

Council/Agency Meeting Held: _____	City Clerk's Signature
Deferred/Continued to: _____	
<input type="checkbox"/> Approved <input type="checkbox"/> Conditionally Approved <input type="checkbox"/> Denied	
Council Meeting Date: 5/21/2007	Department ID Number: ED 07-11

**CITY OF HUNTINGTON BEACH
REQUEST FOR COUNCIL/REDEVELOPMENT AGENCY ACTION**

SUBMITTED TO: HONORABLE MAYOR/CHAIRMAN AND CITY COUNCIL MEMBERS/REDEVELOPMENT AGENCY MEMBERS

SUBMITTED BY: *Penelope Culbreth Graft*
PENELOPE CULBRETH-GRAFT, DPA, CITY ADMINISTRATOR / EXECUTIVE DIRECTOR

PREPARED BY: STANLEY SMALEWITZ, DIRECTOR OF ECONOMIC DEVELOPMENT
DEPUTY EXECUTIVE DIRECTOR *Stan*

SUBJECT: APPROVE AFFORDABLE HOUSING AGREEMENT WITH JAMBOREE HOUSING CORPORATION FOR 17362 KOLEDO LANE

Statement of Issue, Funding Source, Recommended Action, Alternative Action(s), Analysis, Environmental Status, Attachment(s)

Statement of Issue: An Affordable Housing Agreement between the City, the Redevelopment Agency, and Jamboree Housing Corporation (Jamboree) is submitted for approval. This agreement provides for a loan in the amount of \$1,580,000 of HOME Investment Partnership program funds and Agency Housing Set Aside funds for the acquisition and rehabilitation of a five-unit apartment property at 17362 Koledo Lane in the Oakview neighborhood.

Funding Source: \$800,000 from HOME Investment Partnership program funds (\$2,490.00 from account 85080401; \$565,571.28 from account 85180401; and \$231,938.72 from account 85280401) and \$780,000 from Agency Housing Set Aside funds account 30680301 (\$35,000 of which will only be used for relocation costs, if needed).

Recommended Action: Motion to:

City Actions:

1. Approve the Affordable Housing Agreement with JHC-Oakview, LLC for \$800,000 using HOME Investment Partnership program funds for the acquisition and rehabilitation of 17362 Koledo Lane.
2. Authorize execution and recordation of the Affordable Housing Agreement, all attachments, and other necessary related documents by the Mayor, City Administrator and City Clerk when advised by the City Attorney.
3. Authorize the wire transfer of \$800,000 of HOME Investment Partnership program funds to affect the closing of the acquisition escrow.

E-9

4. Temporarily waive the City's insurance requirements for the purpose of approving the City and Agency loans. Direct staff to ensure that insurance requirements as described in the Affordable Housing agreement are met by JHC-Oakview, LLC by the close of escrow.

Redevelopment Agency Actions:

1. Approve the Affordable Housing Agreement with JHC-Oakview, LLC for \$780,000 using Agency Housing Set Aside funds for the acquisition and rehabilitation of 17362 Koledo Lane.
2. Authorize execution and recordation of the Affordable Housing Agreement, all attachments, and other necessary related documents by the Agency Chairperson, Executive Director, and Secretary when advised by the Agency Legal Council.
3. Authorize the wire transfer of \$780,000 of Agency Housing Set Aside funds to affect the closing of the acquisition escrow.

Alternative Action(s): Do not approve the proposed transaction and provide staff with alternative directions.

Analysis: In the fall of 2006, staff solicited proposals from experienced, reputable nonprofit housing developers for the acquisition and rehabilitation of existing apartment properties in the Oakview neighborhood. Three proposals were received, from which Jamboree Housing Corporation was selected because of its commitment to provide on-site property management, tenant services, and high-quality property maintenance.

Jamboree is one of Orange County's most distinguished nonprofit housing developers. It qualifies as a Community Housing Development Organization (CHDO), which makes it eligible to receive HOME program funds. Since 1990, Jamboree has partnered with 29 cities throughout California to create and manage affordable housing for lower-income families. Jamboree currently owns 42 apartment complexes, providing high quality housing to more than 4,700 families.

Last October, Jamboree acquired a five-unit multifamily apartment building at 17372 Koledo Lane with City and Agency assistance. This was the first of three Oakview properties to be acquired by Jamboree as contemplated in their initial proposal. Jamboree is now ready to proceed with the second acquisition, a five-unit apartment building located at 17362 Koledo Lane (See Site Map: Attachment 1). This second property is situated directly next to the first property.

The terms for the proposed Jamboree Affordable Housing Agreement (See Attachment 2) for their second Oakview property are nearly identical to the terms negotiated for the first project. These terms include zero interest loans from the City using HOME funds in the amount of \$800,000 and from the Agency using Set Aside funds in the amount of \$780,000. These loans will fulfill all of the City's obligations under its October 16, 2006 \$400,000 HOME Reservation Agreement with Jamboree for an Oakview neighborhood affordable housing project. The Agency Set Aside funds portion of this transaction will satisfy the "match" requirement for the City's HOME loan, a US Department of Housing and Urban Development (HUD) condition for such loans.

In addition to the City and Agency loans, Jamboree will obtain a conventional mortgage in the approximate amount of \$191,000.

In March 2007, Jamboree hired Swinerton Management and Consulting to inspect the property and prepare a Physical Needs Assessment. The report revealed significant deferred maintenance repair costs that far exceeded the rehabilitation budget initially proposed. Staff, Jamboree, and the City's economic consultant, Keyser Marston Associates, reviewed the scope of work and increased the rehabilitation budget in order to address all of the property's critical needs. The rehabilitation costs are identified in the project's sources and uses table (See Attachment 2 - Exhibit D "Project Budget").

In return for the City's and Agency's financial assistance, for a period of not less than 60 years, all five units in the property will be subject to tenant household income and rent affordability restrictions as provided in the following schedule:

Unit Size	Tenant Income Level	Number of Units	Current Restricted Rent	Current Market Rent	Per Unit Savings
2 bedroom	50%	5	\$973	\$1200	\$227

As with their first project, the proposed Affordable Housing Agreement requires Jamboree to make annual loan payments to the City and Agency in the amount of 50% of the project's net operating income. In the event that Jamboree fully prepays these loans prior to the 60-year term, all affordable housing requirements will remain in place for the duration of the 60-year term.

Other significant project deal terms include:

1. The City and Agency will provide funds necessary to bring the property into compliance with HUD Housing Quality Standards along with City and State laws and codes. Jamboree will maintain the property accordingly;
2. Jamboree will maintain an adequate capital improvement reserve account;
3. Jamboree will certify tenant income eligibility on an annual basis;
4. Jamboree will submit annual compliance reports to the City and will cooperate with City inspections and audits; and
5. The Agency will have the first right of refusal to purchase the property should Jamboree choose to sell the property. If the Agency elects not to exercise this option, it will have the right to approve any buyer of the property.

This residential acquisition and rehabilitation project is an opportunity for the City to improve and preserve five units of existing housing. This project will enhance the quality of life in the Oakview neighborhood through partnerships between the City, the Agency, and affordable housing nonprofit developers such as Jamboree that are committed to the City's goals of improving the quality of housing for very low-income residents, keeping rents affordable, eliminating overcrowding, and building livable neighborhoods.

The deal points for this project were reviewed and approved by the Council's Economic Development Committee on August 14, 2006. They were additionally reviewed and endorsed by the City's economic consultant, Kathe Head of Keyser Marston Associates. The Affordable Housing Agreement was prepared by the City Attorney and Agency Legal Counsel's Office.

Strategic Plan Goal: This project will help meet the City of Huntington Beach Strategic Plan Goal L-3, "Preserve the quality of our neighborhoods,..." by enhancing the quality of existing housing and providing affordable housing in the Oakview neighborhood.

Environmental Status: Categorically excluded under the National Environmental Protection Act (NEPA). Categorically exempt under the California Environmental Quality Act (CEQA), Section 15061 (b)(3).

