. Such approval will be granted or denied by the City within thirty (30) days of receipt by the City of all materials required by this Section.

ARTICLE 6.  
DEFAULT AND REMEDIES

Section 6.1    General Applicability.

The provisions of this Article will govern the Parties' remedies for breach or Default under this Agreement.

Section 6.2    No Fault of Parties.

(a)    Events. The following events constitute a basis for a Party to terminate this Agreement without the fault of the other Party:

(1)    The City, despite good faith and diligent efforts, is unable to convey the Property to the Developer or the Development Entity and the Developer or the Development Entity is otherwise entitled to such conveyance.

(2)    Any of the conditions precedent to the conveyance of the Property proves to be impossible or commercially or operationally infeasible to meet despite the Developer's or the Development Entity's good faith and diligent efforts.

(b)    Right to Terminate. Upon the happening of the above-described event and at the election of either Party, this Agreement may be terminated by written notice to the other Party. After such termination of this Agreement, no Party will have any rights against or liability to the other Party under this Agreement, except that the indemnification provisions of this Agreement will survive such termination and remain in full force and effect.

Section 6.3    Event of Default.

(a)    Events. The following will constitute an Event of Default:

(1)    A Transfer occurs, either voluntarily or involuntarily, in violation of Article 5; or

(2)    Any representation or warranty contained in this Agreement proves to have been incorrect in any material and adverse respect when made; or

(3)    A court having jurisdiction will have made or entered any decree or order: (i) adjudging the Developer or the Development Entity, to be bankrupt or insolvent, (ii) approving as properly filed a petition seeking reorganization of the Developer or the Development Entity, or seeking any arrangement for the Developer or the Development Entity, under the bankruptcy law or any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction, (iii) appointing a receiver, trustee, liquidator, or assignee of the Developer or the Development Entity, in bankruptcy or insolvency or for any of their properties, or (iv) directing the winding up or liquidation of the Developer or the Development Entity, if any such decree or order described in clauses (i) to (iv), inclusive, will have continued unstayed or undischarged for a period of ninety (90) days; or the Developer or the Development Entity, will have admitted in writing its inability to pay its debts as they fall due or will have



## ATTACHMENT 2

voluntarily submitted to or filed a petition seeking any decree or order of the nature described in clauses (i) to (iv), inclusive; or

(4) The Developer or the Development Entity will have assigned its assets for the benefit of its creditors or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon will have been returned or released within ninety (90) days after such event or prior to a sooner sale pursuant to such sequestration, attachment, or execution. In the event that the Developer or the Development Entity, as applicable, is diligently working to obtain a return or release of the property and the City's interests under the City Documents are not immediately threatened, in the City's reasonable business judgment, the City may elect not to declare a Default under this subsection; or

(5) The Developer or the Development Entity, will have voluntarily suspended its business or, the Developer or the Development Entity will have been dissolved or terminated.

(b) Cure Period. Upon the happening of any of the above-described events, the City will first notify the Developer or the Development Entity, as applicable, in writing of the purported breach, failure, or act above described, giving the Developer or the Development Entity sixty (60) days from receipt of such notice to cure or, if such cure cannot be accomplished within sixty (60) days, to commence to cure such breach, failure, or act. In the event the Developer or the Development Entity fails to cure within said sixty (60) days, or, if the breach or failure is of such a nature that it cannot be cured within sixty (60) days, the Developer or the Development Entity fails to commence to cure within such sixty (60) days and thereafter diligently complete such cure within a reasonable time thereafter but in no event later than one hundred twenty (120) days, then the City will be afforded the remedies described in Section 6.4 below.

(c) Copies. Copies of any notices delivered to the Developer the Development Entity under this Section will be concurrently delivered to any Investor and any Security Financing Interest Holder (provided that the City will have no liability for the failure to give notice to any Investor or any Security Financing Interest Holder, nor will such failure impair the City's rights in any manner).

(d) Investor Right to Cure. The Investor, if any, will have the right, but not the obligation, within sixty (60) days after receipt of the notice, to cure or commence to cure any Event of Default set forth in such notice and the City will accept tender of such cure as if delivered by Developer or the Development Entity.

### Section 6.4 Remedies for Default.

City and Developer agree that, in the event of an Event of Default or breach under this Agreement, following the expiration of the notice and cure periods described in Section 6.3, the only remedies available to the City will be those listed in this Section, as follows:

(a) Action for Specific Performance. The City may prosecute an action for specific performance.

(b) Action for Damages. The City may prosecute an action for damages.

(c) Termination of this Agreement. The City terminate this Agreement by written notice to the Developer or the Development Entity, as applicable, provided, however, that the remedies pursuant to this Article or any other City Document and the indemnification provisions of this Agreement will survive such termination.

**Section 6.5 Remedies Cumulative.**

No right, power, or remedy given by the terms of this Agreement is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy will be cumulative and in addition to every other right, power, or remedy given by the terms of any such instrument, or by any statute or otherwise. Neither the failure nor any delay to exercise any such rights and remedies will operate as a waiver thereof, nor will any single or partial exercise of any such right or remedy preclude any other or further exercise of such right or remedy, or any other right or remedy.

**Section 6.6 Waiver of Terms and Conditions.**

No waiver of any default or breach by the Developer or the Development Entity under this Agreement will be implied from any omission by the City to take action on account of such default if such Default persists or is repeated, and no express waiver will affect any default other than the default specified in the waiver, and such waiver will be operative only for the time and to the extent therein stated. Waivers of any covenant, term, or condition contained in this Agreement will not be construed as a waiver of any subsequent breach of the same covenant, term, or condition. The consent or approval by the City to, or of, any act by the Developer or the Development Entity requiring further consent or approval will not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar act. The exercise of any right, power, or remedy will in no event constitute a cure or a waiver of any default under this Agreement, nor will it invalidate any act done pursuant to notice of Default, or prejudice the City in the exercise of any right, power, or remedy under this Agreement, unless in the exercise of any such right, power, or remedy all obligations of the Developer or the Development Entity to the City under this Agreement are paid and discharged in full.

**ARTICLE 7.  
GENERAL PROVISIONS**

**Section 7.1 Notices, Demands and Communications.**

Formal notices, demands, and communications between the City and the Developer will be sufficiently given if and will not be deemed given unless dispatched by: (1) certified mail, postage prepaid, return receipt requested; (2) by reputable express delivery service with a delivery receipt; (3) delivered personally, with a delivery receipt; or (4) by electronic mail with delivery confirmation, to the principal office of the Parties as follows:

## ATTACHMENT 2

City: City of Manteca  
1001 West Center Street  
Manteca, CA 95337  
Attention: Toni Lundgren, City Manager  
Email: tlundgren@manteca.gov

With copy to: Office of City Attorney  
1001 West Center Street  
Manteca, CA 95337  
Attention: David Nefouse, City Attorney  
Email: dnefouse@manteca.gov

With copy to: Development Services Department  
1215 W. Center Street  
Manteca, CA 95337  
Attention: Brad Wungluck, Deputy Director  
Email: bwungluck@manteca.gov

Developer: Delta Community Developers Corp.  
2575 Grand Canal Boulevard, Suite 220  
Stockton, CA 95207  
Attention: Executive Director  
Email: pragsdale@hacsj.org

With copy to: Goldfarb & Lipman LLP  
1300 Clay Street, Floor 11  
Oakland, CA 94612  
Attention: M David Kroot  
mkroot@goldfarblipman.com

Delivery will be deemed to have occurred on the date shown on the delivery receipt or delivery confirmation as the date of delivery, the date delivery was refused, or the date shown on the delivery receipt or delivery confirmation as the date delivery was attempted if the item is returned as undeliverable. Such written notices, demands and communications may be sent in the same manner to such other addresses as the affected party may from time to time designate by mail as provided in this Section .

### Section 7.2 Non-Liability of City Officials, Employees and Agents.

No member, official, employee, or agent of the City will be personally liable to the Developer, or any successor in interest, in the event of any Default or breach by the City for any amount which may become due to the Developer or successor or on any obligation under the terms of this Agreement.

### Section 7.3 Forced Delay.

## ATTACHMENT 2

In addition to specific provisions of this Agreement, performance by either Party will not be deemed to be in Default if such delay or Default is due to: war; insurrection; riots; floods; earthquakes; fires; casualties; orders of government agencies; epidemic or pandemic; acts of terrorism or the public enemy; severe and unanticipated weather conditions; litigation (including suits filed by third parties concerning or arising out of this Agreement); or court order. An extension of time for cause will be deemed granted if notice by the Party claiming such extension is sent to the other Party within fifteen (15) days from the date the Party seeking the extension first discovered the cause. In no event will the cumulative delays exceed one hundred twenty (120) days, unless otherwise agreed to by the Parties in writing.

### Section 7.4 Inspection of Books and Records.

Upon request, the Developer will permit the City to inspect at reasonable times and on a confidential basis those books, records and all other documents of the Developer necessary to determine Developer's compliance with the terms of this Agreement.

### Section 7.5 Title of Parts and Sections.

Any titles of the articles, sections or subsections of this Agreement are inserted for convenience of reference only and will be disregarded in construing or interpreting any part of its provision.

### Section 7.6 General Indemnification.

The Developer agrees to indemnify, protect, hold harmless and defend (with counsel reasonably selected by the City) the City, and its council members, employees, agents, and volunteers from any and all suits, actions, claims, losses, liabilities, damages, injuries, causes of action, costs, and expenses of any kind, whether actual or alleged, including without limitation, court costs, reasonable attorneys' fees, and other litigation expenses, demands, judgments and liens arising out of, pertaining to, or relating to, directly or indirectly, in whole or in part, the Developer's performance or non-performance under any of the City Documents, or arising out of acts or omissions of any of Developer's contractors, subcontractors, or persons claiming under any of the aforesaid, except as caused by the City's negligence or willful misconduct. The provisions of this section will survive expiration of the Term or other termination of this Agreement, and will remain in full force and effect and are not limited by the amount of insurance as may be required.

### Section 7.7 Applicable Law.

This Agreement will be interpreted under and pursuant to the laws of the State of California without regard to choice of law principles.

### Section 7.8 No Commissions.

The City represents that it has not engaged any broker, agent, or finder in connection with this transaction, and the Developer will defend and hold the City harmless from any claims by any broker, agent, or finder retained by the Developer. The provisions of this section will

## ATTACHMENT 2

survive expiration of the Term or other termination of this Agreement, and will remain in full force and effect.

### Section 7.9 Severability.

If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions will continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding, or unenforceability.

### Section 7.10 Legal Actions.

Any legal action commenced to interpret or to enforce the terms of this Agreement will be filed in the Superior Court of the County.

### Section 7.11 Binding Upon Successors.

This Agreement will be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest and assigns of each of the Parties except that there will be no Transfer of any interest by any of the Parties except pursuant to the terms of this Agreement. Any reference in this Agreement to a specifically named Party will be deemed to apply to any successor, heir, administrator, executor or assign of such Party who has acquired an interest in compliance with the terms of this Agreement, or under law.

### Section 7.12 Parties Not Co-Venturers.

Nothing in this Agreement is intended to or does establish the Parties as partners, co-venturers, or principal and agent with one another.

### Section 7.13 No Third Party Beneficiaries.

This Agreement is made and entered into solely for the benefit of the City and the Developer and no other person will have any right of action under or by reason of this Agreement.

### Section 7.14 Time of the Essence.

In all matters under this Agreement, the Parties agree that time is of the essence.

### Section 7.15 Action by the City.

Except as may be otherwise specifically provided in this Agreement or another applicable City Document, whenever any approval, notice, direction, finding, consent, request, or other action by the City is required or permitted under this Agreement or another applicable City Document that is in substantial compliance with the terms of this Agreement, including, but not limited to, any approval of a proposed Transfer pursuant to Article 5, such action may be given, made, or taken by the City Manager, or by any person who will have been designated in writing

to the Developer by the City Manager, without further approval by the City Council. Any such action will be in writing.

### Section 7.16 Operating Memoranda; Implementation Agreements.

The Parties acknowledge that the provisions of this Agreement require a close degree of cooperation and that new information and future events may demonstrate that changes are appropriate with respect to the details of performance of the Parties under this Agreement. The Parties desire, therefore, to retain a certain degree of flexibility with respect to the details of performance for those items covered in general terms under this Agreement. If and when, from time to time during the Term of this Agreement, the Parties find that refinements or adjustments are necessary, such refinements or adjustments will be made through operating memoranda or implementation agreements approved by the Parties which, after execution, will be attached to this Agreement as addenda and become a part of this Agreement. Operating memoranda or implementation agreements may be executed on the City's behalf by the City Manager.

### Section 7.17 Representation and Warranties of Developer.

The Developer represents and warrants to the City as follows:

(a) Organization. The Developer is a duly organized, validly existing California nonprofit public benefit corporation, and is in good standing under the laws of the State of California and has the power and authority to own its property and carry on its business as now being conducted.

(b) Authority of Developer. The Developer has full power and authority to execute and deliver this Agreement, or to be executed and delivered, pursuant to this Agreement, and to perform and observe the terms and provisions of all of the above.

(c) Authority of Persons Executing Documents. This Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement have been executed and delivered by persons who are duly authorized to execute and deliver the same for and on behalf of Developer, and all actions required under the Developer's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, have been duly taken.

(d) Valid Binding Agreements. This Agreement and all other documents or instruments which have been executed and delivered pursuant to or in connection with this Agreement constitute or, if not yet executed or delivered, will when so executed and delivered constitute, legal, valid and binding obligations of the Developer enforceable against it in accordance with their respective terms.

(e) No Breach of Law or Agreement. Neither the execution nor delivery of this Agreement or of any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to this Agreement, nor the performance of any provision,

## ATTACHMENT 2

condition, covenant or other term hereof or thereof, will conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency whatsoever binding on the Developer, or any provision of the organizational documents of the Developer, or will conflict with or constitute a breach of or a default under any agreement to which the Developer is a party, or will result in the creation or imposition of any lien upon any assets or property of the Developer, other than liens established pursuant hereto.

(f) Compliance With Laws; Consents and Approvals. The construction of the Improvements will comply with all applicable laws, ordinances, rules and regulations of federal, state, and local governments and agencies and with all applicable directions, rules and regulations of the fire marshal, health officer, building inspector, and other officers of any such government or agency.

(g) Pending Proceedings. The Developer is not in default under any law or regulation or under any order of any court, board, commission or agency whatsoever, and there are no claims, actions, suits or proceedings pending or, to the knowledge of the Developer, threatened against or affecting the Developer, at law or in equity, before or by any court, board, commission or agency whatsoever which might, if determined adversely to the Developer, materially affect the Developer's ability to develop the Improvements.

### Section 7.18 Entire Understanding of the Parties.

This Agreement, in conjunction with the City Documents, constitutes the entire understanding and agreement of the Parties with respect to the conveyance of the Property, and the development of the Improvements. This Agreement will not be construed as if it had been prepared by one of the Parties, but rather as if both Parties had prepared it. The Parties to this Agreement and their counsel have read and reviewed this Agreement and agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party (including but not limited to Civil Code Section 1654 as may be amended from time to time) will not apply to the interpretation of this Agreement.

### Section 7.19 Counterparts; Multiple Originals.

This Agreement may be executed in counterparts, each of which will be deemed to be an original. Electronic signatures will be accepted by the Parties as valid.

***Remainder of Page Left Intentionally Blank***

## ATTACHMENT 2

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

### DEVELOPER:

Delta Community Developers Corp., a California nonprofit public benefit corporation

By: \_\_\_\_\_

Name: Peter W. Ragsdale

Its: Executive Director

### CITY:

City of Manteca, a municipal corporation

By: \_\_\_\_\_  
Toni Lundgren, City Manager

ATTEST:

By: \_\_\_\_\_  
Cassandra Candini-Tilton, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
David Nefouse, City Attorney

**Note: Section 3.3 requires the Developer's initials and the City's initials  
Section 4.5 require the Developer's initials**



EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

**EXHIBIT B****DEVELOPMENT SCHEDULE**

This Development Schedule summarizes the schedule for various activities under the Disposition and Development Agreement (the "Agreement") to which this exhibit is attached. Times for performance set forth in this Development Schedule are subject to the provisions of the Agreement, and may be amended or otherwise revised in accordance with the Agreement. The description of items in this Development Schedule is meant to be descriptive only, and will not be deemed to modify in any way the provisions of the Agreement to which such items relate. Section references to the Agreement are intended merely as an aid in relating this Development Schedule to other provisions of the Agreement and will not be deemed to have any substantive effect.

Prior to the time set forth for each particular submission, the Developer will consult with City staff, informally as necessary concerning such submission in order to assure that such submission will be complete and in a proper form within the time for submission set forth herein.

<b><u>Action</u></b>	<b><u>Date</u></b>
1. <u>Effective Date</u> . The Agreement is executed by the Parties.	March 5, 2024 (the "Effective Date").
2. <u>Submittal of Financing Plan</u> . Submission of the proposed financing plan. [§ 2.3]	No later than October 31, 2025
3. <u>Submittal for City Approvals</u> . Submission of materials for City Approvals [§ 2.4]	No later than October 31, 2025
4. <u>Submittal of Construction Plans</u> . Submission of the proposed construction plans [§ 2.4]	No later than October 31, 2025
5. <u>Application for Building Permit</u> . Submission of the application for building permit for the Improvements. [LDDA § 2.4]	No later than November 30, 2025
6. <u>Construction Contract</u> . Submission of the proposed construction contract. [§ 2.5]	No later than Closing.
7. <u>Construction Bonds</u> . Delivery of the construction bonds to the City. [§ 2.6]	No later than Closing.

## ATTACHMENT 2

<u>Action</u>	<u>Date</u>
8. <u>Building Permit</u> . Receipt of an issue ready letter for the Improvements. [LDDA § 2.4]	No later than the Closing.
9. <u>Closing of all Financing</u> . The Close of all Financing as set forth in the Financing Plan. [§ 2.3]	No later than the Closing.
10. <u>Developer Insurance</u> . The provision to the City of all applicable insurance policies required by the Agreement. [§ 2.11]	No later than the Closing.
11. <u>Closing</u> . The closing for the recordation of the Grant Deed will occur upon the satisfaction of the predisposition requirements in accordance with the Agreement. [§ 4.2]	No later than December 31, 2028

## **ATTACHMENT 2**

### EXHIBIT C

#### SCOPE OF DEVELOPMENT

[TO BE SUBMITTED AND ATTACHED AS SET FORTH IN THE DEVELOPMENT  
SCHEDULE]

## EXHIBIT D

### FORM OF AFFORDABLE HOUSING COVENANT

#### **AFFORDABILITY COVENANT RESTRICTION AGREEMENT (Yosemite Senior Apartments)**

This Affordability Covenant Restriction Agreement (this “**Covenant**”) is made and entered into as of \_\_\_\_\_ (the “**Effective Date**”), by City of Manteca, a municipal corporation (the “**City**”). In order to comply with the provisions of California Government Code Sections 54233, the City has recorded this Covenant in the Official Records of San Bernardino County on or about the Effective Date.

- (a) The Property. The City is the owner of specified real property more particularly described by the legal description which is attached to and incorporated in this Covenant by this reference as **Exhibit A** (the “**Property**”).
- (b) Surplus Lands Affordable Housing Covenant. The following is referred to as the “**Affordable Housing Covenant**” as required by the Surplus Lands Act, Government Code Section 54233. If ten (10) or more residential units are developed on the Property, not less than 15 percent of the total number of residential units developed on the property will be sold or rented at affordable housing cost, as defined in Section 50052.5 of the California Health and Safety Code, or “Affordable Rent”, as defined in Section 50053 of the California Health and Safety Code, to “**Lower Income Households**”, as defined in Section 50079.5 of the California Health and Safety Code. Rental units will remain affordable to and occupied by lower income households for a period of 55 years for rental housing (the “**Term**”) and 45 years for ownership housing. The initial occupants of all ownership units will be lower income households, and the units will be subject to an equity sharing agreement consistent with the provisions of paragraph (2) of subdivision (c) of 65915 of the California Government Code. These requirements will be covenants or restrictions running with the land and will be enforceable against any owner who violates a covenant or restriction and each successor-in-interest who continues the violation by any of the entities described in subdivisions (a) to (f), inclusive, of Section 54222.5 of the California Government Code.
- (c) Additional Covenants. At least nineteen (19) units will be rented to Lower Income Households for the Term. The rent for such additional units will not exceed the rent established for Lower Income Households by the California Tax Credit Allocation Committee (“**TCAC**”) or its successor entity. To the extent that TCAC or any other entity records a covenant or regulatory agreement against the Property, a violation of such covenant or regulatory agreement will constitute a violation of this Covenant.
- (d) Amendment of Covenant. This Covenant may be amended only upon the written consent of the City.

[SIGNATURES ON FOLLOWING PAGE]

**IN WITNESS WHEREOF**, the City has caused this Covenant to be executed as of the Effective Date.

**City of Manteca**

By:

\_\_\_\_\_  
Toni Lundgren, City Manager

Date: \_\_\_\_\_

ATTEST:

By:

\_\_\_\_\_  
Cassandra Candini-Tilton, City Clerk

Date: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
David Nefouse, City Attorney

Date: \_\_\_\_\_

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN  
DELIVERED TO THE MAYOR AND CITY COUNCIL OF THE CITY

By:

\_\_\_\_\_  
Cassandra Candini-Tilton, City Clerk

Date: \_\_\_\_\_

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

STATE OF CALIFORNIA )  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_, Notary Public,  
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.

Name: \_\_\_\_\_  
Notary Public

**EXHIBIT A**

**LEGAL DESCRIPTION OF THE PROPERTY**



EXHIBIT E

FORM OF PERFORMANCE DEED OF TRUST

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

City of Manteca

ATTN: \_\_\_\_\_

No fee for recording pursuant to  
Government Code Section 27383

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**PERFORMANCE DEED OF TRUST**

**THIS PERFORMANCE DEED OF TRUST** ("Deed of Trust") is entered into as of \_\_\_\_\_  
\_\_\_\_ 202\_\_, (the "Effective Date") among \_\_\_\_\_, a California \_\_\_\_\_  
("Trustor"), to Placer Title Company, a California corporation ("Trustee"), for the benefit of the  
City of Manteca, a municipal corporation ("Beneficiary").

Trustor, in consideration of the obligations referred to below and the trust created by this Deed of  
Trust, irrevocably grants, transfers, conveys, and assigns to Trustee, in trust, with power of sale,  
Trustor's leasehold interest in and to that real property located in the County of San Joaquin,  
State of California, described in Exhibit A attached to and incorporated in this Deed of Trust by  
this reference (the "Property"). All capitalized terms not defined in this Deed of Trust will have  
the meaning set forth in that certain Disposition and Development Agreement of dated \_\_\_\_\_,  
2024 (the "DDA").

**TOGETHER WITH:**

All right, title and interest (including any claim or demand in law or equity) which Trustor now  
has or may later acquire in or to the Property; all easements and rights of way appurtenant to the  
Property; all crops growing or to be grown on the Property; all water and water rights (whether  
or not appurtenant to the Property) and shares of stock pertaining to such water or water rights,  
ownership of which affects the Property; all rights to minerals, oil, gas, and other hydrocarbon  
substances in, on, under, or upon the Property and all royalties and profits from any such rights  
or shares of stock.

**FOR THE PURPOSE OF SECURING:**

Completion of Development. Performance of Trustor's obligations to receive a  
Certificate of Occupancy and Final Inspection of the Development (as such terms are  
defined in the DDA) by December 31, 2028, in accordance with, and subject to, the  
terms and conditions of the DDA (the "Secured DDA Obligation").

**TO MAINTAIN AND PROTECT THE SECURITY OF THIS DEED OF TRUST, TO SECURE  
THE FULL AND TIMELY PERFORMANCE BY TRUSTOR OF THE SECURED DDA  
OBLIGATION, TRUSTOR AND BENEFICIARY COVENANT AND AGREE AS FOLLOWS:**

1. Taxes and Other Sums Due. Trustor will promptly pay, satisfy and discharge when due: (a) prior to delinquency, all general and special taxes, and assessments, water and sewer district charges, rents and premiums affecting the Property; and (b) all encumbrances, charges and liens on the Property, with interest thereon, which are prior or superior to the lien of this Deed of Trust. Upon request by Beneficiary, Trustor will promptly furnish Beneficiary with all notices of sums due for any amounts specified in this paragraph, and upon payment of any such sum by Trustor, Trustor will promptly furnish Beneficiary with written evidence of such payment. Should Trustor fail promptly to make any payment required under this Deed of Trust, Beneficiary may (but is not obligated to), at Beneficiary's sole expense, make such payment.

2. Defense of Deed of Trust; Litigation. Trustor will give Beneficiary immediate written notice of any action or proceeding (including, without limitation, any judicial or non-judicial proceeding to foreclose the lien of a junior or senior mortgage or deed of trust) affecting or purporting to affect the Property or this Deed of Trust. Trustor will commence, appear in, prosecute, defend, compromise and settle, and incur necessary costs and expenses, including reasonable attorneys' fees, in so doing, any action or proceeding, whether judicial or non-judicial, deemed necessary in Beneficiary's reasonable judgment to preserve or protect the Property or this Deed of Trust. Trustor will utilize counsel reasonably satisfactory to Beneficiary in connection with any such action or proceeding. Trustor will pay all costs and expenses of Beneficiary and Trustee, including costs of evidence of title and reasonable attorneys' fees, in any such action or proceeding in which Beneficiary or Trustee may appear or for which legal counsel is sought, whether by virtue of being made a party defendant or otherwise, and whether or not the interest of Beneficiary or Trustee in the Property is directly questioned in such action or proceeding, including, without limitation, any action for the condemnation or partition of all or any portion of the Property and any action brought by Beneficiary to foreclose this Deed of Trust or to enforce any of its terms or provisions.

3. Failure of Trustor to Comply with Deed of Trust. Should Trustor fail to do any act required by this Deed of Trust, or should there be any action or proceeding (including, without limitation, any judicial proceeding to foreclose the lien of a junior or senior mortgage or deed of trust) affecting or purporting to affect the Property or this Deed of Trust, Beneficiary or Trustee may (but is not obligated to):

(a) Make any such payment or do any such act in such manner and to such extent as either deems necessary to preserve or protect the Property or this Deed of Trust, Beneficiary and Trustee being authorized to enter upon the Property for any such purpose; and

(b) In exercising any such power, pay necessary expenses, employ attorneys and pay reasonable attorneys' fees incurred in connection therewith, without notice to or demand upon Trustor and without releasing Trustor from any obligation under this Deed of Trust.

4. Default. The following will constitute a "**Default**" under this Deed of Trust:

(a) The filing by Trustor of any petition or action for relief under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to, debtors; or

(b) Any action or proceeding (including, without limitation, any judicial or non-judicial proceeding to foreclose the lien of a junior or senior mortgage or deed of trust) affecting or purporting to affect the Property or this Deed of Trust; or

(c) Trustor defaults with respect to the Secured DDA Obligation.

5. Remedies on Default. In the event of any Default under this Deed of Trust which remains uncured following notice from Beneficiary and any cure period for such Default set forth in this Deed of Trust, Beneficiary, at Beneficiary's option, and to the extent permitted by applicable law, may, by delivering to Trustee a written declaration of default and demand for sale, executed by Beneficiary and reciting facts demonstrating such default by Trustor of the Secured DDA Obligation, together with a written notice of default, cure any defaults pursuant to the terms of the DDA. Beneficiary will also deposit with Trustee the DDA (including any amendments to the DDA), this Deed of Trust and such other documents necessary or appropriate. Upon receipt by Trustee of such affidavit or declaration of default and such notice of default and election to sell, Trustee will accept as true and conclusive all facts and statements contained in such affidavit or declaration of default and will cause such notice of default and election to sell to be recorded as required by applicable law. Upon the expiration of such period as may then be required by applicable law following recordation of such notice of default, and after notice of sale has been given in the manner and for the period required by applicable law, Trustee, without demand on Trustor, will sell the entire Property at the time and place fixed in such notice of sale, to Beneficiary, subject to the minimum bid requirement, for cash in lawful money of the United States, payable at the time of sale. Such sale will be subject to all of the terms and conditions of the DDA. Trustee may postpone the sale of all or any portion of the Property by public announcement made at the initial time and place of sale, and from time to time thereafter by public announcement made at the time and place of sale fixed by the preceding postponement. Trustee will deliver to Beneficiary at such sale its deed conveying the Property, but without any covenant or warranty, express or implied. The recital in such deed of any matter of fact will be conclusive proof of the truthfulness thereof. After deducting all costs, fees, and expenses of Trustee under this section, including costs of procuring evidence of title and Trustee's and Trustee's attorneys' fees incurred in connection with such sale. Trustee will deliver all proceeds up to the purchase price to Trustor and any excess to Beneficiary.

6. Obligation to Inform Beneficiary of Default. Trustor will notify Beneficiary in writing, at or prior to the time of the occurrence of any Default event described in Section 4 of this Deed of Trust of such event and will promptly furnish Beneficiary with any and all information concerning such event which Beneficiary may request.

7. Remedies Cumulative. Each remedy provided by this Deed of Trust is separate and distinct and is cumulative to all other rights and remedies provided by this

Deed of Trust or by applicable law, and each may be exercised concurrently, independently or successively, in any order whatsoever.

8. Trustee. The Trustee will be deemed to have accepted the terms of this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee will be obligated to notify any party to this Deed of Trust of any pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee is a party, unless such sale relates to or reasonably might affect the Property or this Deed of Trust, or unless such action or proceeding has been instituted by Trustee against the Property, Trustor, or Beneficiary.

9. Reconveyance. Upon: (a) written request of Beneficiary reciting that the right to cure or purchase will not be exercised by Beneficiary, (b) upon Trustor's receipt of a Certificate of Occupancy and Final Inspection of the Development from the City by the date as provided in the DDA; or (c) surrender of this Deed of Trust to Trustee for cancellation and payment by Beneficiary of any reconveyance fees customarily charged by Trustee, Trustee will reconvey, without warranty, the Property as directed by Beneficiary and Trustor in a joint writing. The recitals in such reconveyance of any matters of fact will be conclusive proof of the truthfulness thereof.

10. Substitution of Trustee. Beneficiary may from time to time substitute a successor or successors to any Trustee named in this Deed of Trust or acting under this Deed of Trust to execute this Trust. Upon such appointment, and without conveyance to the successor trustee, the latter will be vested with all title, powers, and duties conferred upon any Trustee named in or acting under this Deed of Trust. Each such appointment and substitution will be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the Property is situated, will be conclusive proof of proper appointment of the successor trustee.

11. No Waiver by Beneficiary. No waiver by Beneficiary of any right or remedy provided by the DDA, this Deed of Trust or applicable law will be effective unless such waiver is in writing and subscribed by Beneficiary. Waiver by Beneficiary of any right or remedy granted to Beneficiary under the Deed of Trust or any provision of this Deed of Trust, this Deed of Trust or applicable law as to any transaction or occurrence will not be deemed a waiver as to any future transaction or occurrence. The assertion by Beneficiary of any right or remedy provided by this Deed of Trust will not constitute a waiver of Beneficiary's right to require prompt performance of the Secured DDA Obligation and Trustor's obligations under this Deed of Trust.

12. Consents and Approvals to be in Writing. Whenever the consent or approval of Beneficiary or Trustor is specified as a condition of any provision of this Deed of Trust, such consent or approval by Beneficiary or Trustor, as applicable, will not be effective unless such consent or approval is in writing, subscribed by Beneficiary or Trustor, as applicable. Such consent will not be unreasonably withheld, delayed or conditioned.

13. Notices. All notices, demands, consents, requests or other

communications required to or permitted to be given pursuant to this Deed of Trust will be in writing, will be given only in accordance with the provisions of this Section, will be addressed to the parties in the manner set forth below, and will be conclusively deemed to have been properly delivered: (a) upon receipt when hand delivered during normal business hours (provided that notices which are hand delivered will not be effective unless the sending party obtains a signature of a person at such address that the notice has been received); (b) upon receipt when sent by electronic mail to the address set forth below (provided, however, that notices given by electronic mail will not be effective unless the sending party delivers the notice also by one other method permitted under this Section); (c) upon the day of delivery, the day delivery was refused, or the day the item was marked undeliverable as shown on a delivery receipt if the notice has been deposited in an authorized receptacle of the United States Postal Service as first-class, certified mail, postage prepaid, with a return receipt requested; or (d) if deposited with either FedEx or United Parcel Service to be delivered by overnight delivery upon the day of delivery, the day delivery was refused, or the day the item was marked undeliverable as shown on a delivery receipt.

The addresses of the parties to receive notices are as follows:

TO TRUSTOR:

TO BENEFICIARY:

TO TRUSTEE:

14. Request for Notice of Default. The undersigned Trustor requests that a copy of any Notice of Default under the Deed of Trust be mailed to it at the address specified in this Deed of Trust.

15. Governing Law. This instrument will be governed by and construed in accordance with the laws of the State of California.

16. Severability. If any paragraph, clause or provision of the DDA or this Deed of Trust is construed or interpreted by a court of competent jurisdiction to be void, invalid or unenforceable, such decision will affect only those paragraphs, clauses or provisions so construed or interpreted and will not affect the remaining paragraphs, clauses and provisions of the DDA or this Deed of Trust.

17. Relationship. Nothing contained in this Deed of Trust or in the DDA will be deemed to create or construed to create a partnership, joint venture or any relationship other than that of Trustor and Beneficiary. Trustor and Beneficiary expressly disclaim any intent to create a partnership or joint venture pursuant to this Deed of Trust or the ?DDA.

18. Attorney Fees. If any party to this Deed of Trust brings any action for any relief against any other party, declaratory or otherwise, arising out of this Deed of Trust,

the losing party will pay to the prevailing party a reasonable sum for attorney fees incurred in bringing such suit and/or enforcing any judgment granted in the suit, all of which will be deemed to have accrued upon commencement of such action and will be paid whether or not such action is prosecuted to judgment. Any judgment or order entered in such action will contain a specific provision providing for the recovery of attorney fees and costs incurred in enforcing such judgment.

19. General Provisions.

(a) This Deed of Trust applies to, inures to the benefit of, and binds the respective heirs, legatees, devisees, administrators, executors, successors and assigns of each of the parties to this Deed of Trust.

(b) As used in this Deed of Trust, the word "person" will mean and include natural persons, corporations, partnerships, unincorporated associations, joint ventures and any other form of legal entity.

(c) In exercising any right or remedy, or taking any action provided in this Deed of Trust, Beneficiary may act through its employees, agents or independent contractors, as authorized by Beneficiary.

(d) Wherever the context so requires in this Deed of Trust, the masculine gender includes the feminine and neuter, the singular number includes the plural, and vice versa.

(e) Captions and paragraph headings used in this Deed of Trust are for convenience only, are not a part of this Deed of Trust and will not be used in construing it.

**IN WITNESS WHEREOF**, Trustor has executed this Deed of Trust as of the Effective Date.

**TRUSTOR:**

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

STATE OF CALIFORNIA )  
 )  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_, Notary Public, 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.

Notary Public



**EXHIBIT A**

**LEGAL DESCRIPTION OF PROPERTY**

EXHIBIT F

INSURANCE REQUIREMENTS

[TO BE SUBMITTED AND ATTACHED AS SET FORTH IN THE DEVELOPMENT  
SCHEDULE]

EXHIBIT G  
FORM OF GROUND LEASE

**GROUND LEASE  
(YOSEMITE SENIOR APARTMENTS)**

This Ground Lease (the "Lease") is made as of \_\_\_\_\_, 2022, (the "Date Of This Lease") by and between Delta Community Developers Corp., a California nonprofit public benefit corporation (the "Lessor") and \_\_\_\_\_ (the "Lessee") (individually, a "Party"; and collectively, the "Parties").

**RECITALS**

A. The Lessor is the fee owner of the real property in The City of Manteca, San Joaquin County, California, as more particularly described on Exhibit A, attached to and incorporated in this Lease by this reference (the "Leased Premises").