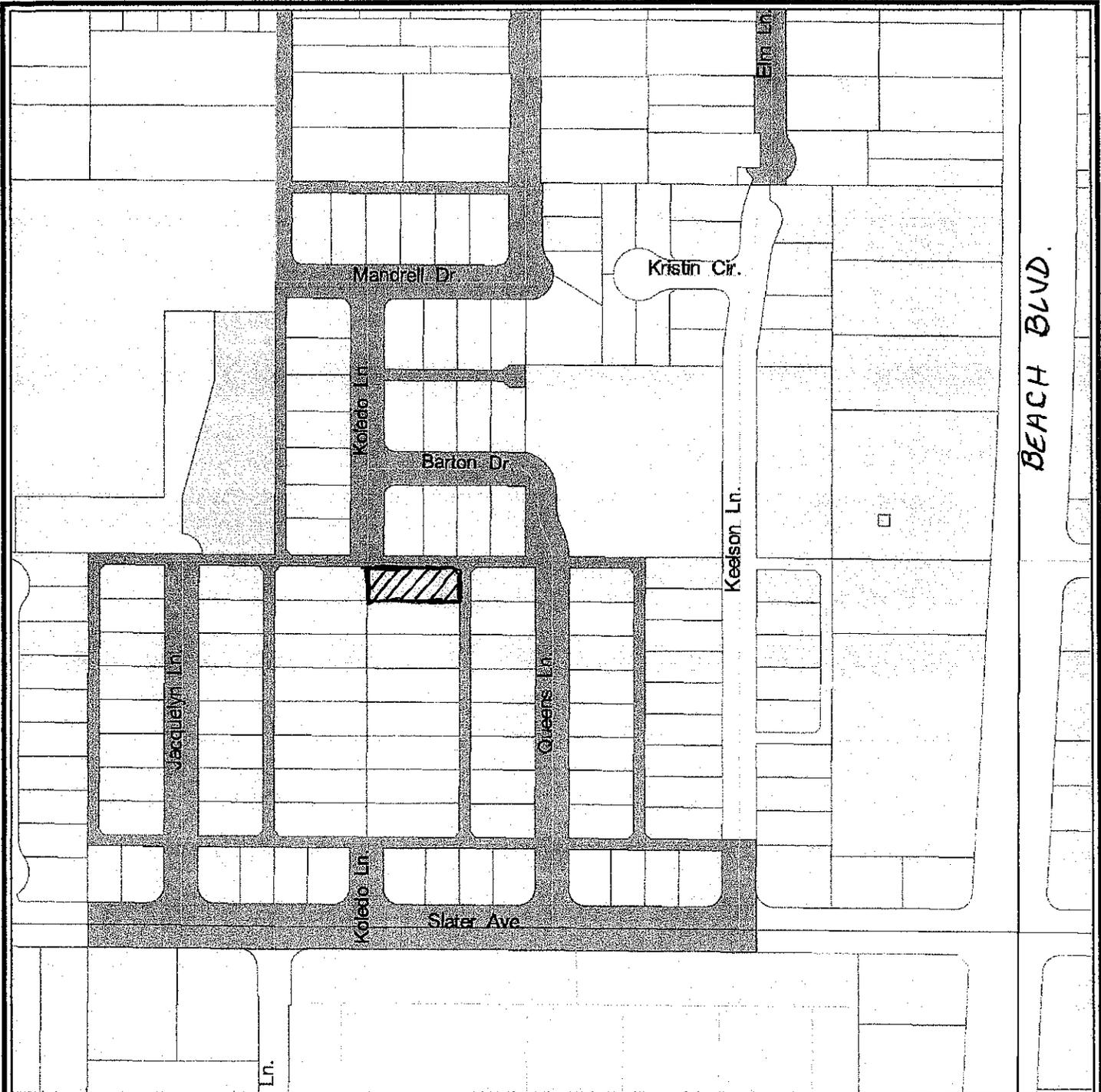
Attachment(s):

City Clerk's Page Number	No.	Description
5	1.	Site Map
7	2.	Affordable Housing Agreement By and Among Redevelopment Agency of the City of Huntington Beach, a public body, corporate and politic, City of Huntington Beach, a municipal corporation of the State of California, and JHC – Oakview, LLC, a California limited liability company.

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ATTACHMENT #1

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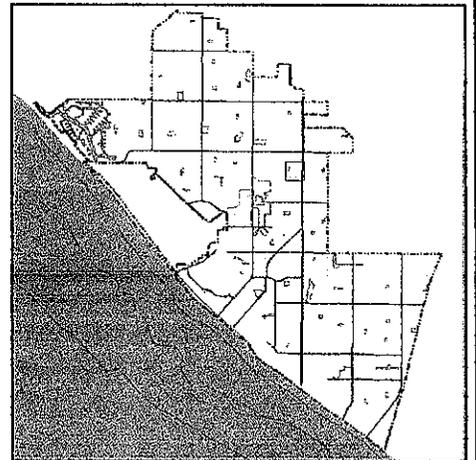
17362 Koledo Lane, Huntington Beach, CA

Map produced by information contained in the City of Huntington Beach Information Services Department Geographic Information System. Information warranted for City use only. Huntington Beach does not guarantee its completeness or accuracy.
Map Produced on 5/15/2007



One inch equals 259 feet

- STREET NAMES**
- CITY BOUNDARY**
- STREET CENTERLINES (CLASS)**
- Smartstreet
 - Major
 - Collector
 - Primary
 - Secondary
 - Residential
 - Travelway
 - Alley
- ISOBATHS**
- HARBOR**



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ATTACHMENT #2

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AFFORDABLE HOUSING AGREEMENT

By and Among

**REDEVELOPMENT AGENCY OF THE CITY OF HUNTINGTON
BEACH,
a public body, corporate and politic,**

**CITY OF HUNTINGTON BEACH,
a municipal corporation of the State of California,**

and

**JHC – OAKVIEW, LLC,
a California limited liability company**

(17362 Koledo Lane)

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Exhibit B	Site Map
Exhibit C	Scope of Development
Exhibit D	Project Budget
Exhibit E	Schedule of Performance
Exhibit F	Promissory Notes
Exhibit G	Deeds of Trust
Exhibit H	Regulatory Agreement
Exhibit I	Subordination Agreements
Exhibit J	Release of Construction Covenants

AFFORDABLE HOUSING AGREEMENT

THIS AFFORDABLE HOUSING AGREEMENT ("Agreement") is entered into as of _____, 2007 ("Effective Date") by and among REDEVELOPMENT AGENCY OF THE CITY OF HUNTINGTON BEACH, a public body, corporate and politic ("Agency"), CITY OF HUNTINGTON BEACH, a municipal corporation of the State of California ("City") and JHC – OAKVIEW, LLC, a California limited liability company ("Developer").

RECITALS

A. Developer has entered into a Purchase and Sale Agreement to acquire the "Site" (as such term is defined herein) from Gregory Boyer and Mareen Boyer (collectively, "Seller") and intends to implement the "Project" (as such term is defined herein) on the Site in accordance with the terms of this Agreement.

B. Agency is a public body, corporate and politic, exercising governmental functions and powers and organized and existing under the Community Redevelopment Law of the State of California (California Health and Safety Code Section 33000 et seq.).

C. Pursuant to the California Redevelopment Law, Agency has established a Housing Set Aside Fund and has deposited therein certain tax revenues made available to the Agency exclusively for the purpose of increasing and improving the community's supply of affordable low and moderate income housing, including very low income housing ("Set Aside Funds").

D. Agency desires to meet its affordable housing goals pursuant to the California Community Redevelopment Law by making a loan of Set Aside Funds in the amount of SEVEN HUNDRED EIGHTY THOUSAND DOLLARS (\$780,000.00) (the "Agency Loan") to assist Developer in funding the acquisition and rehabilitation of the Site, which will be maintained for not less than 60 years as five affordable rental housing units for very low income persons and families, more specifically, the Project as hereinafter defined.

E. City desires to improve and preserve affordable housing in the community by assisting Developer in acquisition of the Site and implementation of the Project. City's assistance shall be in the form of a loan of HOME Investment Partnership Program funds ("HOME Funds") in the amount of EIGHT HUNDRED THOUSAND DOLLARS (\$800,000.00) (the "City Loan") to assist Developer in acquiring the Site and implementing the Project.

NOW, THEREFORE, in consideration of the promises and covenants contained herein, the above recitals, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

SECTION 1. DEFINITIONS

The following terms, as used in this Agreement, shall have the meanings given unless expressly provided to the contrary:

The term "**Affordable Rent**" shall mean, for Affordable Very Low Income Units, rental rates not to exceed the lesser of (1) "very low income" affordable rent as defined by California *Health & Safety Code* Section 50053(b)(2), or its successor, and (2) the rent limits set forth by the HOME Program in 24 C.F.R. 92.252(b)(1) and 24 C.F.R. 92.252(b)(2), or its successor. Affordable Rent shall include a reasonable utility allowance for tenant-paid utilities based on the Orange County Housing Authority's published utility schedules.

The term "**Affordable Very Low Income Unit**" shall mean one of the five (5) rental dwelling units in the Project restricted to occupancy by Very Low Income Households. The term "Affordable Very Low Income Unit" and "Affordable Very Low Income Units" shall be used as the context mandates and shall be reasonably interpreted in light of the context in which the term appears.