B. The Lessor desires to lease the Leased Premises to the Lessee and the Lessee desires to lease the Leased Premises from the Lessor for a period of \_\_\_\_\_ (\_\_) years pursuant to the terms of this Lease.

C. The Lessee intends to develop approximately forty (40) units of housing for low income senior households with related onsite community services appropriate for the residents, to be held in fee by the Lessee (the "Improvements"). The Leased Premises and the Improvements together constitute the Lessee's development (the "Development").

D. The Lessee has also obtained loans and equity from additional funding sources, and those sources have required the Lessee to enter into agreements governing the construction, operation, management, and maintenance of the Development.

NOW, THEREFORE, for and in consideration of the foregoing Recitals, which are incorporated into this Lease by this reference, the mutual covenants and agreements contained in this Lease, and for other good and valuable consideration, the receipt and sufficiency of which consideration is acknowledged, the Parties agree as follows:

**ARTICLE 1. DEFINITIONS**

1.1. Definitions. The following terms will have the following meanings in this Lease:

- (a) "Approved Financing" has the meaning set forth in Section 4.1.
- (b) "Authorized Officer(s)" will mean any officer, director, member, manager, employee, or agent of a Party that has the authority and capacity to act for or represent such Party.
- (c) "Capitalized Ground Rent" has the meaning set forth in Section 2.3.

(d) "Capitalized Rent Loan" has the meaning set forth in Section 2.3.

(e) "Closing Date" means the date of recording of the Memorandum of Ground Lease attached to this Lease.

(f) "Compliance Period" means the fifteen-year "compliance period" as defined and determined in accordance with Section 42 of the Internal Revenue Code of 1986, as amended.

(g) "Deed of Trust" means the deed of trust securing the Promissory Note in the form attached as Exhibit D.

(h) "Development" means the Improvements and Lessee's Estate.

(i) "Force Majeure" means any (i) act of God, landslide, lightning, earthquake, hurricane, tornado, blizzard and other adverse and inclement weather, fire, explosion, flood, act of the public enemy, war, blockade, insurrection, riot, act of terrorism, epidemic, or pandemic; (ii) labor dispute, strike, work slowdown, or work stoppage; (iii) order or judgment of any Government Authority, if not the result of willful or negligent action of the Lessee, including but not limited to, government required shut down orders, closures, or quarantines due to any of the conditions under subsection (i) of this definition; (iv) adoption of or change in any Applicable Laws after the date of execution of this Lease; (v) any actions by the Lessor that may cause delay; or (vi) any other similar cause or similar event beyond the reasonable control of the Lessee.

(j) "Hazardous Materials" or "Hazardous Substances" means any oil or any fraction thereof or petroleum products or "hazardous substance" as defined in Section 101(14) of CERCLA (42 U.S.C. Section 9601(14) or Section 25281(h) or 25316 of the California Health and Safety Code at such time; any "hazardous waste," "infectious waste" or "hazardous material" as defined in Section 25117, 25117.5 or 25501(j) of the California Health and Safety Code at such time; any other waste, substance or material designated or regulated in any way as "toxic" or "hazardous" in the RCRA (42 U.S.C. Section 6901 et seq.), CERCLA Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), Safe Drinking Water Act (42 U.S.C. Section 300(f) et seq.), Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.), Clean Air Act (42 U.S.C. Section 7401 et seq.), California Health and Safety Code (Section 25100 et seq., Section 39000 et seq.), or California Water Code (Section 13000 et seq.) at such time; and any additional wastes, substances or material which at such time are classified, considered or regulated as hazardous or toxic under any other present or future environmental or other similar laws relating to the Leased Premises, but excluding any substances or materials used in the construction, development, maintenance or operation of the Improvements, so long as the same are used in accordance with all applicable laws.

(k) "Improvements" means the buildings, structures, and other improvements, including the building fixtures in, the Improvements now or later located on the Leased Premises.

(l) "Lease" has the meaning set forth in the preamble above.

(m) "Lease Term" means the \_\_\_\_\_ (\_\_\_)-year period as described in Section 2.2 below during which this Lease will be in effect unless earlier terminated in accordance with the provisions of this Lease.

(n) "Lease Year" means a period of one (1) year beginning January 1 and ending December 31. The first Lease Year will commence on the date of this Lease and end on the last day of the following December. The last Lease Year will begin on January 1 of that year and end on the last day of this Lease.

(o) "Leased Premises" means the real property located in the County of San Joaquin, California, as further described on the attached Exhibit A.

(p) "Lender" or "Lenders" means each and all of the lenders now or later providing the Loans for the Approved Financing (as defined in Section 4.1) to Lessee.

(q) "Lessee's Estate" means the Lessee's leasehold interest in the Leased Premises acquired pursuant to this Lease and Lessee's fee interest in the Improvements.

(r) "Lien" or "Liens" has the meaning assigned in Section 4.2(a).

(s) "Limited Partner" means \_\_\_\_\_, its successors and assigns.

(t) "Loan", "Loans", and "Loan Documents" have the meanings assigned in Section 4.1.

(u) "Memorandum of Ground Lease" means the Memorandum of Ground Lease to be recorded against the Leased Premises in the official records of the County of San Joaquin attached to this Lease as Exhibit B.

(v) "Promissory Note" means the promissory note evidencing the Capitalized Rent Loan in the form attached as Exhibit C.

(w) "Standstill Provision" has the meaning set forth in Section 9.4.

(x) "Tenant(s)" means the households that lease dwelling units in the Development from Lessee.

## **ARTICLE 2. LEASE OF THE LEASED PREMISES; RENTAL PROVISIONS; TAXES AND ASSESSMENTS**

### **2.1. Lease of the Leased Premises.**

(a) The Lessor, for and in consideration of the covenants and agreements to be kept and performed by the Lessee, leases the Leased Premises to the Lessee, and in consideration of the lease of the Leased Premises, the Lessee does take, hire, and lease the Leased Premises from the Lessor pursuant to the terms of this Lease.

(b) Notwithstanding anything to the contrary set forth in this Lease, the Lessee is and will be deemed to be the sole owner of (i) the Improvements, and (ii) all attachments, appliances, equipment, machinery and other articles used in connection with the Development (the "Personal Property"); and the Lessee will be the sole party entitled to all of the tax attributes of ownership of the Improvements and Personal Property during the term of this Lease including, without limitation, the right to claim deductions for depreciation or cost recovery of expenses and the right to claim any low-income housing tax credits described in Section 42 of the Internal Revenue Code of 1986 as amended, and the right to amortize capital costs and to claim any other federal tax benefits attributable to the Development.

2.2. Term. The term of this Lease will commence on the Closing Date, and will continue from such date for \_\_\_\_\_ (\_\_) years (the "Lease Term") unless earlier terminated in accordance with this Lease.

2.3. Rent. The Lessee has paid the Lessor rent equal to the appraised value of the Lessee's Estate in the amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_.00) (the "Capitalized Ground Rent") by execution of a promissory note (the "Capitalized Rent Loan") from the Lessee which will be the rent for the entire Term. The Capitalized Rent Loan is evidenced by a Promissory Note in the form attached to this Lease as Exhibit B and has been secured by deed of trust encumbering Lessee's leasehold estate in the Leased Premises in the form attached as Exhibit C.

2.4. Use of Development and Assurances of Lessee. The Lessee agrees and warrants:

(a) The Development will be used only for the purposes of improving the Leased Premises with the rental housing Improvements described in Recital C of this Lease in accordance with all legal and regulatory requirements, and to construct, operate, maintain, and repair the Improvements;

(b) That the Lessee will use commercially reasonable efforts to prevent any Tenant from committing or maintaining any nuisance or unlawful conduct on or about the Development and that the Lessee will not itself use the Development for any disorderly or unlawful purpose;

(c) That the Lessee will use commercially reasonable efforts to prevent any Tenant from violating any of the covenants and conditions of this Lease with respect to the Development;

(d) That the Lessee will take commercially reasonable action, if necessary, to abate any violation of this Lease by any Tenant upon notice from the Lessor;

(e) The Lessee will comply, at its sole cost and expense, with any documents, agreements, covenants, and restrictions recorded against the Leased Premises;

(f) Subject to any applicable laws of the State of California and the rights of Tenants, that the Lessee will permit the Lessor and its agents to inspect the Development or any part of the Development at any reasonable time during the Lease Term; and

(g) Subject to the rights to contest the same set forth elsewhere in this Lease, that the Lessee will keep the Development free from any and all liens and encumbrances, except those set forth in Section 4.1 or as otherwise approved by the Lessor.

2.5. Taxes and Assessments.

(a) Payment of Taxes and Assessments. Except as provided in Section 2.5(d), the Lessee covenants and agrees during the entire Lease Term, at its own cost and expense, to pay the public officers charged with their collection, prior to delinquency and before any fine, penalty, interest, or other charge may be added to them for non-payment, all applicable real estate taxes, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature, made, assessed, levied or imposed upon, or due and payable in connection with, or which become a lien upon, the Leased Premises, the Improvements, or any part of the Leased Premises or Improvements, or upon this Lease, as well as assessments for sidewalks, streets, sewers, water, or any other public improvements and any other improvements or benefits which will, during the Lease Term, be made, assessed, levied, or imposed upon or become due and payable in connection with, or a lien upon the Leased Premises, the Improvements, or any part of the Leased Premises or Improvements, or upon this Lease. The Lessee will have the right to obtain, and will have the sole responsibility for obtaining, any affordable housing property tax exemption for such Leased Premises and Improvements which the Lessee may elect to obtain, provided that the Lessor will cooperate with the Lessee in obtaining the same. The Lessor agrees that the Lessor will not agree to any assessment or additional real property taxes without the consent of the Lessee.

(b) Payment of Fees. Except as provided in Section 2.5(d), the Lessee covenants and agrees during the entire Lease Term, at the Lessee's own cost and expense, to pay, prior to delinquency and before any fine, penalty, interest, or other charge may be added to them for non-payment, all license and permit fees, charges for public utilities of any kind, and any and all governmental charges relating to the use or occupancy of the Improvements.

(c) Copies of Notices to Lessee. the Lessor agrees to send to the Lessee, the Limited Partner, and designated Lenders copies of any and all notices received by it in respect to any taxes, assessments, charges, or fees for which Lessee is liable pursuant to this Section 2.5.

(d) Lessee's Right to Contest. If the Lessee disputes the amount or validity of any liens, taxes, assessments, charges, penalties or claims, including liens or claims of material suppliers, mechanics or laborers, upon the Leased Premises or the Improvements, regardless of whether such amounts are payable by the Lessor or the Lessee, the Lessee may contest and defend against the same at the Lessee's cost, and in good faith diligently conduct any necessary proceedings in connection with the contest to prevent and avoid the same; provided, however, that such contest will be prosecuted to a final conclusion as speedily as reasonably possible. The Lessor agrees to render to the Lessee all reasonable assistance, at no expense to the Lessor, in contesting the validity or amount of any such taxes, assessments or charges. During any such contest, the Lessee will (by the payment of such disputed taxes, assessments, or charges, if necessary) prevent any advertisement of tax sale, any foreclosure of, or any divesting of the Lessor's title, reversionary interest, or other interest in or to the Leased Premises.

(e) Lessor Obligations. The provisions of this Lease will not be deemed to require the Lessee to pay any municipal, county, state, or federal income or gross receipts or excess profits taxes assessed against the Lessor, or any municipal, county, state, or federal capital levy, estate, succession, inheritance, gift or transfer taxes of the Lessor, or franchise taxes imposed upon any owner in fee of the Leased Premises. Any rebate made on account of any taxes or charges paid by the Lessor and not reimbursed by the Lessee will belong and be paid to the Lessor; otherwise, such rebate will belong to the Lessee.

2.6. Assignment of Lessee's Estate. Except as expressly provided in this Lease, the Lessee will not, without the prior written consent of the Lessor, assign this Lease or any interest in this Lease (a "Transfer"). A Transfer will include any attempt by the Lessee to (a) demolish all or any portion of the Development after construction of the Improvements; (b) make or permit any voluntary or involuntary, total or partial, sale, lease, assignment, conveyance, mortgage, pledge, encumbrance, or other transfer of any or all of the Development, other than pursuant to the Approved Financing; or (c) transfer, convey or assign (i) any interest of a managing member, general partner, or controlling affiliate or stockholder (any such interest being referred to as a "Controlling Interest") in the Lessee except as otherwise provided in the [Lessee's Amended and Restated Limited Partnership Agreement (the "Partnership Agreement")] or (ii) a Controlling Interest in any entity which has a Controlling Interest in the Lessee, except as permitted in the [Partnership Agreement], or (iii) any other interest in the Lessee, or in any partner or member of the Lessee, except as permitted by the [Partnership Agreement]. The term Transfer will not include any Loans, Approved Financing, Liens, or the exercise or enforcement by any Lender of any of the Lender's rights or remedies under any Loans, Approved Financing, or Liens, including without limitation, any foreclosure or similar rights.

2.7. Limitations on Consent Requirement. Notwithstanding the foregoing, the consent of the Lessor will not be required for:

- (a) a lease of any residential unit at the Development; or
- (b) the withdrawal or removal of [DCDC Yosemite Senior LLC as a partner from the Partnership] in accordance with the terms and provisions of the [Partnership Agreement].
- (c) the transfer of the [Limited Partner's partnership interest in the Lessee in accordance with the terms and provisions of the Partnership Agreement.]

Any person to whom any Transfer is attempted without such consent will have no claim, right or remedy whatsoever under this Lease against the Lessor, and the Lessor will have no duty to recognize any person claiming under or through the same.

2.8. Subsequent Assignment. In cases where the Lessor's consent is required, the Lessor's consent to one assignment will not waive the requirement of the Lessor's consent to any subsequent assignment.

2.9. Request for Consent. If the Lessee requests the Lessor's consent to a specific assignment, the Lessee will provide to the Lessor such information as may reasonably be required by the Lessor. The Lessor's consent will not be unreasonably conditioned, delayed or withheld.



2.10. **Grant of Option and Right of First Refusal.** Notwithstanding anything to the contrary set forth in any other provision of this Lease, nothing will prohibit (i) the granting to Delta Community Developers Corp, a California nonprofit public benefit corporation, of a purchase option and/or a right of first refusal (ii) the exercise of such purchase option and/or right of first refusal without the consent of the Lessor; provided, however, any and all such rights will in all cases be subject and subordinate to the Loans, Approved Financing, and Liens in favor of the Lenders.

### **ARTICLE 3. THE IMPROVEMENTS**

#### **3.1. Title to Improvements.**

(a) **During the Term.** The Lessor grants to the Lessee, without warranty express or implied, any right, title, or interest that the Lessor has or may have in the Improvements now or later located on the Leased Premises which Improvements are and will remain real property. Notwithstanding any provision in this Lease to the contrary, the Improvements and all alterations, additions, equipment and fixtures built, made or installed by the Lessee in, on, under or to the Leased Premises or Improvements will be the sole property of the Lessee or the Lessee's successors and/or assigns and the Lessee will hold title to all such Improvements until the expiration of the Lease Term or other termination of this Lease; provided, however, that the Lessee will have no right to destroy, demolish or remove the Improvements, ordinary repair and maintenance excluded, except as specifically provided for in this Lease or as approved in writing by the Lessor.

(b) **After the Term.** Upon the expiration of the Lease Term or other termination of the Lease, at the option of the Lessor, either: (i) the Improvements and all alterations, additions, equipment and fixtures will be deemed to be and will automatically become the property of the Lessor, without cost or charge to the Lessor; or (ii) the Lessee will demolish the Improvements and clear the site, without cost or charge to the Lessor. The Lessor agrees that the Lessee, at any time prior to the sixtieth (60th) day after the expiration or other termination of this Lease, may remove from the Leased Premises any and all equipment which the Lessee has furnished for maintenance or management purposes, provided that the Lessee will repair any physical damage to the Leased Premises caused by the removal of such equipment and property. The Lessee agrees to execute, at the request of the Lessor at the end of the Lease Term, a quitclaim deed of the Improvements and the Lessor's leasehold interest to the Lessor to be recorded at the Lessor's option and expense and any other documents that may be reasonably required by the Lessor or the Lessor's title company to provide the Lessor title to the Leased Premises and the Improvements free and clear of all monetary liens and monetary encumbrances not caused or agreed to by the Lessor.

3.2. **Maintenance of the Development.** Subject to Sections 6.1 and 6.2, during the Lease Term, the Lessee will perform, or cause to be performed, all maintenance and repairs necessary to maintain the Development in good repair and tenantable condition, and failure to do so will be an Event of Default as defined in Section 9.1(a).

3.3. **Utilities.** The Lessee will be responsible for the cost of all utilities, including water, heat, gas, electricity, waste removal, sewers, and other utilities or services supplied to the

Development, and, subject to Section 2.5(d), the Lessee will pay or cause same to be paid currently and as due.

#### **ARTICLE 4. MORTGAGE LOANS**

4.1. Loans Regarding the Development. To the extent loans ("Loans") are required to fund the acquisition, development, construction, operation, repair, restoration, refinance and/or transfer of the Development from time to time, the provisions of Section 4.2 will apply. The following Loans are Approved Financing and the Lessor does not object to the Lessee's execution of documents in connection with the Loans (the "Loan Documents") :

(a) A loan from \_\_\_\_\_ ("\_\_\_\_") in the approximate amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) secured by a deed of trust recorded in the official records of the County of San Joaquin against the Lessee's Estate and the Lessor's fee interest in the Leased Premises;

(b) A loan from \_\_\_\_\_ ("\_\_\_\_") pursuant to the \_\_\_\_\_ ("\_\_\_\_") program in an amount of approximately \_\_\_\_\_ Dollars (\$\_\_\_\_\_) secured by a deed of trust and subject to a regulatory agreement, both of which will be recorded in the official records of the County of San Joaquin against the Lessee's Estate in the Leased Premises. \_\_\_\_\_ also requires a recorded lease rider (the "Lease Rider") which will be executed and delivered by the Lessor, the Lessee, \_\_\_\_\_, and any other applicable parties and which will amend and supplement the terms of this Lease.