The term "**Agency**" shall mean the Redevelopment Agency of the City of Huntington Beach, a public body, corporate and politic, having its offices at 2000 Main Street, Huntington Beach, CA 92648, and any assignee of, or successor to, the rights, powers, and responsibilities of Agency.

The term "**Agency Deed of Trust**" shall mean the Deed of Trust attached as Exhibit "G-1" hereto.

The term "**Agency Executive Director**" shall mean the individual duly appointed to the position of Executive Director of the Agency, or authorized designee. Whenever an administrative action is required by Agency to implement the terms of this Agreement, the Agency Executive Director, or an authorized designee, shall have authority to act on behalf of Agency, except with respect to matters reserved under California law wholly for determination by the Agency's governing body.

The term "**Agency Loan**" shall mean the Agency's loan to Participant in the amount of SEVEN HUNDRED EIGHTY THOUSAND DOLLARS (\$780,000.00) of Set Aside Funds, as evidenced by the Agency Note and secured by the Agency Deed of Trust.

The term "**Agency Note**" shall mean that certain Promissory Note attached here to as Exhibit "F-1."

The term "**Agency Subordination Agreement**" shall mean the form of Subordination Agreement attached hereto as Exhibit "I-1."

The term “**Agreement**” or any reference to this “**Agreement**” shall mean this Affordable Housing Agreement executed by and between Agency, City and Developer, including all exhibits attached hereto, which exhibits are incorporated herein by this reference and all other documents incorporated herein by reference.

The term “**City**” shall mean the City of Huntington Beach, a municipal corporation of the State of California, having its offices at 2000 Main Street, Huntington Beach, CA 92648.

The term “**City Administrator**” shall mean the individual duly appointed to the position of City Administrator of the City, or authorized designee. Whenever an administrative action is required by City to implement the terms of this Agreement, the City Administrator, or an authorized designee, shall have authority to act on behalf of City, except with respect to matters reserved under California law or the City’s Charter wholly for City Council determination.

The term “**City Deed of Trust**” shall mean the Deed of Trust attached as Exhibit “G-2” hereto.

The term “**City Loan**” shall mean the City’s loan to Developer in an amount not to exceed EIGHT HUNDRED THOUSAND DOLLARS (\$800,000.00) of HOME Funds, as evidenced by the City Note and secured by the City Deed of Trust.

The term “**City Note**” shall mean that certain Promissory Note attached here to as Exhibit “F-2.”

The term “**City Subordination Agreement**” shall mean the form of Subordination Agreement attached hereto as Exhibit “I-2.”

The term “**Conventional Lender**” shall mean one or more lenders providing funds for Developer’s implementation of the Project.

The term “**Conventional Loan**” shall mean the loan provided to Developer by the Conventional Lender for implementation of the Project. Developer shall endeavor to maximize the amount of the Conventional Loan, but such amount shall not be less than the amount set forth in the Project Budget attached as Exhibit “D” without prior written approval by the City and the Agency.

The term “**Days**” shall mean calendar days and the statement of any time period herein shall be calendar days and not working days, unless otherwise specified.

The term “**Developer**” shall mean JHC – OAKVIEW, LLC, a California limited liability company, whose address is 17701 Cowan Avenue, Suite 200, Irvine, CA 92614.

The term “**Effective Date**” shall mean the date the City Council and the governing body of the Agency approve this Agreement and authorizes its execution; which date shall be inserted into the preamble of this Agreement.

The term "**Eligible Tenant**" shall mean any person entitled to rent an Affordable Very Low Income Unit as set forth in the Regulatory Agreement.

The term "**Escrow**" shall mean that certain escrow with First American Title Insurance Company, which has been established to convey the Site from the Seller to Developer, and into which City and Agency shall deposit the City Loan and Agency Loan funds described in Sections 3.2 and 3.3 in accordance with the terms of this Agreement.

The term "**First Deed of Trust**" shall mean a deed of trust securing the Conventional Loan.

The term "**Force Majeure**" shall mean any war; insurrection; strike; lock-out; labor dispute; riot; flood; earthquake; fire; casualty; Act of God; act of the public enemy; epidemic; quarantine; restriction; freight embargo; unavoidable lack of transportation; governmental restriction; unusually severe weather; inability to secure necessary labor, materials, or tools; delay of any contractor, subcontractor or supplier; economic or market conditions; lack of tenant commitments or tenant changes; inability to secure satisfactory financing; act of the other party including act or failure to act of any public or governmental agency or entity (except that any act or failure to act of City or Agency shall not excuse performance by City or Agency unless otherwise provided herein); or any other cause beyond the control or without the fault of the party claiming an extension of time to perform.

The term "**Grant Deed**" shall mean that certain Grant Deed that conveys the Site from the current owner, the Seller, to Developer.

The term "**Hazardous Materials**" means any hazardous or toxic substances, materials, wastes, pollutants, or contaminants, which are defined, regulated, or listed as "hazardous substances," "hazardous wastes," "hazardous materials," "pollutants," "contaminants," or "toxic substances," under federal or state environmental and health and safety laws and regulations, including without limitation petroleum and petroleum byproducts, flammable explosives, area formaldehyde insulation, radioactive materials, asbestos, and lead. Hazardous Materials do not include substances that are used or consumed in the normal course of developing, operating, or occupying a housing project, to the extent and degree that such substances are stored, used, and disposed of in the manner and in amounts that are consistent with normal practice and legal standards.

The term "**HOME**" means the HOME Investment Partnership Program created by the National Affordable Housing Act of 1990.

The term "**HUD**" means the United States Department of Housing and Urban Development.

The term "**Lease**" means the lease entered into between Developer and an Eligible Tenant of an Affordable Very Low Income Unit in the Project.

The term “**Median Income**” shall mean the area median income of the Orange County metropolitan statistical area (PMSA), with adjustments for household size, as estimated annually by the United States Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937 as amended and published by California’s Housing and Community Development Department pursuant to Health and Safety Code section 50093.

The term “**Project**” shall mean generally the acquisition, rehabilitation and operation of the existing apartment building on the Site, consisting of five Units, and the subsequent rental of the five (5) Affordable Very Low Income Units to Eligible Tenants, all at Affordable Rent for a period of not less than 60 years, pursuant to the procedures set forth herein and more particularly described in the Scope of Development and Regulatory Agreement.

The term “**Project Budget**” shall mean the sources and uses of funds for acquisition of the Site and the rehabilitation and operation of the Units as set forth in Exhibit “D.” The Project Budget and Developer’s proposed method of financing shall be subject to change from time-to-time, subject to the prior written approval of Developer, the Agency Executive Director and the City Administrator and subject to and conditioned on such further review and approval by the Agency’s governing board and the City Council as is needed to satisfy applicable law, policies and procedures, upon which approval the Project Budget shall be replaced by the approved revised Project Budget.

The term “**Project Costs**” shall mean those costs and expenses incurred or to be incurred in connection with the acquisition, rehabilitation and operation of the Project, as set forth in the Project Budget, which is hereby approved by the City and the Agency.

The term “**Regulatory Agreement**” shall mean that certain Regulatory Agreement and Declaration of Covenants and Restrictions attached hereto as Exhibit “H.”

The term “**Sale Price**” shall mean the sale price for the Site set forth in the Purchase and Sale Agreement between Seller and Developer, being the amount of ONE MILLION ONE HUNDRED FIFTY THOUSAND DOLLARS (\$1,150,000.00).

The term “**Schedule of Performance**” shall mean that certain schedule attached hereto as Exhibit “E” setting forth the times upon which performance by the parties under this Agreement is due.

The term “**Scope of Development**” shall mean that certain exhibit attached hereto as Exhibit “C.”

The term “**Seller**” shall mean Gregory Boyer and Mareen Boyer, collectively.

The term “**Site**” shall mean that certain real property located in the City of Huntington Beach, County of Orange, State of California, commonly known as 17362 Koledo Lane, Huntington Beach, California, and legally described in Exhibit “A” and depicted on the Site Map attached hereto as Exhibit “B”.

The term “**Subordination Agreement**” shall mean either the Agency Subordination Agreement or the City Subordination Agreement, as the case may be.

The term “**Units**” shall mean the five (5) two-bedroom dwelling units comprising the Project.

The term “**Very Low Income Households**” shall have the meaning given in Health and Safety Code section 50105(a), that is, a household whose income does not exceed 50% of Median Income adjusted for family size.