(c) A loan from \_\_\_\_\_ in an amount of approximately \_\_\_\_\_ Dollars (\$\_\_\_\_\_) secured by a deed of trust recorded against the leasehold interest of the Lessee in the official records of the County of San Joaquin;

(d) A loan from \_\_\_\_\_ of Mental Health Services Act funds in an amount of approximately \_\_\_\_\_ Dollars (\$\_\_\_\_\_) secured by a deed of trust and subject to a regulatory agreement recorded against the leasehold interest of the Lessee in the official records of the County of San Joaquin; and

(e) A Capitalized Rent Loan from the Lessor to be secured by a deed of trust recorded against the leasehold interest of the Lessee in the official records of the County of San Joaquin equal to the Capitalized Ground Rent.

(f) [The Development also has obtained an allocation of Low Income Housing Tax Credits from the California Tax Credit Allocation Committee ("TCAC") and an equity investment from an investor limited partner. TCAC requires a recorded lease rider.]

#### 4.2. Liens and Encumbrances.

(a) In addition to the Lessee's right to encumber its leasehold estate in the Leased Premises and its fee in the Improvements, the Lessor will encumber the Lessor's fee title in the Leased Premises with a mortgage Lien for the Approved Financing to the extent required by Lenders of the Approved Financing.

(b) The Lessor's right to terminate this Lease will be subject to the following provisions.

(i) Notwithstanding any Event of Default (as defined in Section 9.1(a)) by the Lessee under this Lease, the Lessor will have no right to terminate this Lease by reason of any such Event of Default unless the Lessor will have given each of the Lenders of the Approved Financing or any other Lender which has an outstanding Loan and which has provided the Lessor with written notice of an address to which such notice is to be sent, and to the Limited Partner written notice of such Event of Default at the addresses given to the Lessor by those Lenders, and unless each such Lender will have failed to remedy such Event of Default or acquire the Lessee's leasehold estate in the Leased Premises or commence foreclosure or other appropriate proceedings within one hundred twenty (120) days after delivery of the notice; provided, however, if such Lender is prevented from exercising its rights due to the bankruptcy of the Lessee or other legal bar, then such Lender will have an additional period to cure or commence foreclosure of not fewer than one hundred twenty (120) days from the lifting of such bar.

(ii) Any Lender that has an outstanding Loan or the Limited Partner will have the right, but not the obligation, at any time to pay any or all of the rent due pursuant to the terms of this Lease, and do any other act or thing required of the Lessee by the terms of this Lease, to prevent termination of this Lease. All payments so made by a Lender or the Limited Partner and all things so done by a Lender or the Limited Partner will be as effective to prevent a termination of this Lease referenced in Section 9.1 as the same would have been if made and performed by the Lessee instead of by the Lender(s).

(c) Any Lender, other than Lenders of Approved Financing, that desires to benefit from Section 4.2 will deliver to the Lessor a written request for notices of default under this Lease, receipt of which will be acknowledged by the Lessor upon receipt. All Lenders under any Approved Financing (including HCD) will automatically benefit from this Section and any and all other provisions of this Lease benefitting lenders generally without taking any additional actions.

(d) If such Event of Default is not cured within the time period set forth above and the Lessor terminates this Lease for any reason, including, without limitation, the bankruptcy of either the Lessor or the Lessee, the Lessor will notify each Lender of such termination and each Lender will have the right, but not the obligation to request a new lease from the Lessor. If more than one Lender timely requests a new lease, the Lender with the most senior lien on the leasehold of the Lessee will prevail. In such event, the Lessor and such Lender or such Lender's designee will enter into a new lease on the terms set forth in this Lease, provided, however, in no event will the new lessee be responsible for any rent, damages, expenses, or other amounts that first accrued or occurred prior to the termination of this Lease.

4.3. Cost of Loans to be Paid by Lessee. The Lessee affirms that it will bear all of the costs and expenses in connection with (a) the preparation and securing of the Loans, (b) the delivery of any instruments and documents and their filing and recording, if required, and (c) all taxes and charges payable in connection with the Loans.

4.4. Proceeds of Loans. It is expressly understood and agreed that all Loan proceeds will be paid to and become the property of the Lessee, and that the Lessor will have no right to receive any such Loan proceeds.

4.5. Notice and Right to Cure Defaults Under Loans. Upon and after the recording of the Memorandum of Ground Lease, Lessor may record in the Official Records a request for notice of any default under any Loan. The Lessor will have the right to cure any Loan that has priority over the Lessor's fee interest pursuant to this Article 5.

## **ARTICLE 5. INSURANCE**

### **5.1. Required Insurance Coverage.**

(a) Fire and Extended Coverage Endorsement. The Lessee will during the Lease Term keep the Development insured against loss or damage by a standard all risk policy in amounts such that the proceeds of such insurance will not be less than the replacement value of the Development, or should insurance in such amount not be reasonably and commercially available, such lesser amount as may be reasonably acceptable to the Lessor. The amount of such insurance will be adjusted by reappraisal of the Improvements by the insurer or its designee at least once every five (5) years during the Lease Term, if requested in writing by the Lessor. If an all risk policy insuring the full replacement value of the Development is not reasonably and commercially available, the Lessee will use commercially reasonable efforts to obtain and maintain an extended coverage endorsement that ensures the full replacement value of the Development as soon as such coverage becomes commercially and reasonably available, subject to the approval of the Lenders.

(b) Liability and Property Damage Insurance. During the Lease Term, the Lessee will keep in full force and effect a policy or policies of comprehensive general liability and property damage insurance against liability for bodily injury to or death of any person or property damage arising out of an occurrence on or about the Development. The limits of such insurance will be not less than \_\_\_\_\_ Dollars (\$\_\_\_\_\_) combined single limit for bodily injury and property damage. The limits of the insurance will be adjusted once every five (5) years if and as reasonably required in writing by the Lessor.

(c) Workers' Compensation Insurance. The Lessee will carry or cause to be carried workers' compensation insurance covering all persons employed by the Lessee in connection with the Development and with respect to whom death, bodily injury, or sickness insurance claims could be asserted against the Lessor or the Lessee.

(d) Builders' Risk Insurance. During the course of any alteration, construction or reconstruction, the cost of which exceeds (\$100,000), escalating at three percent (3%) per year, the Lessee will require any contractor to provide builders' risk insurance for not less than the value of the construction contract, and \_\_\_\_\_ Dollars (\$\_\_\_\_\_) combined single limit for bodily injury or property damage insuring the interests of the Lessor, the Lessee and any contractors and subcontractors.

### **5.2. Evidence of Insurance.**

(a) All insurance policies required by this Lease or any Loan Documents will name the Lessor and the Lender of the Loan as an additional insured. Duplicate copies of such policies or certificates of such insurance will be promptly furnished to the Lessor.

(b) To the extent obtainable, any policy of insurance will provide that any change or cancellation of said policy must be made in writing and sent to the Lenders, Lessee, and the Lessor at their respective principal offices at least thirty (30) days before the effective date of change or cancellation.

5.3. Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than \_\_\_\_\_.

5.4. Proceeds of Insurance.

(a) All fire and standard risk or extended coverage (casualty) insurance proceeds will, subject to the terms of the Loan Documents, be applied to the payment of the costs of repairing or rebuilding that part of the Development damaged or destroyed if: (1) the Lessee agrees in writing within ninety (90) days after payment of the proceeds of insurance that such repair or rebuilding is economically feasible, and (2) each Lender with an outstanding Loan permits such repair or rebuilding, provided that the extent of the Lessee's obligation to restore the Development will be limited to the amount of the insurance proceeds.

(b) If the Development is not repaired or rebuilt, all such proceeds will be applied in a manner consistent with the terms of the Loans (in the order of the Lenders' respective lien priority, if there is more than one Lender), and the Development will be left in its original condition as of the commencement of the Lease term.

(c) In the event that no Loan is outstanding, all insurance proceeds received under the policies set forth in this Article 5 will be paid to the Lessee, provided that the Lessee will apply such proceeds, to the extent possible, for reconstruction or repair in a manner consistent with the provisions of Section 6.2.

(d) Notwithstanding the foregoing, insurance coverage acceptable to the Lenders of Approved Financing will be accepted by the Lessor.

5.5. Limitation of Liability; Indemnity.

(a) The Lessee will indemnify, defend (with counsel reasonably approved by the Lessor), and hold harmless the Lessor, its commissioners, trustees, officers, employees, agents, contractors, servants, directors, stockholders, partners or principals from all claims, actions, demands, costs, expenses and attorneys' fees arising out of, attributable to or otherwise occasioned, in whole or in part, by any act or omission of the Lessee, its agents, contractors, servants, employees, or invitees, arising from or relating to operation of the Development, except for that caused by the Lessor's negligence or willful misconduct.

(b) The Lessor will indemnify, defend (with counsel reasonably approved by the Lessee) and hold harmless the Lessee, its officers, employees, agents, contractors, servants,

directors, stockholders, partners or principals from all claims, actions, demands, costs, expenses and reasonable attorneys' fees arising out of, attributable to or otherwise occasioned, in whole or in part, by any act or omission of the Lessor, its agents, contractors, servants, employees, or invitees, arising from or relating to operation of the Development, except for that caused by Lessee's, its agents', contractors', servants', officers', or employees' negligence or willful misconduct.

## **ARTICLE 6. CONDEMNATION OF THE DEVELOPMENT**

6.1. Condemnation. If the Development or any part of the Development is taken or condemned, for any public or quasi-public purpose or use by any competent entity in appropriate proceedings, or by any right of eminent domain, the Lessor and the Lessee will request that awards and other payments on account of a taking of the Development (less costs, fees and expenses incurred by the Lessor and the Lessee in connection with the collection of the awards or other payments) will be divided by the presiding court between loss of value of the fee interest in the Leased Premises and loss of value of the Development. In any case, such awards and payments will be applied, subject to the terms of the Loan Documents, as follows:

(a) Net awards and payments received on account of a partial taking of the Development, other than a taking for a temporary use not exceeding one (1) year, will be allocated and paid in the following order of priority:

(i) If the Lessee reasonably believes restoration is economically feasible, and unless the Lessee is then in default and the opportunity to cure has expired under the Loan Documents, first, to pay the cost of restoration of the Development, provided that (1) the extent of the Lessee's obligations to restore the Development will be limited to the amount of the net award and payment received on account of the taking, and (2) each Lender with an outstanding Loan permits such repair or rebuilding. The Lessee will furnish to the Lessor evidence reasonably satisfactory to the Lessor of the total cost of the restoration of the Development.

(ii) Second, or first if: (i) the Lessee does not reasonably believe that restoration is economically feasible, (ii) the Lessee is in default and the opportunity to cure has expired under the Loan Documents, or (iii) any Lender does not permit restoration, to any Lenders (in the order of their respective lien priority, if there is more than one Lender) in an amount equal to the decrease (if any) in the value of the security for their respective Loans as a result of the partial taking (calculated as set forth below in this Section 6.1(a)(ii)), less amounts payable to or recovered by the Lender pursuant to such taking, but not to exceed the unpaid balance of their Loans. For purposes of this Section 6.1(a)(ii), the amount of decrease in the value of the security for a Loan will be the amount, if any, necessary to reduce the outstanding principal of said Loan such that the Loan to Value Ratio (as defined below) of said Loan immediately following the taking is equal to the Loan to Value Ratio of said Loan immediately preceding the taking. "Loan to Value Ratio" will mean that fraction the numerator of which is the sum of the principal amount of the Loan plus the principal amounts of all Loans higher in lien priority to the Loan and the denominator of which is the appraised value of the Development immediately following the taking or immediately preceding the taking, as applicable. The values of the Development immediately preceding the taking and immediately following the taking will

be determined by a MAI or SRI appraiser selected by the Lessee and who is reasonably satisfactory to the Lessor and the Lenders.

(iii) The balance, if any, will be divided between the Lessor and the Lessee in the manner specified in Section 6.1(e); provided, however, if the taking has no effect on the value of the Lessor's fee interest in the Leased Premises, the balance will be paid exclusively to the Lessee.

(b) Net awards and payments received on account of a partial or total taking of only the Lessor's fee interest in the Leased Premises (that is, a taking of the Lessor's fee interest in the Leased Premises that has no effect on the value of the Lessee's estate interest in the Leased Premises or the Lessee's fee interest in the Improvements), including severance damages, will be paid to the Lessor, which amount will be free and clear of any claims of the Lessee, or any other persons claiming rights to the Leased Premises through or under the Lessee.

(c) Net awards and payments received on account of a taking for temporary use not exceeding one (1) year and relating to a period during the Lease Term will be paid to the Lessee; provided, however, that if such taking for temporary use has resulted in any damage to or destruction of the Development, such net awards and payments will be first applied to pay the cost of restoration of the damage if the Lessee determines that restoration is feasible. Net awards and payments received on account of a taking for temporary use not exceeding one (1) year and relating to a period after the end of the Lease Term will be paid to the Lessor.

(d) Net awards and payments received on account of a total taking of the Development will be allocated and paid in the following order of priority:

(i) First, to any Lenders with then-outstanding Loans secured by the Development (in the order of their respective lien priority, if there is more than one Lender), in accordance with any Loan Documents, an amount equal to the unpaid balance secured by their respective Loans (including, without limitation, all principal amounts outstanding, all accrued interest, and all costs, fees and advances) to the extent there are sufficient funds to make such payments;

(ii) The remaining balance, if any, (the "Balance") will be divided between the Lessor and the Lessee in the manner specified in Section 6.1(d)(iii); provided, however, if the taking has no effect on the value of the Lessor's fee interest in the Leased Premises, the balance will be paid exclusively to the Lessee.

(iii) Next, as between the Lessor and the Lessee, the Lessee will receive reimbursement for any funds the Lessee has reasonably expended for repair/or reconstruction of the Development (other than funds received from the Lenders). Then the Lessor will receive an amount equal to the Balance multiplied by a fraction, the numerator of which is the number of years elapsed from the date of the Lease to the date of the taking, and the denominator of which is \_\_\_\_\_. Lessee will receive the remainder after deduction of the Lessor's portion.

(e) The Lessee will receive any award granted for or allocated to trade fixtures, moving expenses or loss of business.

(f) If the Development is taken or condemned during the last five (5) years of the Lease Term, under circumstances described in Section 6.1(a) Lessee may, subject to the terms of the Loan Documents, elect to terminate the Lease and proceeds of any payment or award will be distributed in accordance with the provisions of Sections 6.1(d) and (e).

6.2. Administration of Construction Fund in the Event of Condemnation, or Damage or Destruction of Development. In the event that the Loans have been paid in full, and if the Development or any part of it is to be repaired or reconstructed, after damage or destruction of the Development or its condemnation, all proceeds collected under any and all policies of insurance referred to in Article 5 above covering such damage or destruction, or all compensation received for such taking by the exercise of the power of eminent domain, will be paid into a special trust fund to be created and held by the Lessee and to be designated as the "Construction Fund," during such repairing or reconstructing. Any surplus of such insurance or condemnation proceeds remaining after the completion of all payments for such repairing or reconstructing will be held or applied by the Lessee in a manner consistent with the applicable provision of Articles 5 and 6.

6.3. Lessee, Lessor, Lenders to be Made Parties in Legal Proceedings.

(a) In the event proceedings will be instituted (1) for the exercise of the power of eminent domain, or (2) as a result of any damage to or destruction of the Development, the Lessee, the Lessor, and any Lender with a then-outstanding Loan will be made parties to those proceedings, and if not made parties by the petitioning party, will be brought into the proceedings by appropriate proceedings of other parties so that adjudication may be made of the damages, if any, to be paid to the Lessee, the Lessor and the Lenders as compensation for loss of their rights in the Improvements or the Leased Premises, or for damage to or destruction of the Development. Should the Lessor or the Lessee receive notice of institution of any proceedings subject to Section 6.1, the Party receiving such notice will notify the other Party, the Limited Partner, and each Lender in accordance with Section 10.2 of this Lease, not later than thirty (30) days after receiving such notice.

(b) The Lessor and the Lessee will cooperate and consult with each other in all matters pertaining to the settlement, compromise, arbitration, or adjustment of any and all claims and demands for damages on account of damage to or destruction of the Development, or for damages on account of the taking or condemnation of the Improvements or the Leased Premises.

## **ARTICLE 7. PARTICULAR COVENANTS**

7.1. Non-Discrimination.

(a) The Lessee or its designee will not, in the selection or approval of Tenants or provision of services or in any other matter, discriminate against any person or group of persons on the grounds of race, color, creed, religion, sex, sexual orientation, marital status,



national origin, or ancestry. In addition, the Lessee covenants by and for the Lessee and the Lessee's successors, assigns and all persons claiming under or through the Lessee that this Lease is made subject to the condition that, except to the extent permitted by applicable federal and California law, there will be no discrimination against or segregation of any person or group of persons on account of race, color, religion, creed, sex, sexual orientation, marital status, national origin, or ancestry in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the Leased Premises nor will the Lessee or any person claiming under or through the Lessee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of Tenants, lessees, sublessees, subtenants or vendees on the Leased Premises. The Lessor and the Lessee acknowledge and agree that the Development will be targeted towards low income households with a need for supportive housing and that such tenant targeting will not constitute a default under this Section 7.1(a)

7.2. Hazardous Materials.

(a) Certain Covenants and Agreements. The Lessee covenants and agrees that:

(i) The Lessee will not knowingly permit the Leased Premises or any portion of the Leased Premises to be a site for the use, generation, treatment, manufacture, storage, disposal, or transportation of Hazardous Materials or otherwise knowingly permit the presence of Hazardous Materials in, on or under the Leased Premises in violation of any applicable law;

(ii) The Lessee will keep and maintain the Leased Premises and each portion of the Leased Premises in compliance with, and will not cause or permit the Leased Premises or any portion of the Leased Premises to be in violation of, any Hazardous Materials Laws, provided, however, the Lessee will not be liable or obligated under this Lease for any such non-compliance occasioned solely by reason of the Lessor's activities with respect to soils, water, or materials already located on, under, or adjacent to the Leased Premises as of the Date Of This Lease;

(iii) Upon receiving actual knowledge of the same the Lessee will immediately advise the Lessor in writing of:

A. Any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed, or threatened against the Lessee or the Leased Premises pursuant to any applicable Hazardous Materials Laws;

B. Any and all claims made or threatened by any third party against the Lessee or the Leased Premises relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in the foregoing clause (A) and this clause (B) are referred to in this Article as "Hazardous Materials Claims");

C. The presence of any Hazardous Materials in, on or under the Leased Premises in such quantities which require reporting to a government agency; or

D. The Lessee's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Leased Premises classified as "borderzone property" under the provisions of California Health and Safety Code, Sections 25220 et seq., or any regulation adopted in accordance with section 25220 et seq., or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Leased Premises under any Hazardous Materials Laws.