SECTION 2. SUBJECT OF THIS AGREEMENT

2.1 Purpose of the Agreement

(a) The purpose of this Agreement is to promote affordable housing by providing the Agency Loan in the amount of SEVEN HUNDRED EIGHTY THOUSAND DOLLARS (\$780,000.00), as evidenced by the Agency Note secured by the Agency Deed of Trust, and the City Loan in an amount not to exceed EIGHT HUNDRED THOUSAND DOLLARS (\$800,000.00), as evidenced by the City Note secured by the City Deed of Trust, to assist Developer in the acquisition, rehabilitation and operation of affordable housing in the City of Huntington Beach.

(b) This Agreement is intended to facilitate Developer’s acquisition of the Site and existing five-unit apartment building located thereon for rehabilitation and rental to Very Low Income Households for a period of not less than 60 years. The Project pursuant to this Agreement and the fulfillment generally of this Agreement are in the best interests of the City and the welfare of its residents, and are in accordance with the public purposes and provisions of applicable federal, state, and local laws and requirements under which the Project has been undertaken and is being assisted.

(c) The Project will be used and operated for not less than sixty (60) years as rental housing, with all five of the Units restricted to occupancy by Very Low Income Households in accordance with the Regulatory Agreement.

2.2. **The Redevelopment Plan.** This Agreement conforms to the Redevelopment Plan for the Huntington Beach Redevelopment Project (the “Merged Redevelopment Project”) which was approved by adoption of Ordinance No. 3343 on December 16, 1996, and which merged together four different, previously approved project areas. The Site is located inside of the Merged Redevelopment Project. Agency intends this Agreement to meet its obligations pursuant to *Health and Safety Code* Sections 33413, 33334.2 and 33413(b)(2)(A)(ii).

2.3 **Developer.** The Developer is JHC – OAKVIEW, LLC, a California limited liability company, whose address is 17701 Cowan Avenue, Suite 200, Irvine, CA 92614.

2.4 **Term of Agreement.** In accordance with the formula set forth in 24 CFR 92.252(e) and as required by California *Health and Safety Code* Section 33334.3, this Agreement

shall remain in effect for not less than the longer of: (a) fifty-five (55) years from the date on which a Release of Construction Covenants for the Project is issued by the City; or (b) sixty (60) years from the Effective Date of the Housing Agreement. .

2.5 Prohibition Against Transfers; Right of First Refusal.

(a) The qualifications and identity of the Developer are of particular concern to the Agency and the City. It is because of those qualifications and identity that the Agency and the City have entered into this Agreement with the Developer. No voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement except as expressly set forth herein.

(b) Developer agrees that Developer shall not sell the Site during the term of this Agreement, unless and until Developer has given to Agency and City notice in writing of its intent to sell, specifying the identity of the prospective buyer and the price and terms of the contemplated sale. Within ninety (90) days after Developer gives Agency and City written notice of Developer's intent to sell, Agency shall have the right to purchase the Site at the same price and on the same terms and conditions set forth in Developer's written notice of intent to sell. To exercise this right, Agency must, within the same ninety (90) day period, deposit in escrow with any escrow company in Orange County, California, all moneys and instruments required by the terms of the Developer's notice of intent to sell to be paid or delivered to Developer on close of escrow and shall also give Developer written notice of the deposit. If Agency does not exercise the right in accordance with the provisions of this Section, Developer may sell the Site to the prospective buyer for the price and on the terms contained in the notice; provided, however, that Developer has made every reasonable effort to sell the Site to another nonprofit housing corporation with Developer's similar experience and reputation in the field of low-income housing (including the management of properties with income and affordability restrictions), and provided further that Agency has approved such prospective buyer in advance in writing.

If at any time during the term of this Agreement Developer receives from any third party a bona fide offer to purchase the Site on terms acceptable to Developer, Developer shall give written notice of the offer to Agency. Within ninety (90) days after Developer gives Agency written notice of the third-party offer, Agency shall have the right to purchase the Site at the same price and on the same terms and conditions set forth in the third-party offer. To exercise its right, Agency must, within the same ninety (90) day period, deposit in escrow with any escrow company in Orange County, California, all moneys and instruments required by the terms of the offer to be paid or delivered to Developer on close of escrow and shall also give Developer written notice of the deposit. In the event Agency does not exercise its right to purchase in accordance with the provisions of this Section, Developer may sell the Site to the third party making the offer on the same terms and conditions set forth in that offer; provided, however, that Developer has made every reasonable effort to sell the Site to another nonprofit housing corporation with Developer's similar experience and reputation in the field of low-income housing (including the management of properties with income and affordability restrictions), and provided further that Agency has approved such prospective buyer in advance in writing. If for any reason the Site is not sold to the party making the offer, Developer shall

give Agency the same right to purchase the Site on receiving any subsequent offer from any third party that is acceptable to Developer.

(c) For the reasons cited above, the Developer represents and agrees for itself and any successor in interest that without the prior written approval of the Agency and City, there shall be no significant change in the ownership of the Developer or in the relative proportions thereof, or with respect to the identity of the parties in control of the Developer or the degree thereof, by any method or means.

(d) The Developer shall promptly notify the Agency and City of any and all changes whatsoever in the identity of the parties in ownership and/or in control of the Developer or the degree thereof, of which it or any of its officers have been notified or otherwise have knowledge or information. This Agreement may be terminated by the Agency or the City and the Agency or the City may exercise any and all available remedies, if there is any significant change (voluntary or involuntary) in membership, ownership, management or control, of the Developer (other than such changes occasioned by the death or incapacity of any individual).

(e) Developer shall not, except as permitted by this Agreement, assign or attempt to assign this Agreement or any right herein, nor make any total or partial sale, transfer, conveyance or assignment of the whole or any part of the Site (referred to hereinafter as a "Transfer"), without prior written approval of the Agency Executive Director and City Administrator, except as expressly permitted by this Agreement. Consent to a Transfer shall not result in acceleration of the Agency Note or City Note. Any proposed transferee shall have the qualifications and financial responsibility necessary and adequate as may be reasonably determined by the Agency and City, to fulfill the obligations undertaken in this Agreement by the Developer. Any such proposed transferee, by instrument in writing satisfactory to the Agency and City and in form recordable among the land records, for itself and its successors and assigns, and for the benefit of the Agency and City shall expressly assume all of the obligations of the Developer under this Agreement and agree to be subject to all conditions and restrictions applicable to the Developer in this Agreement. There shall be submitted to the Agency and City for review all instruments and other legal documents proposed to affect any such Transfer, and if approved by the Agency Executive Director and City Administrator, its approval shall be indicated to the Developer in writing.

(f) In the absence of specific written agreement by the Agency and City, no unauthorized Transfer, or approval thereof by the Agency or City, shall be deemed to relieve the Developer or any other party from any obligations under this Agreement.

(g) Consent to any Transfer shall not be deemed to be a waiver of the right to require consent to future or successive Transfers.

(h) The provisions of this Section 2.5 shall be of no force or effect as of the expiration of the Regulatory Agreement.

SECTION 3. FINANCING AND ACQUISITION OF THE SITE.

3.1 Ownership of the Site. As of the Effective Date of this Agreement, Developer is in escrow to acquire the Site from the Seller.

3.2 Agency Financial Assistance. The Agency, pursuant to the terms of this Agreement, shall provide to Developer the Agency Loan. Upon satisfaction of all conditions precedent (or waiver by Agency) to Agency's obligation to deposit the Agency Loan into Escrow under this Agreement, Agency shall deposit SEVEN HUNDRED EIGHTY THOUSAND DOLLARS (\$780,000.00) of the Agency Loan funds into Escrow.

3.3. City Financial Assistance. The City, pursuant to the terms of this Agreement, shall provide to Developer the City Loan. Upon satisfaction of all conditions precedent (or waiver by City) to City's obligation to deposit the City Loan into Escrow under this Agreement, City shall deposit EIGHT HUNDRED THOUSAND DOLLARS (\$800,000.00) of the City Loan funds into Escrow.

3.4. Disbursement of City Loan and Agency Loan. Upon Close of Escrow, the Escrow Agent shall disburse the Sale Price to the Seller by first disbursing the entire amount of the City Loan and then disbursing the balance of the Sale Price from the Agency Loan. The Escrow Agent shall pay from the Agency Loan the Developer's share of closing costs, the Developer's pro-rated taxes and assessments on the Site, and the cost of the City's and the Agency's Lender's Title Policy. The Escrow Agent shall reimburse to Developer from the Agency Loan other Project Costs included in the attached Project Budget that were previously incurred and paid by Developer in advance of the Close of Escrow, provided that such reimbursement of Project Costs has been approved in writing by the Agency. The Escrow Agent shall also disburse to Developer the initial payout on the Developer Fee described in Section 4.8 in the amount of EIGHTY THREE THOUSAND DOLLARS (\$83,000) from the Agency Loan. The remaining balance of the Agency Loan ("Agency Loan Balance") shall be refunded to the Agency. The Agency shall subsequently disburse to Developer such portion of the Agency Loan Balance as needed to pay for approved Project Costs not otherwise payable from the proceeds of the Conventional Loan. The Agency's subsequent disbursement of any portion of the Agency Loan Balance to Developer will be conditioned upon (1) the Agency's prior review and approval of an updated Project Budget, (2) Agency review and approval of the final signed loan documents for the Conventional Loan (3) Agency approval of an application for disbursement of funds that sets forth the amount requested and the specific expenses to be paid and provides accompanying documentation reasonably acceptable to the Agency, and (4) will be further conditioned upon Developer remaining in full compliance with the terms and conditions of this Agreement and all documents and instruments referred to herein or executed by Developer in furtherance of this Agreement.

3.5 Form of Agency and City Financial Assistance; Purpose of Note and Security. In the event Developer is in Material Default of any of its obligations hereunder or under the Regulatory Agreement, the entire principal balance of both the Agency Loan and the City Loan plus any default interest due thereon shall immediately become due and payable, and Agency and City shall each have the right, at its sole option, to: (a) demand full payment of the principal

balance of their respective loans plus all default interest; (b) take over ownership and management of the Site; and/or (c) foreclose on the Site under their respective Deeds of Trust.

3.6 Escrow. This Agreement, once deposited in Escrow, shall constitute joint escrow instructions of Agency, City and Developer. The Escrow agent is hereby empowered to act under the Agreement and upon indicating its acceptance in writing to Agency, City and Developer within five (5) days after receipt of this Agreement; provided, however, that any undertaking by the Escrow agent of any of the acts or services set forth in this Agreement shall constitute acceptance of the obligation to perform as Escrow agent under this Agreement. Any amendment to the Escrow instructions contained herein shall be in writing and signed by Agency, City and Developer.

(a) Closing Date. On or before the date established in the Schedule of Performance, the parties shall satisfy the conditions described in Sections 3.6(b), 3.7 and 3.8 and complete the Close of Escrow. If, for any reason, the Close of Escrow has not occurred by the date provided therefor in the Schedule of Performance, any party may terminate this Agreement, by providing written notice of termination to the other parties.

(b) Delivery of Documents and Funds by Developer. On or before twelve noon on the last business day prior to the scheduled Closing Date, Developer shall deposit or cause to be deposited with the Escrow agent the following:

- (i) the Grant Deed executed in recordable form by the Seller;
- (ii) the Agency Note, executed by Developer;
- (iii) The Agency Deed of Trust, including the Rider thereto, executed in recordable form by Developer;
- (iv) the City Note, executed by Developer;
- (v) the City Deed of Trust, including the Rider thereto, executed in recordable form by Developer;
- (vi) the Regulatory Agreement, executed in recordable form by Developer; and
- (vii) all funds, documents, and deposits Developer is required to deposit with Escrow agent in order to close the Escrow conveying the Site to Developer.

(c) Delivery of Documents and Funds by Agency. On or before twelve noon on the last business day prior to the scheduled Closing Date, Agency shall deposit or cause to be deposited with the Escrow agent the following:

- (i) the Agency Deed of Trust, including the Rider thereto, executed in recordable form by Agency;
- (ii) the Regulatory Agreement, executed in recordable form by Agency;
- (iii) the Agency Loan funds described in Section 3.2; and
- (iv) the Agency Subordination Agreement

(d) Delivery of Documents and Funds by City. On or before twelve noon on the last business day prior to the scheduled Closing Date, City shall deposit or cause to be deposited with the Escrow agent the following:

- (i) the City Deed of Trust, including the Rider thereto, executed in recordable form by City;
- (ii) the Regulatory Agreement, executed in recordable form by City;
- (iii) the City Loan funds described in Section 3.3; and
- (iv) the City Subordination Agreement.

(e) Recordation. Escrow agent is directed, on the Closing Date, to record against the Site the following documents in the following order of priority: (i) the Grant Deed; (ii) the Regulatory Agreement (iii) any First Deed of Trust and then any other documents required to be recorded by the Conventional Lender; (iv) the City Deed of Trust; and (v) the Agency Deed of Trust. One or more Subordination Agreements, if required to effectuate the approved priority of the foregoing deeds of trust and Regulatory Agreement, shall be recorded at the direction of the Agency, City and Developer in accordance with the terms of this Agreement.

(f) Escrow Agent Duties. The Escrow agent shall (i) record the documents as provided in subparagraph (e); and (ii) at Closing, deliver the original Agency Note to Agency and a copy of same to Developer, deliver the original City Note to City and a copy of same to Developer, and upon recordation deliver to Agency, City and Developer conformed copies of the Grant Deed, Agency Deed of Trust, City Deed of Trust, any First Deed of Trust and any other documents required to be recorded by the Conventional Lender, and the Regulatory Agreement.

(g) Interest Bearing Accounts. Escrow agent shall hold all funds received in an interest bearing account with the interest accrued paid at Closing to the party depositing such funds.

(h) Title Insurance. Escrow agent shall deliver to Agency at Closing an ALTA standard form lender's policy of title insurance in the amount of SEVEN HUNDRED EIGHTY THOUSAND DOLLARS (\$780,000.00), issued by First American Title Insurance Company, insuring in favor of Agency the priority of the Agency Deed of Trust and Regulatory

Agreement in accordance with the priority established by this Agreement. Escrow agent shall deliver to City at Closing an ALTA standard form lender's policy of title insurance in the amount of EIGHT HUNDRED THOUSAND DOLLARS (\$800,000.00), issued by First American Title Insurance Company, insuring in favor of City the priority of the City Deed of Trust and Regulatory Agreement in accordance with the priority established by this Agreement.

3.7. Agency's Conditions to Closing. Agency's obligations to deposit the Agency Loan funds described in Section 3.2 in Escrow for disbursement at Closing shall be conditioned and contingent upon satisfaction or Agency's waiver of each of the following conditions precedent (collectively, the "Agency's Conditions to Closing"):

(a) Agency shall have in its account SEVEN HUNDRED EIGHTY THOUSAND DOLLARS (\$780,000.00) of readily available Set Aside Funds.

(b) Developer shall have completed the inspection of the Site for lead-based paint and asbestos hazards as required by Section 4.5(a) and shall have delivered the inspection report to the Agency;

(c) The Conventional Lender shall have deposited into Escrow the amount of the Conventional Loan or Developer shall have delivered to Agency evidence satisfactory to Agency that Developer has obtained a binding loan commitment for the Conventional Loan from a lender satisfactory to Agency;

(d) Developer shall have deposited in Escrow all of the funds and instruments required of it by this Agreement in order to close the Escrow;

(e) Developer shall have delivered to Agency and Agency shall have approved the Purchase and Sale Agreement between Developer and Seller and any amendments thereto;

(f) Developer shall have delivered evidence acceptable to the Agency that Developer has obtained the insurance policies required by Section 4.3 of this Agreement.

(g) Developer shall have delivered to the Agency a current certificate of good standing issued by the California Secretary of State's office and shall have delivered to the Agency a certified resolution of Jamboree Housing Corporation's Board of Directors authorizing Developer's execution and implementation of this Agreement;

(h) The Agency shall have determined that Developer is in full compliance with the terms and conditions of this Agreement and all documents and instruments referred to herein or executed by Developer in furtherance of this Agreement; and

(i) Developer shall have satisfied or City shall have waived the City's Condition's to Closing.

In the event any of the Agency's Conditions to Closing are not satisfied (or waived by Agency), Agency may cancel the Escrow and terminate this Agreement by delivering ten (10) days prior written notice to Developer and the Escrow agent. Developer may nullify Agency's notice to terminate if, within such ten (10) day period Developer (at no cost to Agency) cures any unsatisfied Agency Conditions to Closing and notifies the Escrow agent of such cure. In the event of termination pursuant to this Section, (i) the Escrow shall be cancelled and any funds deposited by Agency shall be returned to it with any interest earned on such funds; (ii) Developer shall be responsible for any escrow cancellation fees imposed by the Escrow agent; and (iii) this Agreement shall be terminated and the parties hereto shall have no further rights or obligations hereunder.