If the Lessor reasonably determines that the Lessee is not adequately responding to a Hazardous Material Claim or any condition in Sections 7.2(a)(iii)(C) or (D), the Lessor will have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any such Hazardous Materials Claims and to have its reasonable attorney's fees in connection with the legal proceedings or actions paid by the Lessee.

(iv) Without the Lessor's prior written consent, which will not be unreasonably withheld, conditioned, or delayed, the Lessee will not take any remedial action in response to the presence of any Hazardous Materials on, under, or about the Leased Premises (other than in emergency situations or as required by governmental agencies having jurisdiction), nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Materials Claims.

(b) Indemnity. Without limiting the generality of the indemnification set forth in Section 5.5 above, the Lessee agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the Lessor) the Lessor, its board members, commissioners, officers, agents, successors, assigns and employees (the "Indemnitees") from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, attorney's fees and expenses), arising directly or indirectly, in whole or in part, out of:

(i) the failure of the Lessee or any other person or entity on or after the Closing Date to comply with any Hazardous Materials Law relating in any way whatsoever to the handling, treatment, presence, removal, storage, decontamination, cleanup, transportation, or disposal of Hazardous Materials into, on, under, or from the Leased Premises;

(ii) any release or discharge of any Hazardous Materials into, on, under or from the Leased Premises, arising on or after the Closing Date, or the introduction of, on, or under the Leased Premises of any Hazardous Materials that occurs on the Leased Premises after the Closing Date; or

(iii) any activity or omission of activity carried on or undertaken on or off the Leased Premises, on or after the Closing Date, and whether by the Lessee or any employees, agents, contractors or subcontractors of the Lessee or any successor in title that is related to the Lessee occupying or present on the Leased Premises, in connection with the handling, treatment, removal, storage, decontamination, cleanup, transport or disposal of any

Hazardous Materials located or present on or under the Leased Premises. The Lessee's indemnity obligations as they pertain to activities occurring off the Leased Premises will only extend to activities performed by or arising from activities performed by the Lessee or any employees, agents, contractors, or subcontractors of Lessee, each of the foregoing a "Prohibited Condition."

(iv) Notwithstanding any provision set forth in Section 7.2(b)(i)—(iii), the Lessee will not be liable or obligated under this Lease for: (1) any such non-compliance occasioned solely by reason of the Lessor's activities with respect to soil, water, or materials already located on, under, or adjacent to the Leased Premises as of the Date Of This Lease, or (2) any activity or omission caused by the negligence or willful misconduct of the Lessor, or the Lessor's officers, employees, contractors, or agents.

The provisions of this subsection will survive expiration of the Term or other termination of this Lease, and will remain in full force and effect. This indemnity obligation will not extend to any claim arising from any Indemnatee's negligence or willful misconduct. Notwithstanding anything in this Lease to the contrary Lessee's liability under this Section 7.2 will not extend to cover the violation of any Hazardous Materials Laws or Prohibited Conditions that first arise, commence or occur after the actual dispossession from the Development of the Lessee and all entities which control, are controlled by, or are under common control with the Lessee.

7.3. As-Is Conveyance.

(a) This Lease is made "AS IS," with no warranties or representations by the Lessor concerning the condition of the Leased Premises.

## **ARTICLE 8. ASSURANCES OF LESSOR**

8.1. Lessor to Give Peaceful Possession. The Lessor covenants that the Lessor owns in fee simple, and that the Lessor has good and marketable title to the Leased Premises. The Lessor covenants and warrants that the Lessee and its Tenants will have, hold, and enjoy, during the Lease Term, peaceful, quiet, and undisputed possession of the Leased Premises leased without hindrance from anyone so long as the Lessee is not in default under this Lease.

8.2. Release of Lessor. The Lessor may sell, assign, transfer, or convey all or any part of the Lessor's interest in the Leased Premises or this Lease to any other public entity without obtaining the consent of the Lessee or any Lender, provided that the purchaser, assignee, or transferee expressly assumes all of the obligations of the Lessor under this Lease by a written instrument recorded in the Official Records. The Lessor may not encumber all or any part of Lessor's interest in the Leased Premises. In the event the Lessor intends to sell all or any part of the Leased Premises, the Lessor will notify the Lessee of such intention not less than ninety (90) days before the date of the intended transfer. In the event of a sale, assignment, transfer, or conveyance by the Lessor of the Leased Premises or its rights under this Lease, and the Lessee will have thirty (30) days from receipt of notice from the Lessor to exercise a right of first refusal on substantially the same terms as the proposed sale or transfer by the Lessor. If the Lessee does not exercise the right of first refusal, the transfer from the Lessor and the assumption of the rights and obligations under the Lease by the transferee will operate to release the Lessor from any liability arising on or after the effective date of such transfer upon any of the covenants or conditions of this Lease in favor of the Lessee, and in such event the Lessee will look solely to

the successor in interest of the Lessor in and to the Leased Premises or this Lease. This Lease will not be affected by any such sale, and the Lessee agrees to attorn to any such purchaser or assignee.

## **ARTICLE 9. DEFAULTS AND REMEDIES**

### **9.1. Events of Default; Remedy of Default by Lessee.**

(a) Any one or more of the following events will constitute an "Event of Default":

(i) Failure of the Lessee to observe and perform any covenant, condition, or agreement under this Lease to be performed by the Lessee, and continuance of such failure for a period of thirty (30) days after receipt by the Lessee, Lenders, and the Limited Partner of written notice specifying the nature of such default, or if by reason of the nature of such default, the same cannot be remedied within said thirty (30) days, the Lessee or the Limited Partner will fail to proceed with reasonable diligence after receipt of said notice to cure the same or will fail to cure within ninety (90) days after receipt of said notice; or

(ii) the Lessee's abandonment of the Leased Premises for sixty (60) consecutive days or longer; or

(iii) A general assignment is made by the Lessee for the benefit of creditors; or

(iv) The filing of a voluntary petition by the Lessee, or the filing of an involuntary petition by any of the Lessee's creditors seeking the rehabilitation, liquidation, or reorganization of Lessee under any law relating to bankruptcy, insolvency, or other relief of debtors, provided that in the case of an involuntary petition, the Lessee will have ninety (90) days after such filing to cause such petition to be withdrawn or dismissed; or

(v) The appointment of a receiver or other custodian to take possession of substantially all of the Lessee's assets or of this leasehold (other than an appointment initiated by a Lender in connection with a default under its Loan), which appointment is not withdrawn or dismissed within ninety (90) days after its entry; or

(vi) The Lessee declares in writing that the Lessee is unable to pay the Lessee's debts as they become due; or any court enters a decree or order directing the winding up or liquidation of the Lessee or of substantially all of the Lessee's assets; or the Lessee files any action to dissolve or wind up its affairs or to cease or suspend the Development; or

(vii) The attachment, execution, or other judicial seizure of substantially all of the Lessee's assets or this leasehold, which is not dismissed, bonded, or stayed within ninety (90) days after such act is effected.

(b) Whenever any Event of Default will have occurred and be continuing and upon expiration of any applicable cure periods provided in this Lease, and subject to the cure

rights of the Lenders and the Limited Partner set forth in this Lease (including, without limitation, Section 4.2), the Lessor may take whatever action at law or in equity as may appear reasonably necessary to enforce performance or observance of any obligations, agreements, or covenants of the Lessee under this Lease, including, without limitation, termination of this Lease and eviction, in which event all Improvements will become the property of the Lessor without compensation or reimbursement to the Lessee and all interest of the Lessee in the Development will terminate. In the event of such default, the Lessor's remedies will be cumulative, and no remedy expressly provided for in this Section 9.1 will be deemed to exclude any other remedy allowed by law.

9.2. Remedy of Material Breach by Lessor. If the Lessor defaults under this Lease, the Lessee will give the Lessor written notice requiring that the default be remedied by the Lessor. If the default is not cured within the time set forth by the Lessee (which will be a reasonable time for curing the default and will in any event be at least ninety (90) days), the Lessee and the Lenders may take any action as may be necessary to protect their respective interests. Such action, in the event that the Lessor will fail to perform any of the Lessor's obligations under this Lease and such failure will continue after the expiration of the cure period specified in this Section 9.2, will include the right of the Lessee and the Lenders to cure such default.

9.3. Termination. Subject to Section 4.2(b)(i), in the event of a total taking or in the event of damage, destruction, or a partial taking, other than a temporary taking of the Development, which the Lessee reasonably determines renders continued operation of the Development infeasible both as a whole and in substantial part, this Lease will terminate (except if the Lessee is rebuilding the Development in accordance with the terms of this Lease) and in such event any proceeds will be allocated pursuant to Article 6, as appropriate. In the event of a partial taking that does not result in termination pursuant to this Section 9.3, this Lease will remain in full force and effect as to the portion of the Development remaining.

9.4. Limitation. So long as the Lessor or an affiliate of the Lessor is a general partner of the Lessee, no default may be declared under this Lease by the Lessor, nor will any remedy under this Lease or according to applicable law be exercised by the Lessor, without the consent of all Lenders of the Approved Financing.

9.5. Standstill Provision. [Notwithstanding the foregoing or anything to the contrary in this Lease, so long as the Limited Partner, or any of the Limited Partner's affiliates, successors, and/or assigns are limited partners of the Lessee, the Lessor will not terminate or attempt to terminate this Lease or exercise any other rights or remedies the Lessor may have under Section 9 of this Lease. The Lessor waives no rights or remedies the Lessor may have under the Lease, but merely agrees not to enforce those rights or remedies until the earlier of (a) the date that the Limited Partner or any of the Limited Partner's affiliates, successors, and/or assigns are no longer limited partners of the Lessee, or (b) the end of the Compliance Period.]

## **ARTICLE 10. MISCELLANEOUS**

10.1. Instrument is Entire Agreement. This Lease and the attached exhibits constitute the entire agreement between the Parties with respect to the matters set forth in this Lease. This

Lease will completely and fully supersede all other prior understandings or agreements, both written and oral, between the Lessor and the Lessee relating to the lease of the Leased Premises by the Lessor to the Lessee.

10.2. Notices. All notices under this Lease will be in writing signed by Authorized Officer(s) and will be sent by United States first class, certified mail, return receipt requested, postage prepaid, or by recognized express delivery service with a receipt showing the date of delivery, or by personal delivery with a delivery receipt, addressed:

If to Lessor:               Delta Community Developers Corp.  
                                  2575 Grand Canal Boulevard, Suite 220  
                                  Stockton, CA 95207  
                                  Attn: Executive Director

If to Lessee:               \_\_\_\_\_  
                                  2575 Grand Canal Boulevard, Suite 220  
                                  Stockton, CA 95207  
                                  Attention: Executive Director, Delta Community Developers Corp.

With a copy to:           \_\_\_\_\_-

or to any other address as either Party may have furnished to the other Party in writing pursuant to the requirements of this Section 10.2 as a place for service of notice. Any notice so given will be deemed to have been given as of the date shown on the receipt as the date of delivery, the date that delivery is refused by the addressee, or the date the item is returned as undeliverable.

10.3. Recording. The Lessee will record the Memorandum of Ground Lease in the official records of the County of San Joaquin.

10.4. Non-Waiver of Breach. Neither the failure of the Lessor or the Lessee to insist upon strict performance of any of the covenants and agreements of this Lease nor the failure by the Lessor or the Lessee to exercise any rights or remedies granted to such Parties under the terms of this Lease will be deemed a waiver or relinquishment (a) of any covenant contained in this Lease or of any of the rights or remedies of the Lessee or the Lessor under this Lease, (b) of the right in the future of the Lessor or the Lessee to insist upon and to enforce by any appropriate legal remedy a strict compliance with all of the covenants and conditions of this Lease, or (c) the right of the Lessor to recover possession of the Leased Premises.

10.5. Counterparts. This Lease may be executed in counterparts, each of which will be an original and all of which will constitute the same instrument.

10.6. Lease Binding on Successors. This Lease and all of its provisions and attached exhibits will inure to the benefit of, and will be binding upon, the Parties and their respective permitted successors and permitted assigns and, as provided in Sections 4.2(b) and 9.1(b), and the Lenders.

10.7. Forum. Any suit, action or other legal proceeding arising out of this Lease will be brought in San Joaquin County, California.

10.8. Relationship of Parties. Nothing contained in this Lease will be deemed or construed by the Parties or by any third party to create the relationship of principal or agent or of partnership, joint venture or association or of buyer and seller between the Lessor and the Lessee, it being expressly understood and agreed that neither the computation of any payments and other charges under the terms of this Lease nor any other provisions contained in this Lease, nor any act or acts of the Parties, will be deemed to create any relationship between the Lessor and the Lessee other than the relationship of landlord and tenant.

10.9. No Merger. There will be no merger of this Lease or any interest in this Lease nor of the leasehold estate created by this Lease, with the fee estate in the Leased Premises, by reason of the fact that this Lease or such interest in this Lease, or such leasehold estate may be directly or indirectly held by or for the account of any person who will hold the fee estate in the Leased Premises, or any interest in such fee estate, nor will there be such a merger by reason of the fact that all or any part of the leasehold estate created by this Lease may be conveyed or mortgaged in a leasehold mortgage to a leasehold mortgagee who will hold the fee estate in the Leased Premises or any interest of the Lessor under this Lease.

10.10. Gender and Number. Words of any gender used in this Lease will be held to include any other gender, and any words in the singular number will be held to include the plural (and vice versa), when the context requires.

10.11. Titles. The titles and article, section or paragraph headings are inserted only for convenience, and are in no way to be construed as a part of this Lease or as a limitation on the scope of the particular provisions to which they refer.

10.12. Severability. If any provision of this Lease or the application of any provision to any person or circumstances will be invalid or unenforceable to any extent, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, will not be affected, and each provision of this Lease will be valid and be enforced to the fullest extent permitted by law.

10.13. Applicable Law. This Lease will be governed by and construed in accordance with the laws of the State of California.

10.14. Amendments. Except as provided in Section 4.2 of, prior to entering into any amendment to this Lease, the Lessor and the Lessee will obtain the prior consent of all Lenders, if required.

10.15. Estoppel Certificates. Each Party, or each of the Lenders (a "Requesting Party") may require the other Party (a "Certifying Party") to execute and deliver to the Requesting Party (or directly to a designated third party) an estoppel certificate certifying to the Certifying Party's actual knowledge as to factual matters relating to this Lease as reasonably requested by the Requesting Party. The Certifying Party will sign, acknowledge, and return such estoppel certificate within fifteen (15) days after request, even if the Requesting Party is in default under this Lease. Such estoppel certificate may be relied upon by the investor limited partner, a Lender or any other party which may have, or intend to acquire, an interest in this Lease.

10.16. Fees and Costs of Litigation. The prevailing Party in any litigation arising out of or in connection with this Lease will be entitled to receipt of reasonable attorneys' fees and costs from the other Party.

10.17. Discontinuance During Force Majeure. Whenever a period of time is prescribed in this Lease for action to be taken by the Lessee or a Lender, there will be excluded from the computation of any such period of time, any delays due to Force Majeure.

**[SIGNATURES ON FOLLOWING PAGES.]**



IN WITNESS WHEREOF, the Parties have executed this Lease as of the Date Of This Lease.

**LESSOR:**

Delta Community Developers Corp.,  
a California nonprofit public benefit corporation

By: \_\_\_\_\_  
Peter W. Ragsdale  
Executive Director

**LESSEE:**

\_\_\_\_\_

By: Delta Community Developers Corp.,  
a California nonprofit public benefit corporation,  
its \_\_\_\_\_

By: \_\_\_\_\_  
Peter W. Ragsdale,  
Executive Director

Exhibit A

Legal Description of Leased Premises

The land referred to is situated in the City of Manteca, County of San Joaquin, State of California, and is described as follows:

APN:

Exhibit B

Form of Memorandum of Lease

Recording Requested By and When Recorded  
Return To:

Delta Community Developers Corp.  
2575 Grand Canal Boulevard, Suite 220  
Stockton, CA 95207  
Attn: Executive Director

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**MEMORANDUM OF GROUND LEASE**  
(Yosemite Senior Apartments)

THE UNDERSIGNED LESSOR DECLARES:

**Documentary Transfer Tax is \$\_\_\_\_\_;**

- ☐ Computed on full value of property conveyed, or  
☐ Computed on full value less value of liens and/or encumbrances remaining at time of sale,  
☐ Unincorporated Area ☐ City of Manteca

This Memorandum of Ground Lease (this "Memorandum") dated as of \_\_\_\_\_, 202\_ (the "Date of This Memorandum"), is by and between Delta Community Developers Corp., a California nonprofit public benefit Corporation (the "Lessor"), \_\_\_\_\_ (the "Lessee").

**WITNESSETH:**

Pursuant to that certain Ground Lease as may be amended from time to time (the "Lease"), The Lessor leases to the Lessee and the Lessee leases from the Lessor certain real property situated in the City of Manteca, County of San Joaquin, California, more specifically described in Exhibit A attached to this Memorandum (the "Leased Premises").

The Lease is dated as of \_\_\_\_\_, 202\_, and the term of the Lease commences as of the date of the Lease, and will continue until the day immediately preceding the \_\_\_\_\_ (\_\_th) anniversary of the date of the Effective Date of the Lease as defined in the Lease, unless sooner terminated pursuant to the terms of the Lease.

This Memorandum incorporates all of the terms and provisions of the Lease as though fully set forth in this Memorandum.

This Memorandum is solely for recording purposes and will not be construed to alter, modify, amend, or supplement the Lease, of which this is a memorandum. Capitalized terms used in this Memorandum which are not defined in this Memorandum will have the meanings as defined in the Lease.