3.8. City's Conditions to Closing. City's obligations to deposit the City Loan funds described in Section 3.3 in Escrow for disbursement at Closing shall be conditioned and contingent upon satisfaction or City's waiver of each of the following conditions precedent (collectively, the "City's Conditions to Closing"):

(a) City shall have in its account EIGHT HUNDRED THOUSAND DOLLARS (\$800,000.00) of readily available HOME funds.

(b) Developer shall have completed the inspection of the Site for lead-based paint and asbestos hazards as required by Section 4.5(a) and shall have delivered the inspection report to the Agency;

(c) The Conventional Lender shall have deposited into Escrow the amount of the Conventional Loan or Developer shall have delivered to City evidence satisfactory to City that Developer has obtained a binding loan commitment for the Conventional Loan from a lender satisfactory to City;

(d) Developer shall have deposited in Escrow all of the funds and instruments required of it by this Agreement in order to close the Escrow;

(e) Developer shall have delivered to City and City shall have approved the Purchase and Sale Agreement between Developer and Seller and any amendments thereto;

(f) Developer shall have delivered evidence acceptable to the City that Developer has obtained the insurance policies as required by Section 4.3 of this Agreement.

(g) Developer shall have delivered to the City a current certificate of good standing issued by the California Secretary of State's office and shall have delivered to the City a certified resolution of Jamboree Housing Corporation's Board of Directors authorizing Developer's execution and implementation of this Agreement;

(h) The City shall have determined that Developer is in full compliance with the terms and conditions of this Agreement and all documents and instruments referred to herein or executed by Developer in furtherance of this Agreement; and

(j) Developer shall have satisfied or Agency shall have waived Agency's Condition's to Closing.

In the event any of the City's Conditions to Closing are not satisfied (or waived by City), City may cancel the Escrow and terminate this Agreement by delivering ten (10) days prior written notice to Developer and the Escrow agent. Developer may nullify City's notice to terminate if, within such ten (10) day period Developer (at no cost to City) cures any unsatisfied City Conditions to Closing and notifies the Escrow agent of such cure. In the event of termination pursuant to this Section, (i) the Escrow shall be cancelled and any funds deposited by City shall be returned to it with any interest earned on such funds; (ii) Developer shall be responsible for any escrow cancellation fees imposed by the Escrow agent; and (iii) this Agreement shall be terminated and the parties hereto shall have no further rights or obligations hereunder.

3.9 Developer's Conditions To Closing. Developer's obligations to close Escrow shall be conditioned and contingent upon satisfaction or Developer's waiver of each of the following conditions precedent (collectively, the "Developer's Conditions to Closing"):

(a) The Seller shall have executed the Grant Deed in recordable form and shall have deposited same in Escrow;

(b) Agency shall have deposited in Escrow all of the funds and instruments required of it by this Agreement in order to close the Escrow, including but not limited to the Agency Loan funds described in Section 3.2, the Agency Deed of Trust, Regulatory Agreement, and such Subordination Agreements as may be required to effect the priority required by this Agreement

(c) City shall have deposited in Escrow all of the funds and instruments required of it by this Agreement in order to close the Escrow, including but not limited to the City Loan funds described in Section 3.3, the City Deed of Trust, Regulatory Agreement, and such Subordination Agreements as may be required to effect the priority required by this Agreement;

(d) The Conventional Lender has deposited in escrow all of the funds and instruments required of it to effect Close of Escrow;

(e) All conditions to Closing set forth in (i) the Purchase and Sale Agreement and any amendments thereto between Developer and the Seller for conveyance of the Site; and (ii) agreements and financing documents pertaining to Developer's financing of the acquisition of the Site, including as pertaining to financing by the Conventional Lender, have been satisfied (or waived by the appropriate party).

In the event any of the Developer's Conditions to Closing are not satisfied (or waived by Developer), and provided Developer has fully performed its obligations hereunder, Developer may cancel the Escrow and terminate this Agreement by delivering ten (10) days prior written notice to Agency, City and the Escrow agent. Agency or City may nullify Developer's

notice to terminate if, within such ten (10) day period Agency or City (at no cost to Developer) cures any unsatisfied Developer's Conditions to Closing and notifies the Escrow agent of such cure. In the event of termination pursuant to this Section, (i) the Escrow shall be cancelled and any funds deposited by Developer shall be returned to it with any interest earned on such funds; (ii) Agency and City shall be responsible for any escrow cancellation fees imposed by the Escrow agent; and (iii) this Agreement shall be terminated and the parties hereto shall have no further rights or obligations hereunder.

3.10 Broker's Fees. Developer, Agency and City shall each indemnify, defend, and hold harmless the other from any claims or damages for payment of any real estate commissions or broker's fees or finder's fees arising out of the acts or representations of the other with respect to any of the transactions contemplated by this Agreement.

3.11 Use of Excess Proceeds of Conventional Loan. The proceeds of the Conventional Loan must be used exclusively for the payment of Project Costs pursuant to this Agreement; provided that, if the Conventional Loan is in an amount that, when added to the City Loan and the Agency Loan, exceeds Project Costs, then Developer shall either deposit such excess proceeds into the Capital Reserve Account or shall, if directed by the Agency, apply such excess proceeds to repayment of the Agency Loan. Developer acknowledges and agrees that the Agency Loan is intended to be gap financing and Developer must endeavor to maximize the amount of the Conventional Loan. If the First Deed of Trust is recorded after the Close of Escrow for conveyance of the Site to Developer, then Developer shall provide to City and Agency copies of the note evidencing the Conventional Loan and conformed copies of the First Deed of Trust and any other documents required to be recorded by the Conventional Lender.

3.12 Subordination Agreements. Pursuant to Section 33334.14 of the *Health and Safety Code*, Agency is permitted to subordinate the Agency Deed of Trust and the Regulatory Agreement to superior deeds of trust, regulatory agreements and other related documents including but not limited to those required by the Conventional Lender, if certain findings are made and certain written commitments are obtained from such Conventional Lender. Therefore, upon receiving a written request from the Conventional Lender, the Agency may subordinate, in the form of the Subordination Agreement attached as Exhibit I-1, the Agency Deed of Trust and the Regulatory Agreement to the Conventional Lender's First Deed of Trust and such other related documents as Conventional Lender may require, in the amount the Agency determines was reasonably necessary to implement the Project.

City may agree to subordinate the City Deed of Trust and the Regulatory Agreement to superior deeds of trust, regulatory agreements and other related documents including but not limited to those required by the Conventional Lender, if satisfactory written commitments are obtained from such Conventional Lender to protect the City's investment in the event of a default by Developer. Therefore, upon receiving a written request from the Conventional Lender, the City may subordinate, in the form of the Subordination Agreement attached as Exhibit I-2, the City Deed of Trust and the Regulatory Agreement to the Conventional Lender's First Deed of Trust and such other related documents as Conventional Lender may reasonably require, in the amount the City determines was reasonably necessary to implement the Project. Developer may apply to

the City to increase said indebtedness, setting forth with specificity reasons for such a request, which approval the City shall not unreasonably withhold.

The priority of such deeds of trust shall be affected through the order of recordation of documents as set forth in Section 3.5(e). Such Subordination Agreement shall provide for: (i) A right of the Agency or City to cure a default on the Conventional Lender's First Deed(s) of Trust; (ii) A right of the Agency or City to negotiate with any lenders after notice of default from the lender; (iii) An agreement that if prior to foreclosure of any lenders' loans, the Agency or City takes title to the Site and cures the default on the loan, the lender will not exercise any right it may have to accelerate the loan by reason of the transfer of title to the Agency or City; and (iv) A right of the Agency or City to purchase the Site from the Developer at any time after a default on the loan.

SECTION 4. ACQUISITION AND REHABILITATION OF THE SITE.

4.1 General. The Project shall consist of the acquisition of the existing apartment building containing a total of five (5) units on the Site and the use of the Site as an affordable rental apartment complex in accordance with this Agreement and the Regulatory Agreement. It is anticipated that Developer will contract for performance of specific activities, including but not limited to activities such as relocation services, site inspections, and management of the Units. Such contracts shall not in any way diminish or waive Developer's obligations under this Agreement.

4.2 Rehabilitation of the Units. Developer shall obtain all necessary entitlements and permits and shall commence rehabilitation of the Units within the time set forth in the Schedule of Performance. Developer shall diligently prosecute its work so as to achieve completion of rehabilitation and rent up of the Project within the time set forth in the Schedule of Performance. Rehabilitation of the Units shall be planned and performed in a manner that will bring the Units into compliance with all applicable federal, state and local laws and requirements and in conformance with a Rehabilitation Plan approved by the Agency and the City.