IN WITNESS WHEREOF, each of the Parties has executed this Memorandum as of the Date of This Memorandum.

**LESSOR:**

Delta Community Developers Corp., a California nonprofit public benefit corporation

By: \_\_\_\_\_  
Peter W. Ragsdale  
Executive Director

**LESSEE:**

\_\_\_\_\_

By: Delta Community Developers Corp.,  
a California nonprofit public benefit corporation,  
its \_\_\_\_\_

By: \_\_\_\_\_  
Peter W. Ragsdale, Executive Director

[SIGNATURES MUST BE NOTARIZED]

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

STATE OF CALIFORNIA )  
 )  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_, Notary Public,  
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.

Name: \_\_\_\_\_  
Notary Public

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

STATE OF CALIFORNIA )  
 )  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_, Notary Public,  
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.

Name: \_\_\_\_\_  
Notary Public

**EXHIBIT A**

Legal Description

The land referred to is situated in the City Manteca, County of San Joaquin, State of California,  
and is described as follows:

APN:\_\_\_\_\_



## EXHIBIT C

### Form of Promissory Note

#### **PROMISSORY NOTE (Yosemite Senior Apartments)**

\$\_\_\_\_\_

Manteca, California  
\_\_\_\_\_, 202\_

FOR VALUE RECEIVED, the undersigned, \_\_\_\_\_ (the "Borrower"), promises to pay to the order of **DELTA COMMUNITY DEVELOPERS CORP.**, a California nonprofit public benefit corporation (the "Lender"), at the Lender's office at 2575 Grand Canal Boulevard, Suite 220, Stockton, CA 95207, or at such other place or places as the Borrower, as the holder of this Note, may from time to time designate, in lawful money of the United States, the principal sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_), or so much as may be disbursed by the Lender, plus interest on the principal sum pursuant to Section 2 below.

1. Borrower's Obligation. This promissory note (the "Note") dated as of \_\_\_\_\_, 202\_ (the "Effective Date") evidences the Borrower's obligation to pay the Lender the principal amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) (the "Loan"), or so much as may be disbursed by the Lender, for the funds loaned to the Borrower by the Lender to make the capitalized Rent payment as set forth in that certain Ground Lease (Yosemite Senior Apartments) between the Borrower and the Lender of even date with this Note (the "Ground Lease"). All capitalized terms not otherwise defined in this Note will have the meanings set forth in the Ground Lease.

2. Interest. The outstanding principal balance of this Note will bear interest at the rate of \_\_\_\_\_ percent (\_\_\_\_%) compounded annually, which is the Applicable Federal Rate ("AFR") as of the Effective Date of this Note; provided, however, if a Default occurs, interest on the principal balance will begin to accrue, as of the date of Default and continuing until such time as the Loan funds are repaid in full or the Default is cured, at the default rate of the lesser of ten percent (10%), compounded annually, or the highest rate permitted by law.

3. Term and Repayment Requirements. The term of this Note (the "Term"), commences with the Effective Date of this Note and expires no later than the date that is the fifty-fifth (55th) anniversary of the date a temporary certificate of occupancy, or equivalent document is issued by the City of Manteca to certify that the Development may be legally occupied (the "Completion Date"); provided, however, if a record of the Completion Date cannot be located or established, the Term expires on the fifty-seventh (57th) anniversary of the Effective Date of this Note. Prepayment. The Borrower will have the right to prepay the Loan at any time without penalty.

(c) Commencing on \_\_\_\_\_ 1, 202\_, and on \_\_\_\_\_ 1 of each year thereafter for the Term, the Borrower will make repayments of the outstanding principal and accrued interest on the Loan in an amount equal to the Lender Prorata Percentage of the Lenders' Share of Residual Receipts (each, an "Annual Payment"), and as set forth in \_\_\_\_\_ (the "Agreement"). The Lender will apply all Annual Payments as follows: (1) first, to accrued interest, and (2) second, to principal.

(d) All principal and accrued interest on the Loan is due and payable upon the earlier to occur of: (i) the date of any Default, and (ii) the expiration of the Term.

(e) The following definitions will apply for purposes of this Section:

(i) "Annual Operating Expenses" with respect to a particular calendar year, means the following costs reasonably and actually incurred for operation and maintenance of the Development and as defined in the \_\_\_\_\_ Agreement: (1) property taxes and assessments imposed on the Development; (2) debt service currently due on a non-optional basis (excluding debt service due from Residual Receipts or surplus cash of the Development) on Approved Financing (as defined in the Ground Lease); (3) on-site service provider fees for tenant social services; (4) property management fees and reimbursements, on-site property management office expenses, and salaries of property management and maintenance personnel; (5) premiums for property damage and liability insurance; (6) utility services not paid for directly by tenants, including water, sewer, and trash collection; (7) maintenance and repair; (8) any annual license or certificate of occupancy fees required for operation of the Development; (9) security services; (10) advertising and marketing; (11) cash deposited into reserves for capital replacements in the amount required in connection with the permanent debt or equity financing for the Development; (12) cash deposited to replenish any reserve in the amount required in connection with the permanent debt or equity financing for the Development; (13) partnership management, asset management fees, investor services fees, and any other amounts payable to any partner, member, or affiliate of the Borrower or any affiliate of a partner of the Borrower as set forth in the \_\_\_\_\_ Agreement; (14) payment of any previously unpaid portion of developer fee; (15) payments of deductibles in connection with casualty insurance claims not normally paid from reserves, the amount of uninsured losses actually replaced, repaired or restored, and not normally paid from reserves, and (16) other ordinary and reasonable operating expenses approved by the Lender and not listed above. Annual Operating Expenses do not include the following: depreciation, amortization, depletion or other non-cash expenses or any amount expended from a reserve account, and any capital cost associated with the Development.

(ii) "Gross Revenue" with respect to a particular calendar year, means all revenue, income, receipts, and other consideration actually received from operation and leasing of the Development. "Gross Revenue" includes, but is not limited to: (1) all rents, fees and charges paid by tenants; (2) Section 8 payments or other rental subsidy payments received for the dwelling units; (3) deposits forfeited by tenants; (4) all cancellation fees; (5) price index adjustments and any other rental adjustments to leases or rental agreements resulting in actual income; (6) proceeds from vending and laundry room machines; (7) proceeds of business interruption or similar insurance; (8) the proceeds of casualty insurance to the extent not utilized to repair or rebuild the Development (or applied toward the cost of recovering such proceeds) and/or paid to a senior lender; and (9) condemnation awards for a taking of part or all of the

Development for a temporary period. "Gross Revenue" does not include tenants' security deposits, loan proceeds, capital contributions or similar advances.

(iii) " \_\_\_\_\_ " means the \_\_\_\_\_ t.

(iv) " \_\_\_\_\_ Loan" means the loan from \_\_\_\_\_ to the Borrower of No \_\_\_\_\_ program funds in the approximate amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_).

(v) " \_\_\_\_\_ Gap Loan" means the loan from \_\_\_\_\_ (" \_\_\_\_\_ ") to the Borrower in the approximate amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_).

(vi) " \_\_\_\_\_ Loan" means the loan from \_\_\_\_\_ to the Borrower in the approximate amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_).

(vii) "Lender Prorata Percentage" means the result, expressed as a percentage, obtained by dividing: (1) the actual principal amount of the Loan disbursed to the Borrower (the "Disbursed Lender Loan") by (2) the sum of the Disbursed Lender Loan, the \_\_\_\_\_ Loan, the \_\_\_\_\_ Loan, and the \_\_\_\_\_ Loan disbursed to the Borrower.

(viii) "Lenders' Share of Residual Receipts" means fifty percent (50%) of Residual Receipts to be shared by the Lender, the \_\_\_\_\_ (as the lender of the \_\_\_\_\_ and the \_\_\_\_\_ Loan), and \_\_\_\_\_ prorata based on the amount of their respective loan, to repay the Loan, the \_\_\_\_\_ Loan, and the \_\_\_\_\_ Loan.

(ix) "Residual Receipts" with respect to a particular calendar year, means the amount by which Gross Revenue exceeds Annual Operating Expenses.

4. No Assumption. This Note will not be assumable by the successors and assigns of the Borrower without the prior written consent of the Lender, except as provided for assumption of the Ground Lease by the terms of the Ground Lease.

5. Security. This Note is secured by a Deed of Trust, Assignment of Rents and Security Agreement (the "Deed of Trust"), of even date with this Note, under which the Borrower is the Trustor and the Lender is the Beneficiary, covering the Development. The Lender agrees to subordinate its Deed of Trust to Approved Financing as defined in the Ground Lease.

6. Terms of Payment.

(a) All payments due under this Note will be paid in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

(b) All payments on this Note will be paid to the Lender at Delta Community Developers Corp., 2575 Grand Canal Boulevard, Suite 220, Stockton, CA 95207, Attention: Executive Director, or to such other place as the Lender may from time to time designate.

(c) All payments on this Note will be without expense to the Lender, and the Borrower agrees to pay all costs and expenses, including re-conveyance fees and reasonable attorney's fees of the Lender, incurred in connection with the payment of this Note and the release of any security of this Note.

(d) Notwithstanding any other provision of this Note, or any instrument securing the obligations of the Borrower under this Note, if, for any reason whatsoever, the payment of any sums by the Borrower pursuant to the terms of this Note would result in the payment of interest which would exceed the amount that the Lender may legally charge under the laws of the State of California, then the amount by which payments exceeds the lawful interest rate will automatically be deducted from the principal balance owing on this Note, so that in no event will the Borrower be obligated under the terms of this Note to pay any interest which would exceed the lawful rate.

## 7. Default.

(a) Subject to the same notice and cure periods set forth in the Ground Lease for an Event of Default under the Ground Lease, including the \_\_\_\_\_'s right to cure, any of the following will constitute an event of default under this Note:

(i) Any failure to pay, in full, any payment required under this Note within ten (10) days of written notice that such payment is due;

(ii) Any failure in the performance by the Borrower of any term, condition, provision, or covenant set forth in this Note;

(iii) The occurrence of any event of default under the, the Deed of Trust securing the Loan, or other instrument securing the obligations of the Borrower under this Note or under any other promissory notes subsequently issued by the Borrower to the Lender, subject to notice and cure periods, if any, set forth in those documents.

(b) Upon the occurrence of such an event of default, the entire unpaid principal balance, together with all interest on the unpaid balance, and together with all other sums then payable under this Note and the Deed of Trust will, at the option of the Lender, become immediately due and payable upon written notice by the Lender to the Borrower without further demand.

(c) The failure to exercise the remedy set forth in Subsection 7(b) above or any other remedy provided by law upon the occurrence of one or more of the foregoing events of default will not constitute a waiver of the right to exercise any remedy at any subsequent time in respect to the same or any other default. The acceptance by the Lender of any payment which is less than the total of all amounts due and payable at the time of such payment will not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or at any subsequent time, or nullify any prior exercise of any such remedy or option, without the express consent of the Lender, except as and to the extent otherwise provided by law.

The Lender agrees to accept cure by the Investor of any event of default on the same basis as a cure by the Borrower.

Notwithstanding anything to the contrary contained in this Note or the other Loan Documents, the Lender will not accelerate this Loan, exercise any right or remedy provided for in this Note or the other Loan Documents, including, without limitation, foreclosure or acceleration under this Note or the Deed of Trust, or join with any other creditor in commencing any bankruptcy reorganization, arrangement, insolvency or liquidation proceedings with respect to the Borrower at any time prior to the expiration of the tax credit compliance period for the Property determined pursuant to Section 42(i)(1) of the Internal Revenue Code of 1986, as amended.

8. Recourse. This Loan will be nonrecourse to the Borrower.

9. Waivers.

(a) The Borrower waives diligence, presentment, protest, and demand, and notice of protest, notice of demand, and notice of dishonor of this Note. The Borrower expressly agrees that this Note or any payment under this Note may be extended from time to time, and that the Lender may accept further security or release any security for this Note, all without in any way affecting the liability of the Borrower.

(b) No extension of time for payment of this Note or any installment of this Note made by agreement by the Lender with any person now or later liable for payment of this Note will operate to release, discharge, modify, change, or affect the original liability of the Borrower under this Note, either in whole or in part.

(c) The obligations of the Borrower under this Note will be absolute, and the Borrower waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reason whatsoever.

10. Miscellaneous Provisions.

(a) All notices to the Lender or the Borrower will be given in the manner and at the addresses set forth in the Ground Lease, or to such addresses as the Lender and the Borrower may later designate. Copies of notices to the Borrower from the Lender will also be provided by the Lender to any limited partner of the Borrower who requests such notice in writing and provides the Lender with written notice of its address.

(b) The Borrower promises to pay all costs and expenses, including reasonable attorney's fees, incurred by the Lender in the enforcement of the provision of this Note, regardless of whether suit is filed to seek enforcement.

(c) This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, or discharge is sought.

(d) This Note will be governed by and construed in accordance with the laws of the State of California. Any suit, action or other legal proceeding arising out of this Lease will be brought in San Joaquin County, California.

(e) The times for the performance of any obligations under this Note will be strictly construed, time being of the essence.

(f) This document, together with the Loan Documents, contains the entire agreement between the Borrower and the Lender as to the Loan. It may not be modified except upon written consent of the Borrower and the Lender.

(g) The Executive Director of the Lender, with the concurrence of the counsel of the Lender, is authorized to negotiate and enter into subordination agreements with the Approved Lenders and amendments of this Note and the deed of trust securing this Note, requested by the Investor or one of the sources of the Approved Financing, which are needed to close the Approved Financing and finance the Development.

[Signature Page Follows]

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed and delivered as of the Effective Date.

BORROWER:

\_\_\_\_\_

By: Delta Community Developers Corp.,  
a California nonprofit public benefit  
corporation,  
its \_\_\_\_\_

By: \_\_\_\_\_  
Peter W. Ragsdale,  
Executive Director

EXHIBIT D

Form of Deed of Trust



RECORDING REQUESTED BY AND WHEN  
RECORDED RETURN TO:

Delta Community Developers Corp.  
2575 Grand Canal Boulevard, Suite 220,  
Stockton, CA 95207  
Attn: Executive Director

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**LEASEHOLD CONSTRUCTION AND PERMANENT DEED OF TRUST WITH  
ASSIGNMENT OF RENTS, SECURITY AGREEMENT, AND FIXTURE FILING  
(Yosemite Senior Apartments)**

THIS LEASEHOLD CONSTRUCTION AND PERMANENT DEED OF TRUST WITH  
ASSIGNMENT OF RENTS, SECURITY AGREEMENT, AND FIXTURE FILING (this "Deed  
of Trust") is made as of \_\_\_\_\_, 202\_, (the "Effective Date") by and among  
\_\_\_\_\_, a California \_\_\_\_\_ ("Trustor"), \_\_\_\_\_ **TITLE COMPANY**  
("Trustee"), and **DELTA COMMUNITY DEVELOPERS CORP.**, a California nonprofit  
public benefit corporation ("Beneficiary").

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness recited  
in this Deed of Trust and the trust created in this Deed of Trust, the receipt of which is  
acknowledged, Trustor irrevocably grants, transfers, conveys and assigns to Trustee, IN TRUST,  
WITH POWER OF SALE, for the benefit and security of Beneficiary, under and subject to the  
terms and conditions set forth in this Deed of Trust, Trustor's leasehold interest in the land  
located in the City of Manteca, County of San Joaquin, State of California, that is described in  
the attached Exhibit A, incorporated in this Deed of Trust by this reference, and the Beneficiary's  
fee interest in any improvements constructed on the land (collectively, the "Property").

TOGETHER WITH all interest, estates, or other claims, both in law and in equity which  
Trustor now has or may later acquire in the Property and the rents;

TOGETHER WITH all easements, rights-of-way and rights used in connection with the  
Property or as a means of access to the Property, including (without limiting the generality of the  
foregoing) all tenements, hereditaments, and appurtenances of and to the Property;

TOGETHER WITH any and all buildings and improvements of every kind and  
description now or later erected on the land, and all property of the Trustor now or later affixed  
to or placed upon the Property;

TOGETHER WITH all building materials and equipment now or later delivered to the  
Property and intended to be installed on the Property;

TOGETHER WITH all right, title, and interest of Trustor, now owned or later acquired,  
in and to any land lying within the right-of-way of any street, open or proposed, adjoining the

Property, and any and all sidewalks, alleys and strips and areas of land adjacent to or used in connection with the Property;

TOGETHER WITH all estate, interest, right, title, other claim or demand, of every nature, in and to such property, including the Property, both in law and in equity, including, but not limited to, all deposits made with or other security given by Trustor to utility companies, the proceeds from any or all of such property, including the Property, claims or demands with respect to the proceeds of insurance in effect with respect to the Property, which Trustor now has or may later acquire, any and all awards made for the taking by eminent domain or by any proceeding or purchase in lieu of eminent domain of the whole or any part of such Property, including without limitation, any awards resulting from a change of grade of streets and awards for severance damages to the extent Beneficiary has an interest in such awards for taking as provided in Paragraph 4.1 in this Deed of Trust;

TOGETHER WITH all of Trustor's interest in all articles of personal property or fixtures now or later attached to or used in and about the building or buildings now erected or later to be erected on the Property which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including all other goods and chattels and personal property as are ever used or furnished in operating a building, or the activities conducted in a building, similar to the one described in this Deed of Trust and referred to, and all renewals or replacements of this Deed of Trust or articles in substitution for such personal property, whether or not the same are, or will be attached to the building or buildings in any manner; and

TOGETHER WITH all of Trustor's interest in all building materials, fixtures, equipment, work in process and other personal property to be incorporated into the Property; all goods, materials, supplies, fixtures, equipment, machinery, furniture and furnishings, signs and other personal property now or later appropriated for use on the Property, whether stored on the Property or elsewhere, and used or to be used in connection with the Property; all rents, issues and profits, and all inventory, accounts, accounts receivable, contract rights, general intangibles, chattel paper, instruments, documents, notes drafts, letters of credit, insurance policies, insurance and condemnation awards and proceeds, trade names, trademarks and service marks arising from or related to the Property and any business conducted on the Property by Trustor; all replacements, additions, accessions and proceeds; and all books, records and files relating to any of the foregoing.