4.3 Insurance. Developer shall procure and maintain, during the term of this Agreement, at its sole cost and expense, until the date that Agency or City waives any such insurance requirement or requirements in writing, the following policies of insurance on a Project specific basis:

(a) Workers' Compensation Insurance. Pursuant to *California Labor Code* Section 1861, Developer acknowledges awareness of Section 3700 *et seq.* of said code, which requires every employer to be insured against liability for workers' compensation. Developer covenants that it will comply with such laws and provisions prior to commencing any work of construction or rehabilitation on the Site. Developer shall maintain such Workers' Compensation Insurance in an amount not less than the statutory requirements in California for bodily injury and disease and must maintain employer's liability coverage in an amount not less than ONE MILLION DOLLARS (\$1,000,000.00). Developer shall require all contractors to provide such Workers' Compensation Insurance for all of the subcontractor's employees. Developer shall furnish Agency and City with a certificate of waiver of subrogation under the

terms of the Workers' Compensation Insurance and Developer shall similarly require all subcontractors to waive subrogation.

(b) General Liability and Auto Insurance. Developer shall carry general commercial liability insurance, including coverage for bodily injury, property damage, products/completed operations and blanket contractual liability in an amount not less than TWO MILLION DOLLARS (\$2,000,000.00) per occurrence and FOUR MILLION DOLLARS (\$4,000,000.00) annual aggregate, combined single limit for bodily injury and property damage. All such insurance shall be provided by insurance companies admitted in California, or if not admitted in California, then reasonably acceptable to Agency and City. Such insurance shall name the City and Agency and their officers, agents, and employees acting in their official capacity, as additional insureds. Developer shall carry automobile insurance, including liability coverage for bodily injury and property damage in an amount not less than ONE MILLION DOLLARS (\$1,000,000.00) per occurrence. Developer shall require its insurer to waive its subrogation rights against Agency and City and shall provide certificates of insurance evidencing same.

(c) Property Insurance. Developer shall obtain and maintain in force, all-perils (to include fire and vandalism protection) property insurance with extended coverage endorsements thereon, on the Site, in an amount equal to the full replacement costs and/or value thereof; this policy shall contain a replacement cost endorsement naming Agency and City as the insureds and shall not contain a coinsurance penalty provision. The policy shall contain a lender's loss payable endorsement that such proceeds shall be used to repair or rebuild any Units or other improvements situated on the Site so damaged or destroyed; and, if not so used, such proceeds shall be paid to Agency and City. The proceeds of any such insurance payable to Agency and City shall be used for rebuilding or repair as necessary to restore the site at the sole discretion of Agency and City. The policy shall name Agency and City, officers, agents and employees acting in their official capacity as additional insureds.

(d) Certificate of Insurance; Additional Insured Endorsements. Prior to the close of escrow, Developer shall furnish to Agency and City certificates of insurance and additional insured endorsements evidencing the foregoing insurance coverages as required by this Agreement. Such certificates and endorsements shall be subject to the reasonable approval of the City Attorney and shall provide the name and policy number of each carrier and policy and shall state that the policy is currently in force and shall promise to provide that such policies will not be cancelled without thirty (30) days prior written notice to Agency and City.

4.4 Indemnification. During the term of this Agreement, Developer agrees to and shall protect, defend, indemnify and hold the Agency and City harmless from and against all liability, loss, damage, cost or expenses (including reasonable attorneys' fees and court costs) arising from or as a result of (i) Developer's failure to perform any obligations as and when required by this Agreement or any document referred to herein, and (ii) the death of any person or any accident, injury loss, or damage whatsoever caused to any person or to the property of any person which shall occur on the Site and which shall be directly or indirectly caused by the acts of, or any errors or omissions of, the Developer or its officers, shareholders, directors, members, agents, servants, employees, contractors, or invitees. Developer shall not be responsible for, and

the Agency and City shall protect, defend, hold harmless and indemnify Developer against any liability, loss, damage, cost, or expense (including reasonable attorney's fees and court costs) arising from or as a result of the active concurrent negligence, sole negligence or sole willful misconduct of the Agency or the City or their respective members, officers, officials, employees, agents, representatives, servants, or contractors.

4.5 Hazardous Materials

(a) Lead-Based Paint and Asbestos Containing Materials. Developer shall inspect the Site for lead-paint and asbestos hazards in accordance with Title X of the 1992 Housing and Community Development Act. Any lead-paint and asbestos hazards identified must be abated as part of the rehabilitation of the Site. In the event the full abatement cost for such hazards causes the rehabilitation costs in the Project Budget to increase in an amount that exceeds the sum of the available City Loan Balance and the Deferred Developer Fee, Developer may request additional Set Aside funds or HOME Funds to pay for such additional cost. The Agency Board of Directors or City Council, as the case may be, in its sole discretion, shall approve or disapprove any such loan request based upon the recommendation of the Agency Executive Director or City Administrator and the Director of Economic Development.

(b) Indemnification. Developer, from and after the Close of Escrow, and until a transfer, sale, or assignment of the Site upon which the following covenant shall then be the obligation of the transferee, purchaser, or assignee, shall indemnify, defend, and hold harmless Agency and City and their respective officers, employees, agents and representatives (collectively, the "Indemnified Parties") from and against any and all liabilities (including penalties, fines and monetary sanctions) arising from a violation of state or federal law pertaining to (i) the storage of Hazardous Materials on the Site or (ii) contamination of the Site by a release of Hazardous Materials. Developer, prior to the Closing Date, shall provide to Agency and City a copy of any notices, orders, or reports concerning the presence of any Hazardous Materials on or affecting the Site that is in Developer's possession.

4.6 Security Financing; Right of Holders

(a) Permitted Encumbrances. Developer shall be permitted to enter into mortgages, deeds of trust, conveyances, and leases-back or any other form of conveyance in which the Site is used as security for the purpose of securing loans of funds to be used for the implementation of the Project provided such conveyance (i) is for the purposes permitted herein and (ii) is given to a financial or lending institution or other acceptable person or entity capable of performing or causing to be performed Developer's obligations under this Agreement, including without limitation a pension fund, insurance company, or real estate investment trust. Any and all such loan amounts and security conveyances shall be subject to the prior approval of the Agency's Executive Director and the City Administrator, which approval shall not be unreasonably withheld.

(b) Notice of Default to Mortgage, Deed of Trust or Other Security Interest Holders; Right to Cure. Whenever Agency or City shall deliver any notice or demand to Developer with respect to any breach by Developer in performance of this Agreement, it shall at

the same time deliver a copy of such notice or demand to each approved holder of record of any mortgage, deed of trust, or other security interest which has previously requested such notice in writing. Each such holder shall (insofar as the rights of Agency or City are concerned) have the right, at its option within ninety (90) days after the receipt of the notice, to commence and thereafter to diligently proceed to cure or remedy such default and add the cost thereof to the security interest debt and the lien on its security interest. Any holder completing the improvements in accordance with this Agreement shall be entitled to a Release of Construction Covenants upon written request made to Agency and City.

4.7 Refinancing of Senior Loans. Developer shall have the right to refinance the senior loan from the Conventional Lender, provided that City previously approves such refinancing in writing, which approval shall not be unreasonably withheld. Developer shall not obtain, and City shall have no obligation to approve, a new loan in an amount greater than \$200,000. Any net proceeds obtained as a result of a refinancing must be used exclusively to implement physical improvements to the Site.

4.8 Developer Fee. Developer shall be entitled to receive a fee of ONE HUNDRED FIFTY THOUSAND DOLLARS (\$150,000.00) to be earned and paid as follows: (1) \$83,000.00 upon close of Escrow for acquisition of the Site, to be used to pay costs associated with earnest money deposits and Developer's identification and acquisition of additional sites within the Oakview community, (2) \$33,187.00 upon 100% qualification and acceptance of Eligible Tenants for the Affordable Very Low Income Units, and (3) \$33,813.00 upon recordation of the Release of Construction Covenants. Developer agrees to defer any unpaid portion of its Developer Fee to the extent needed to pay for any cost overruns not funded and contingencies not otherwise funded by the sources of funds as described herein (the "Deferred Developer Fee"). The Deferred Developer Fee will be payable from Net Operating Income as described in Section 5.10 of this Agreement.

4.9 Legal Requirements. Developer hereby agrees to carry out acquisition, rehabilitation, construction (as defined by applicable law) and operation of the Project on the Site, including, without limitation, any and all public works (as defined by applicable law), in conformity with all applicable local, state and federal laws, including, without limitation, all applicable federal and state labor laws (including, without limitation, any requirement to pay state prevailing wages). It is the intent of the parties that, notwithstanding any other provisions of this Agreement, Developer's obligation applies only to the extent that a particular statute or regulation referenced herein or in the Regulatory Agreement applies to the Project. Developer hereby expressly acknowledges and agrees that neither the Agency nor the City has ever previously affirmatively represented to the Developer or its contractor(s) for the Project in writing or otherwise, in a call for bids or otherwise, that the work to be covered by the bid or contract is not a "public work," as defined in Section 1720 of the Labor Code. Developer hereby agrees that it shall have the obligation to provide any and all disclosures, representations, statements, re-bidding, and/or identifications to the extent the Project triggers a requirement under Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Developer hereby agrees that it shall have the obligation to provide and maintain any and all bonds to secure the payment of contractors (including the payment of wages to workers performing any public work) which to the extent the

Project triggers a requirement under the Civil Code, Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Developer hereby agrees that it shall have the obligation, at its sole cost, risk and expense, to obligate any party to the extent the Project triggers a requirement under Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Developer shall indemnify, protect, defend and hold harmless Agency and City and their respective officers, employees, contractors and agents, with counsel reasonably acceptable to Agency and City, from and against any and all loss, liability, damage, claim, cost, expense, and/or "increased costs" (including labor costs, penalties, reasonable attorneys fees, court and litigation costs, and fees of expert witnesses) which, in direct connection with the acquisition, construction (as defined by applicable law) and/or operation of the Project, including, without limitation, any and all public works (as defined by applicable law), results or arises in any way from any of the following: (1) the noncompliance by Developer of any applicable local, state and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including, without limitation, if applicable, the requirement to pay state prevailing wages); (2) the implementation of Sections 1726 and 1781 of the Labor Code, as the same may be enacted, adopted or amended from time to time, or any other similar law; (3) failure by Developer to provide any required disclosure, representation, statement, re-bidding and/or identification which may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law; (4) failure by Developer to provide and maintain any and all bonds to secure the payment of contractors (including the payment of wages to workers performing any public work) which may be required by the Civil Code, Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law; and/or (5) failure by Developer to obligate any party as may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. It is agreed by the parties that, in connection with the acquisition, construction (as defined by applicable law) and operation of the Project, including, without limitation, any public work (as defined by applicable law), Developer shall bear all risks of payment or non-payment of state prevailing wages and/or the implementation Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, and/or any other provision of law. "Increased costs" as used in this Section shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time. The foregoing indemnity shall survive termination of this Agreement.

4.10 Release of Construction Covenants.

(a) Promptly after completion of the rehabilitation of the Units, as generally and specifically required by this Agreement and in particular the Scope of Development, the City and Agency shall furnish Developer with a Release of Construction Covenants in the form of Exhibit "J" to this Agreement upon written request therefor by Developer. Completion of the rehabilitation of the Units is understood and agreed to mean the point in time that: (1) the entire rehabilitation work, including all minor corrective items, is fully and finally complete, including full and final completion of the work of the general contractor and all subcontractors on the Project; (2) all approvals, inspections and certificates required to be issued by governmental authorities for the full occupancy and use of the Project have been issued; (3) all clean up at the

Site is complete; and (4) the Project has been accepted by the City and the Agency as having been completed in accordance with the approved Rehabilitation Plan. Neither the City nor the Agency shall unreasonably withhold such Release of Construction Covenants and such Release of Construction Covenants shall be issued so long as Developer has rehabilitated the Units in accordance with this Agreement and the Rehabilitation Plan approved by the City and Agency pursuant hereto. Such Release of Construction Covenants shall be, and shall so state, conclusive determination of satisfactory completion of all of the construction required by this Agreement.

(b) The Release of Construction Covenants shall be in such form as to permit it to be recorded in the Recorder's Office of Orange County. A Release of Construction Covenants for construction of less than the completed rehabilitation of all of the Units in the Project shall not be recorded.

(c) If the City or Agency refuses or fails to furnish a Release of Construction Covenants after written request from Developer, the City or Agency, as the case may be, shall, within twenty (20) working days of the written request, provide Developer with a written statement of the reasons the City or Agency refused or failed to furnish a Release of Construction Covenants. The statement shall also contain the City's or Agency's opinion of the action Developer must take to obtain a Release of Construction Covenants. If the reason for such refusal is confined to the immediate availability of specific items or materials for landscaping, and/or minor items, the City or Agency, as the case may be, will issue its Release of Construction Covenants upon the posting of a bond by Developer in an amount representing the fair value of the work not yet completed. If the City or Agency shall have failed to provide such written statement within said 20-working-day period, the City or Agency shall be deemed to have furnished the Release of Construction Covenants and, notwithstanding the last sentence of Section 4.10(b), shall execute same for recordation.

(d) Such Release of Construction Covenants shall not constitute evidence of compliance with, or satisfaction of any obligation of Developer to the beneficiary of any Deed of Trust securing third party financing of the Project. A Release of Construction Covenants is not a notice of completion under Section 3093 of the California Civil Code.

SECTION 5. USE OF THE SITE.

5.1 No Inconsistent Uses. Developer covenants and agrees, for itself, its successors, its assigns, and every successor in interest to the Site, or any part thereof, that for the period beginning on the Close of Escrow and ending on the expiration date of the Regulatory Agreement, Developer and such successors shall not devote the Site to uses inconsistent with the applicable zoning restrictions, this Agreement, and the Regulatory Agreement; provided that, in the event of any inconsistency, the provisions of the Regulatory Agreement shall prevail over this Agreement.

5.2 Regulatory Agreement. At the Close of Escrow the Regulatory Agreement shall be recorded against the Site in the Priority set forth in the Section 3.4(d).

5.3 Relocation

(a) Relocation Plan. Developer shall use reasonable efforts to avoid displacing any existing tenants and/or persons residing in or on the Site. In the event, however, that off-Site relocation of existing tenants and/or persons residing in or on the Site becomes necessary as a result of Developer's implementation of the Project, Developer, prior to such off-Site relocation, shall submit a relocation plan to City and Agency for review and approval ("Relocation Plan"). The Relocation Plan shall comply with the requirements of the Uniform Relocation Act and the California Relocation Assistance Act and any guidelines promulgated in connection therewith and shall also include the name, gender, age, ethnicity, household income, and amount of relocation payment to be paid; provided, however, that Developer shall not be obligated to provide any of the foregoing referenced personal information about relocatees if such relocatees refuse to provide such information or the gathering or provision of such information is contrary to applicable law. Developer shall comply with the requirements of all applicable relocation laws, including, but not limited to, the Uniform Relocation Act and the California Relocation Assistance Act, and shall comply with related tenant notice requirements and shall provide the City with true and correct copies of such notices to tenants. Developer shall also retain all required records and the originals and/or copies of tenant notices in its files as mandated by applicable law. The relocation requirements of this Section do not apply to any tenants who qualify as Eligible Tenants (as such term is defined in the Regulatory Agreement) at the initiation of their tenancy but who are later required to move as a result of an increase in such tenant's household income.

(b) Relocation Cost. Developer shall endeavor to relocate existing tenants who do not qualify as Eligible Tenants to units in Developer's or Jamboree Housing Corporation's other properties. Developer shall submit an application for disbursement of relocation payments supported by documentation acceptable to the Agency supporting the amount and use of such funds.

5.4 Maintenance of the Site. After acquisition and rehabilitation of the Site and for the remaining term of this Agreement, all Units must be maintained in compliance with Federal Housing Quality Standards (24 CFR § 982.401) and other applicable state and local laws and codes. In addition, Developer shall maintain the Site in accordance with the terms of the Regulatory Agreement. The Agency and the City shall have the right at all reasonable times to enter and inspect the Site in order to ensure compliance with the foregoing requirements. In the event Developer fails to maintain the Site as required by this Section, Developer shall, within thirty (30) days after Agency's or City's notification or Developer's own discovery of any deficiency, take all necessary steps to correct such deficiency, provided that, if such deficiency is not reasonably capable of being cured within thirty (30) days, Developer shall commence to cure said deficiency within thirty (30) days and diligently and in good faith continue to take all necessary steps to correct such deficiency.

5.5 Nondiscrimination. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, age, class, income, religion, sex, sexual orientation, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, or any part thereof, or in the awarding

of contracts for the Project, nor shall Developer, 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 of the Site, or any part thereof, or in the awarding of contracts for the Project.

Developer shall comply with all applicable federal, state and local nondiscrimination, fair housing, and equal opportunity requirements. In addition, Developer shall conduct affirmative marketing and minority outreach activities as required by Federal regulations.

5.6 Form of Nondiscrimination and Nonsegregation Clauses. The Developer shall refrain