All of the foregoing, together with the Property, is referred to in this Deed of Trust as the "Security." To have and to hold the Security together with acquittances to the Trustee, its successors and assigns forever.

#### FOR THE PURPOSE OF SECURING:

(a) Payment of just indebtedness of Trustor to Beneficiary as set forth in the Note (defined in Article 1 below) until paid or cancelled. Said Principal, Interest, and other payments will be due and payable as provided in the Note. Said Note and all its terms are incorporated in this Deed of Trust by reference, and this conveyance will secure any and all extensions of the Note, however evidenced; and

(b) Payment of any sums advanced by Beneficiary to protect the Security pursuant to the terms and provisions of this Deed of Trust following a breach of Trustor's obligation to advance said sums and the expiration of any applicable cure period, with interest on such advances as provided in this Deed of Trust; and

(c) Performance of every obligation, covenant or agreement of Trustor contained in this Deed of Trust and in the Loan Documents (defined in Section 1.1(b) below).

AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR  
COVENANTS AND AGREES:

## ARTICLE 1 DEFINITIONS

Section 1.1 Definitions. In addition to the terms defined elsewhere in this Deed of Trust, the following terms will have the following meanings in this Deed of Trust:

(a) The term "Loan Documents" means this Deed of Trust, the Note, and any other debt, loan or security instruments between Trustor and the Beneficiary relating to the Note.

(b) The term "Note" means that certain promissory note in the principal amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_), executed by Trustor in favor of the Beneficiary, the payment of which is secured by this Deed of Trust. (A copy of the Note is on file with the Beneficiary and terms and provisions of the Note are incorporated in this Deed of Trust by reference.).

(c) The Term "Interest" means any interest on the Principal required to be paid under the Note.

(d) The term "Principal" means the principal amount required to be paid under the Note.

Capitalized terms used but not defined in this Agreement will have the meanings set forth in the Ground Lease.

## ARTICLE 2 MAINTENANCE AND MODIFICATION OF THE PROPERTY AND SECURITY

Section 2.1 Maintenance and Modification of the Property by Trustor. The Trustor agrees that at all times prior to full payment of the sum owed under the Note, the Trustor will, at the Trustor's own expense, maintain, preserve, and keep the Security or cause the Security to be maintained and preserved in good condition. The Trustor will from time to time make or cause to be made all repairs, replacements and renewals deemed proper and necessary by it. The Beneficiary will have no responsibility in any of these matters or for the making of improvements or additions to the Security.

Trustor agrees to pay fully and discharge (or cause to be paid fully and discharged) all claims for labor done and for material and services furnished in connection with the Security, diligently to file or procure the filing of a valid notice of cessation upon the event of a cessation of labor on the work or construction on the Security for a continuous period of thirty (30) days or more, and to take all other reasonable steps to forestall the assertion of claims of lien against the Security of any part of the Security. Trustor irrevocably appoints, designates and authorizes Beneficiary as its agent (said agency being coupled with an interest) with the authority, but without any obligation, to file for record any notices of completion or cessation of labor or any other notice that Beneficiary deems necessary or desirable to protect its interest in and to the Security or the Loan Documents; provided, however, that Beneficiary will exercise its rights as agent of Trustor only in the event that Trustor will fail to take, or will fail to diligently continue to take, those actions as provided in this Deed of Trust.

Upon demand by Beneficiary, Trustor will make or cause to be made such demands or claims as Beneficiary will specify upon laborers, materialmen, subcontractors, or other persons who have furnished or claim to have furnished labor, services, or materials in connection with the Security. Nothing in this Deed of Trust contained will require Trustor to pay any claims for labor, materials or services which Trustor in good faith disputes and is diligently contesting provided that Trustor will, within thirty (30) days after the filing of any claim of lien, record in the Office of the Recorder of San Joaquin County, a surety bond in an amount 1 and 1/2 times the amount of such claim item to protect against a claim of lien.

**Section 2.2     Granting of Easements.** Trustor may not grant easements, licenses, rights-of-way or other rights or privileges in the nature of easements with respect to any property or rights included in the Security except those required or desirable for installation and maintenance of public utilities including, without limitation, access, water, gas, electricity, sewer, telephone and telegraph, or those required by law and as approved, in writing, by Beneficiary, which approval will not be unreasonably withheld or delayed.

**Section 2.3     Assignment of Rents.** As part of the consideration for the indebtedness evidenced by the Note, subject to the rights of any senior mortgage lenders, Trustor absolutely and unconditionally assigns and transfers to Beneficiary all the rents and revenues of the Property including those now due, past due, or to become due by virtue of any lease or other agreement for the occupancy or use of all or any part of the Property, regardless of to whom the rents and revenues of the Property are payable. After the occurrence and during the continuation of an Event of Default, Trustor authorizes Beneficiary or Beneficiary's agents to collect the aforesaid rents and revenues and directs each tenant of the Property to pay such rents to Beneficiary or Beneficiary's agents. Prior to the occurrence of an Event of Default, Trustor will collect and receive all rents and revenues of the Property as trustee for the benefit of Beneficiary and Trustor will apply the rents and revenues so collected to the sums secured by this Deed of Trust with the balance, so long as no such breach has occurred, to the account of Trustor, it being intended by Trustor and Beneficiary that this assignment of rents constitutes an absolute assignment and not an assignment for additional security only. Upon delivery of written notice by Beneficiary to Trustor of an Event of Default, and without the necessity of Beneficiary entering upon and taking and maintaining full control of the Property in person, by agent or by a court-appointed receiver, Beneficiary will immediately be entitled to possession of all rents and revenues of the Property as specified in this Section 2.3 as the same becomes due and payable, including but not limited to rents then due and unpaid, and all such rents will immediately upon delivery of such notice be held by Trustor as trustee for the benefit of Beneficiary only;

provided, however, that the written notice by Beneficiary to Trustor of an Event of Default will contain a statement that Beneficiary exercises its rights to such rents. Trustor agrees that commencing upon delivery of such written notice of an Event of Default, each tenant of the Property will make such rents payable to and pay such rents to Beneficiary or Beneficiary's agents on Beneficiary's written demand to each tenant for such payment, delivered to each tenant personally, by mail or by delivering such demand to each rental unit, without any liability on the part of said tenant to inquire further as to the existence of a default by Trustor.

Except for the financing previously approved by the Beneficiary pursuant to the Ground Lease, Trustor covenants that Trustor has not executed any prior assignment of said rents, that Trustor has not performed, and will not perform, any acts or has not executed and will not execute, any instrument which would prevent Beneficiary from exercising its rights under this Section 2.3, and that at the time of execution of this Deed of Trust, there has been no anticipation or prepayment of any of the rents of the Property for more than two (2) months prior to the due dates of such rents. Trustor covenants that Trustor will not later collect or accept payment of any rents of the Property more than two (2) months prior to the due dates of such rents. Trustor further covenants that Trustor will execute and deliver to Beneficiary such further assignments of rents and revenues of the Property as Beneficiary may from time to time request.

Upon and during the continuation of an Event of Default, Beneficiary may in person, by agent or by a court-appointed receiver, regardless of the adequacy of Beneficiary's security, enter upon and take and maintain full control of the Property in order to perform all acts necessary and appropriate for the operation and maintenance of the Property including, but not limited to, the execution, cancellation or modification of leases, the collection of all rents and revenues of the Property, the making of repairs to the Property and the execution or termination of contracts providing for the management or maintenance of the Property, all on such terms as are deemed best to protect the security of this Deed of Trust. In the event Beneficiary elects to seek the appointment of a receiver for the Property upon Trustor's breach of any covenant or agreement of Trustor in this Deed of Trust, Trustor expressly consents to the appointment of such receiver. Beneficiary or the receiver will be entitled to receive a reasonable fee for so managing the Property.

All rents and revenues collected upon and during the continuation of an Event of Default will be applied first to the costs, if any, of taking control of and managing the Property and collecting the rents, including, but not limited to, attorney's fees, receiver's fees, premiums on receiver's bonds, costs of repairs to the Property, premiums on insurance policies, taxes, assessments and other charges on the Property, and the costs of discharging any obligation or liability of Trustor as lessor or landlord of the Property and then to the sums secured by this Deed of Trust. Beneficiary or the receiver will have access to the books and records used in the operation and maintenance of the Property and will be liable to account only for those rents actually received. Beneficiary will not be liable to Trustor, anyone claiming under or through Trustor or anyone having an interest in the Property by reason of anything done or left undone by Beneficiary under this Section 2.3.

If the rents of the Property are not sufficient to meet the costs, if any, of taking control of and managing the Property and collecting the rents, any funds expended by Beneficiary for such

purposes will become indebtedness of Trustor to Beneficiary secured by this Deed of Trust pursuant to Section 3.3 of this Deed of Trust. Unless Beneficiary and Trustor agree in writing to other terms of payment, such amounts will be payable upon notice from Beneficiary to Trustor requesting payment and will bear interest from the date of disbursement at the rate stated in Section 3.3.

Any entering upon and taking and maintaining of control of the Property by Beneficiary or the receiver and any application of rents as provided in this Deed of Trust will not cure or waive any default under this Deed of Trust or invalidate any other right or remedy of Beneficiary under applicable law or provided in this Deed of Trust. This assignment of rents of the Property will terminate at such time as this Deed of Trust ceases to secure indebtedness held by Beneficiary.

### ARTICLE 3 TAXES AND INSURANCE; ADVANCES

Section 3.1 Taxes, Other Governmental Charges and Utility Charges. Trustor will pay, or cause to be paid, at least five (5) days prior to the date of delinquency, all taxes, assessments, charges and levies imposed by any public authority or utility company which are or may become a lien affecting the Security or any part of the Security; provided, however, that Trustor will not be required to pay and discharge any such tax, assessment, charge or levy so long as (a) the legality thereof will be promptly and actively contested in good faith and by appropriate proceedings, and (b) Trustor maintains reserves adequate to pay any liabilities contested pursuant to this Section 3.1. With respect to taxes, special assessments or other similar governmental charges, Trustor will pay such amount in full prior to the attachment of any lien on any part of the Security; provided, however, if such taxes, assessments, or charges may be paid in installments, Trustor may pay in such installments. Except as provided in clause (b) of the first sentence of this paragraph, the provisions of this Section 3.1 will not be construed to require that Trustor maintain a reserve account, escrow account, impound account or other similar account for the payment of future taxes, assessments, charges, and levies.

In the event that Trustor will fail to pay any of the foregoing items required by this Section to be paid by Trustor, Beneficiary may (but will be under no obligation to) pay the same, after the Beneficiary has notified the Trustor of such failure to pay and the Trustor fails to fully pay such items within seven (7) business days after receipt of such notice. Any amount so advanced by Beneficiary, together with interest on such advance from the date of such advance at the maximum rate permitted by law, will become an additional obligation of Trustor to the Beneficiary and will be secured by this Deed of Trust, and Trustor agrees to pay all such amounts.

Section 3.2 Provisions Respecting Insurance. Trustor agrees to provide insurance conforming in all respects to that required under the Loan Documents during the course of construction and following completion, and at all times until all amounts secured by this Deed of Trust have been paid and all other obligations secured under this Deed of Trust fulfilled, and this Deed of Trust reconveyed.

All such insurance policies and coverages will be maintained at Trustor's sole cost and expense. Certificates of insurance for all of the above insurance policies, showing the same to be in full force and effect, will be delivered to the Beneficiary upon demand for the Certificates at

any time prior to the Beneficiary's receipt of the entire Principal, Interest, and all other amounts secured by this Deed of Trust.

Section 3.3 Advances. In the event the Trustor will fail to maintain the full insurance coverage required by this Deed of Trust or will fail to keep the Security in accordance with the Loan Documents, the Beneficiary, after at least seven (7) days prior notice to Beneficiary, may (but will be under no obligation to) take out the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof; and all amounts so advanced therefor by the Beneficiary will become an additional obligation of the Trustor to the Beneficiary (together with interest as set forth below) and will be secured by this Deed of Trust, which amounts the Trustor agrees to pay on the demand of the Beneficiary, and if not so paid, will bear interest from the date of the advance at the lesser of ten percent (10%) per annum or the maximum rate permitted by law.

#### ARTICLE 4 DAMAGE, DESTRUCTION OR CONDEMNATION

Section 4.1 Awards and Damages. All judgments, awards of damages, settlements and compensation made in connection with or in lieu of (1) taking of all or any part of or any interest in the Property by or under assertion of the power of eminent domain, (2) any damage to or destruction of the Property or in any part of the Property by insured casualty, and (3) any other injury or damage to all or any part of the Property ("Funds") are hereby assigned to and will be paid to the Beneficiary by a check made payable to the Beneficiary, subject to the rights and requirements of any senior mortgage lenders. Such Funds will be applied to restoration or repair of the Property damaged, provided such restoration or repair is economically feasible and (after completion of the repair or restoration) the security of this Deed of Trust is not thereby impaired, as determined in the Beneficiary's reasonable discretion. If such restoration or repair is not economically feasible, or if the Trustor fails to provide additional monies to fund any deficiency in connection with such restoration, or if the security of this Deed of Trust would be impaired, then the insurance proceeds will be used to repay any amounts due under this Deed of Trust with the excess, if any, paid to Trustor. The Beneficiary will be entitled to participate in the settlement and adjustment of all claims under insurance policies provided under this Deed of Trust and may deduct and retain from the proceeds of such insurance the amount of all expenses incurred by it in connection with any such settlement or adjustment. All or any part of the amounts so collected and recovered by the Beneficiary may be released to Trustor upon such conditions as the Beneficiary may impose for its disposition. Application of all or any part of the Funds collected and received by the Beneficiary or the release of such Funds will not cure or waive any default under this Deed of Trust.

#### ARTICLE 5 AGREEMENTS AFFECTING THE PROPERTY; FURTHER ASSURANCES; PAYMENT OF PRINCIPAL AND INTEREST

Section 5.1 Other Agreements Affecting Property. The Trustor will duly and punctually perform all terms, covenants, conditions, and agreements binding upon it under the

Loan Documents and any other agreement of any nature whatsoever now or hereafter involving or affecting the Security or any part of the Security.

Section 5.2 Agreement to Pay Attorneys' Fees and Expenses. In the event of any Event of Default (as defined below) under this Deed of Trust, and if the Beneficiary should employ attorneys or incur other expenses for the collection of amounts due or the enforcement of performance or observance of an obligation or agreement on the part of the Trustor in this Deed of Trust, the Trustor agrees that it will, on demand therefor, pay to the Beneficiary the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Beneficiary; and any such amounts paid by the Beneficiary will be added to the indebtedness secured by the lien of this Deed of Trust, and will bear interest from the date such expenses are incurred at the lesser of ten percent (10%) per annum or the maximum rate permitted by law.

Section 5.3 Payment of the Principal and Interest. The Trustor will pay to the Beneficiary the Principal, Interest, and any other payments as set forth in the Note in the amounts and by the times set out in the Note.

Section 5.4 Personal Property; Fixture Filing. To the maximum extent permitted by law, the personal property subject to this Deed of Trust will be deemed to be fixtures and part of the real property and this Deed of Trust will constitute a fixtures filing under the California Commercial Code. As to any personal property not deemed or permitted to be fixtures, this Deed of Trust will constitute a security agreement under the California Commercial Code. The Trustor hereby grants the Beneficiary a security interest in such items.

Section 5.5 Financing Statement. The Trustor will execute and deliver to the Beneficiary such financing statements pursuant to the appropriate statutes, and any other documents or instruments as are required to convey to the Beneficiary a valid perfected security interest in the Security. The Trustor agrees to perform all acts which the Beneficiary may reasonably request so as to enable the Beneficiary to maintain such valid perfected security interest in the Security in order to secure the payment of the Note in accordance with their terms. The Beneficiary is authorized to file a copy of any such financing statement in any jurisdiction(s) as it will deem appropriate from time to time in order to protect the security interest established pursuant to this instrument. Trustor will pay all costs of filing such financing statements and any extensions, renewals, amendments, and releases of the financing statements, and will pay all reasonable costs and expenses of any record searches for financing statements, and releases of the financing statements, as the Beneficiary may reasonably require. Without the prior written consent of the Beneficiary, Trustor will not create or suffer to be created pursuant to the California Commercial Code any other security interest in the Security, including replacements and additions thereto.

Section 5.6 Operation of the Security. The Trustor will operate the Security (and, in case of a transfer of a portion of the Security subject to this Deed of Trust, the transferee will operate such portion of the Security) in full compliance with the Loan Documents.

Section 5.7 Inspection of the Security. At any and all reasonable times upon seventy-two (72) hours' notice, the Beneficiary and its duly authorized agents, attorneys, experts,



engineers, accountants, and representatives, will have the right, without payment of charges or fees, to inspect the Security.

Section 5.8 Nondiscrimination. The Trustor covenants by and for itself, and its successors and assigns, and all persons claiming under or through them, that there will be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, age (except for lawful senior housing), sex, sexual orientation, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Security, nor will the Trustor itself or any person claiming under or through it 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 Security. The foregoing covenants will run with the land.

## ARTICLE 6 HAZARDOUS WASTE

Trustor will keep and maintain the Property in compliance with, and will not cause or permit the Property to be in violation of any federal, state, or local laws, ordinances or regulations relating to industrial hygiene or to the environmental conditions on, under or about the Property including, but not limited to, soil and ground water conditions. Trustor will not use, generate, manufacture, store or dispose of on, under, or about the Property or transport to or from the Property any flammable explosives, radioactive materials, hazardous wastes, toxic substances or related materials, including without limitation, any substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," or "toxic substances" under any applicable federal or state laws or regulations (collectively referred to as "Hazardous Materials") except such of the foregoing as are used in construction of the improvements on the Property or as may be customarily kept and used in and about residential property.

Trustor will immediately advise Beneficiary in writing if at any time it receives written notice of (i) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against Trustor or the Property pursuant to any applicable federal, state or local laws, ordinances, or regulations relating to any Hazardous Materials, ("Hazardous Materials Law"); (ii) all claims made or threatened by any third party against Trustor or the Property relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in clauses (i) and (ii) above are referred to in this Deed of Trust as "Hazardous Materials Claims"); and (iii) Trustor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part of the Property to be classified as "border-zone property" under the provision of California Health and Safety Code, Sections 25220 et seq., or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Property under any Hazardous Materials Law.

Beneficiary will have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims and to

have its reasonable attorneys' fees in connection therewith paid by Trustor. Trustor will indemnify and hold harmless Beneficiary and its board members, supervisors, directors, officers, employees, agents, successors and assigns from and against any loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal, or presence of Hazardous Materials on, under, or about the Property including without limitation: (a) all foreseeable consequential damages; (b) the costs of any required or necessary repair, cleanup or detoxification of the Property and the preparation and implementation of any closure, remedial or other required plans; and (c) all reasonable costs and expenses incurred by Beneficiary in connection with clauses (a) and (b), including but not limited to reasonable attorneys' fees.

Without Beneficiary's prior written consent, which will not be unreasonably withheld, Trustor will not take any remedial action in response to the presence of any Hazardous Materials on, under or about the Property, nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Material Claims, which remedial action, settlement, consent decree or compromise might, in Beneficiary's reasonable judgment, impair the value of the Beneficiary's security under this Deed of Trust; provided, however, that Beneficiary's prior consent will not be necessary in the event that the presence of Hazardous Materials on, under, or about the Property either poses an immediate threat to the health, safety or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not reasonably possible to obtain Beneficiary's consent before taking such action, provided that in such event Trustor will notify Beneficiary as soon as practicable of any action so taken. Beneficiary agrees not to withhold its consent, where such consent is required under this Deed of Trust, if either (i) a particular remedial action is ordered by a court of competent jurisdiction, (ii) Trustor will or may be subjected to civil or criminal sanctions or penalties if it fails to take a required action; (iii) Trustor establishes to the reasonable satisfaction of Beneficiary that there is no reasonable alternative to such remedial action which would result in less impairment of Beneficiary's security under this Deed of Trust; or (iv) the action has been agreed to by Beneficiary.

The Trustor hereby acknowledges and agrees that (i) this Article is intended as the Beneficiary's written request for information (and the Trustor's response) concerning the environmental condition of the Property as required by California Code of Civil Procedure Section 726.5, and (ii) each representation and warranty in this Deed of Trust or any of the other Loan Documents (together with any indemnity applicable to a breach of any such representation and warranty) with respect to the environmental condition of the property is intended by the Beneficiary and the Trustor to be an "environmental provision" for purposes of California Code of Civil Procedure Section 736.

In the event that any portion of the Property is determined to be "environmentally impaired" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an "affected parcel" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(1)), then, without otherwise limiting or in any way affecting the Beneficiary's or the Trustee's rights and remedies under this Deed of Trust, the Beneficiary may elect to exercise its rights under California Code of Civil Procedure Section 726.5(a) to (1) waive its lien on such environmentally impaired or affected portion of the Property and (2) exercise (a) the rights and

remedies of an unsecured creditor, including reduction of its claim against the Trustor to judgment, and (b) any other rights and remedies permitted by law. For purposes of determining the Beneficiary's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), the Trustor will be deemed to have willfully permitted or acquiesced in a release or threatened release of hazardous materials, within the meaning of California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of hazardous materials was knowingly or negligently caused or contributed to by any lessee, occupant, or user of any portion of the Property and the Trustor knew or should have known of the activity by such lessee, occupant, or user which caused or contributed to the release or threatened release. All costs and expenses, including (but not limited to) attorneys' fees, incurred by the Beneficiary in connection with any action commenced under this paragraph, including any action required by California Code of Civil Procedure Section 726.5(b) to determine the degree to which the Property is environmentally impaired, plus interest thereon at the lesser of ten percent (10%) or the maximum rate permitted by law, until paid, will be added to the indebtedness secured by this Deed of Trust and will be due and payable to the Beneficiary upon its demand made at any time following the conclusion of such action.

The Trustor is aware that California Civil Code Section 2955.5(a) provides as follows: "No lender will require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property."

## ARTICLE 7 EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default. The following will constitute Events of Default following the expiration of any applicable notice and cure periods: (1) failure to make any payment to be paid by Trustor under the Loan Documents (which failure has not been cured within the times and in the manner set forth in the Ground Lease); (2) failure to observe or perform any of Trustor's other covenants, agreements or obligations under the Loan Documents (which failure has not been cured within the times and in the manner set forth in the Ground Lease), including, without limitation, the provisions concerning discrimination; (3) failure to make any payment or observe or perform any of Trustor's other covenants, agreements, or obligations under any other debt instruments or regulatory agreement secured by the Property, which default will not be cured within the times and in the manner provided in those covenants, agreements, or obligations under any other debt instruments or regulatory agreement; or (4) a default is declared under the Approved Financing by the lender of such Approved Financing.

Section 7.2 Acceleration of Maturity. If an Event of Default will have occurred and be continuing, then at the option of the Beneficiary, the amount of any payment related to the Event of Default and the unpaid Principal of the Note (including all Interest thereon) will immediately become due and payable, upon written notice by the Beneficiary to the Trustor (or automatically where so specified in the Loan Documents), and no omission on the part of the Beneficiary to exercise such option when entitled to do so will be construed as a waiver of such right.

Section 7.3    The Beneficiary's Right to Enter and Take Possession. If an Event of Default will have occurred and be continuing, the Beneficiary may:

(a)    Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, and without regard to the adequacy of its security, enter upon the Security and take possession of the Security (or any part of the Security) and of any of the Security, in its own name or in the name of Trustee, and do any acts which it deems necessary or desirable to preserve the value or marketability of the Property, or part of or interest in the Property, increase the income from the Property or protect the security of the Property. The entering upon and taking possession of the Security will not cure or waive any Event of Default or Notice of Default (as defined below) or invalidate any act done in response to such Default or pursuant to such Notice of Default and, notwithstanding the continuance in possession of the Security, Beneficiary will be entitled to exercise every right provided for in this Deed of Trust, or by law upon occurrence of any Event of Default, including the right to exercise the power of sale;

(b)    Commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants of this Deed of Trust;

(c)    Deliver to Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause Trustor's interest in the Security to be sold ("Notice of Default and Election to Sell"), which notice Trustee or Beneficiary will cause to be duly filed for record in the Official Records of San Joaquin County; or

(d)    Exercise all other rights and remedies provided in this Deed of Trust, in the instruments by which the Trustor acquires title to any Security, or in any other document or agreement now or hereafter evidencing, creating, or securing all or any portion of the obligations secured hereby, or provided by law.

Section 7.4    Foreclosure By Power of Sale. Should the Beneficiary elect to foreclose by exercise of the power of sale contained in this Deed of Trust, the Beneficiary will give notice to the Trustee (the "Notice of Sale") and will deposit with Trustee this Deed of Trust which is secured hereby (and the deposit of which will be deemed to constitute evidence that the unpaid principal amount of the Note is immediately due and payable), and such receipts and evidence of any expenditures made that are additionally secured hereby as Trustee may require.

(a)    Upon receipt of such notice from the Beneficiary, Trustee will cause to be recorded, published, and delivered to Trustor such Notice of Default and Election to Sell as then required by law and by this Deed of Trust. Trustee will, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such Notice of Default and Election to Sell and after Notice of Sale having been given as required by law, sell the Security, at the time and place of sale fixed by it in said Notice of Sale, whether as a whole or in separate lots or parcels or items as Trustee will deem expedient and in such order as it may determine unless specified otherwise by the Trustor according to California Civil Code Section 2924g(b), at public auction to the highest bidder, for cash in lawful money of the United States payable at the time of sale. Trustee will deliver to such purchaser or purchasers of the Security its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty,

express or implied. The recitals in such deed or any matters of facts will be conclusive proof of the truthfulness of the recitals. Any person, including, without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale, and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers.

(b) After deducting all reasonable costs, fees and expenses of Trustee, including costs of evidence of title in connection with such sale, Trustee will apply the proceeds of sale to payment of: (i) the unpaid Principal amount of the Note; (ii) Interest due under the Note; (iii) all other amounts owed to Beneficiary under the Loan Documents; (iv) all other sums then secured hereby; and (v) the remainder, if any, to Trustor.

(c) Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new Notice of Sale.

**Section 7.5 Receiver.** If an Event of Default will have occurred and be continuing, Beneficiary, as a matter of right and without further notice to Trustor or anyone claiming under the Security, and without regard to the then value of the Security or the interest of Trustor in the Security, will have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Security (or a part of the Security), and Trustor hereby irrevocably consents to such appointment and waives further notice of any application therefor. Any such receiver or receivers will have all the usual powers and duties of receivers in like or similar cases, and all the powers and duties of Beneficiary in case of entry as provided in this Deed of Trust, and will continue as such and exercise all such powers until the date of confirmation of sale of the Security, unless such receivership is sooner terminated.

**Section 7.6 Remedies Cumulative.** No right, power or remedy conferred upon or reserved to the Beneficiary by this Deed of Trust is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy will be cumulative and concurrent and will be in addition to any other right, power and remedy given under this Deed of Trust or now or hereafter existing at law or in equity.

**Section 7.7 No Waiver.**

(a) No delay or omission of the Beneficiary to exercise any right, power or remedy accruing upon any Event of Default will exhaust or impair any such right, power or remedy, or will be construed to be a waiver of any such Event of Default or acquiescence in such Event of Default; and every right, power and remedy given by this Deed of Trust to the Beneficiary may be exercised from time to time and as often as may be deemed expeditious by the Beneficiary. Beneficiary's expressed or implied consent to a breach by Trustor, or a waiver of any obligation of Trustor under this Deed of Trust will not be deemed or construed to be a consent to any subsequent breach, or further waiver, of such obligation or of any other obligations of the Trustor under this Deed of Trust. Failure on the part of the Beneficiary to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure continues, will not constitute a waiver by the Beneficiary of its right under this Deed

of Trust or impair any rights, power or remedies consequent on any Event of Default by the Trustor.

(b) If the Beneficiary (i) grants forbearance or an extension of time for the payment of any sums secured hereby, (ii) takes other or additional security or the payment of any sums secured hereby, (iii) waives or does not exercise any right granted in the Loan Documents, (iv) releases any part of the Security from the lien of this Deed of Trust, or otherwise changes any of the terms, covenants, conditions or agreements in the Loan Documents, (v) consents to the granting of any easement or other right affecting the Security, or (vi) makes or consents to any agreement subordinating the lien of this Deed of Trust, any such act or omission will not release, discharge, modify, change or affect the original liability under this Deed of Trust, or any other obligation of the Trustor or any subsequent purchaser of the Security or any part of the Security, or any maker, co-signer, endorser, surety or guarantor (unless expressly released); nor will any such act or omission preclude the Beneficiary from exercising any right, power or privilege granted or intended to be granted in this Deed of Trust in any Event of Default then made or of any subsequent Event of Default, nor, except as otherwise expressly provided in an instrument or instruments executed by the Beneficiary will the lien of this Deed of Trust be altered thereby.

Section 7.8 Suits to Protect the Security. The Beneficiary will have power to (a) institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Security and the rights of the Beneficiary as may be unlawful or any violation of this Deed of Trust, (b) preserve or protect its interest (as described in this Deed of Trust) in the Security, and (c) restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement for compliance with such enactment, rule or order would impair the Security under this Deed of Trust or be prejudicial to the interest of the Beneficiary.

Section 7.9 Beneficiary May File Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting the Trustor, its creditors or its property, the Beneficiary, to the extent permitted by law, will be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of the Beneficiary allowed in such proceedings and for any additional amount which may become due and payable by the Trustor under this Deed of Trust after such date.

Section 7.10 Waiver. The Trustor waives presentment, demand for payment, notice of dishonor, notice of protest and nonpayment, protest, notice of interest on interest and late charges, and diligence in taking any action to collect any sums owing under the Note or in proceedings against the Security, in connection with the delivery, acceptance, performance, default, endorsement or guaranty of this Deed of Trust.

## ARTICLE 8 MISCELLANEOUS

Section 8.1 Amendments. This instrument cannot be waived, changed, discharged, or terminated orally, but only by an instrument in writing signed by Beneficiary and Trustor.

Section 8.2 Reconveyance by Trustee. Upon written request of Beneficiary stating that: (i) all sums secured hereby have been paid or forgiven, and (ii) that all obligations of the Trustor under the Loan Documents have been satisfied, and upon surrender of this Deed of Trust to Trustee for cancellation and retention, and upon payment by Trustor of Trustee's reasonable fees, Trustee will reconvey the Security to Trustor, or to the person or persons legally entitled thereto.

10.18. Notices. All notices under this Deed of Trust will be in writing signed by Authorized Officer(s) and will be sent by: (a) United States first class, certified mail, return receipt requested, postage prepaid, (b) by recognized express delivery service with a receipt showing the date of delivery, or (c) by personal delivery with a delivery receipt, addressed:

If to Beneficiary: Delta Community Developers Corp.  
2575 Grand Canal Boulevard, Suite 220  
Stockton, CA 95207  
Attention: Executive Director

If to Trustor: \_\_\_\_\_, a \_\_\_\_\_  
2575 Grand Canal Boulevard, Suite 220  
Stockton, CA 95207  
Attention: Executive Director, Delta Community Developers Corp

With a Copy to: \_\_\_\_\_

or to any other address as a party to this Deed of Trust may have furnished to the other parties to this Deed of Trust in writing pursuant to the requirements of this as a place for service of notice. Any notice so given will be deemed to have been given as of the date shown on the receipt as the date of delivery, the date that delivery is refused by the addressee, or the date the item is returned as undeliverable.

Section 8.3 Successors and Joint Trustors. Where an obligation created in this Deed of Trust is binding upon Trustor, the obligation will also apply to and bind any transferee or successors in interest. Where the terms of the Deed of Trust have the effect of creating an obligation of the Trustor and a transferee, such obligation will be deemed to be a joint and several obligation of the Trustor and such transferee. Where Trustor is more than one entity or person, all obligations of Trustor will be deemed to be a joint and several obligation of each and every entity and person comprising Trustor.

Section 8.4 Captions. The captions or headings at the beginning of each Section of this Deed of Trust are for the convenience of the parties and are not a part of this Deed of Trust.

Section 8.5 Invalidity of Certain Provisions. Every provision of this Deed of Trust is intended to be severable. In the event any term or provision of this Deed of Trust is declared to be illegal or invalid for any reason whatsoever by a court or other body of competent jurisdiction, such illegality or invalidity will not affect the balance of the terms and provisions of this Deed of Trust, which terms and provisions will remain binding and enforceable. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid

or unenforceable as to any part of the Security, the unsecured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, will be considered to have been first paid or applied to the full payment of that portion of the debt which is not secured or partially secured by the lien of this Deed of Trust.

Section 8.6 Governing Law. This Deed of Trust will be governed by and construed in accordance with the laws of the State of California.

Section 8.7 Gender and Number. In this Deed of Trust, the singular will include the plural and the masculine will include the feminine and neuter and vice versa, if the context so requires.

Section 8.8 Deed of Trust, Mortgage. Any reference in this Deed of Trust to a mortgage will also refer to a deed of trust and any reference to a deed of trust will also refer to a mortgage.

Section 8.9 Actions. Trustor agrees to appear in and defend any action or proceeding purporting to affect the Security.

Section 8.10 Substitution of Trustee. Beneficiary may from time to time substitute a successor or successors to any Trustee named in this Deed of Trust or acting under this Deed of Trust to execute this Trust. Upon such appointment, and without conveyance to the successor trustee, the latter will be vested with all title, powers, and duties conferred upon any Trustee named in this Deed of Trust or acting under this Deed of Trust. Each such appointment and substitution will be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the Property is situated, will be conclusive proof of proper appointment of the successor trustee.

Section 8.11 Statute of Limitations. The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law.

Section 8.12 Acceptance by Trustee. Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law the Trustee is not obligated to notify any party to this Deed of Trust of pending sale under this Deed of Trust or of any action of proceeding in which Trustor, Beneficiary, or Trustee will be a party unless brought by Trustee.

Section 8.13 Compliance with Internal Revenue Code Section 42. Beneficiary acknowledges that Trustor intends to enter into an extended use agreement, which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended (the "Code"). As of the date of this Deed of Trust, Code Section 42(h)(6)(E)(ii) does not permit the eviction or termination of tenancy (other than for good cause) of an existing tenant of any low-income unit or any increase in the gross rent with respect to such unit not otherwise permitted under Code Section 42 for a period of three (3) years after the date



the building is acquired by foreclosure or by instrument in lieu of foreclosure. In the event the extended use agreement is recorded against the Property, the Beneficiary agrees to comply with the provisions set forth in Code Section 42(h)(6)(E)(ii).

Notwithstanding anything to the contrary contained in this Deed of Trust or the other Loan Documents, the Beneficiary will not accelerate this Loan, exercise any right or remedy provided for in this Deed of Trust, including, without limitation, foreclosure or acceleration under this Deed of Trust or the Note, or join with any other creditor in commencing any bankruptcy reorganization, arrangement, insolvency or liquidation proceedings with respect to Trustor at any time prior to the expiration of the tax credit compliance period for the Property determined pursuant to Section 42(i)(1) of the Internal Revenue Code of 1986, as amended.

Section 8.14 Subordination to Bank of the West Loan. This Deed of Trust is in all respects subject to and subordinate in priority to that certain Deed of Trust executed by Trustor of even date herewith, securing a loan from the \_\_\_\_\_ to Trustor in the amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_), and recorded contemporaneously herewith in the Official Records of San Joaquin County.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the effective date.

TRUSTOR:

\_\_\_\_\_, a California \_\_\_\_\_

By: Delta Community Developers Corp., a  
California nonprofit public benefit corporation,

By: \_\_\_\_\_  
Peter W. Ragsdale  
Executive Director

*All signatures must be notarized*

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

STATE OF CALIFORNIA )

)

COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_, Notary Public,  
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.

\_\_\_\_\_  
Name: \_\_\_\_\_

Notary Public

**EXHIBIT A**

**LEGAL DESCRIPTION**

The land referred to is situated in the County of San Joaquin, City of Manteca, State of California, and is described as follows: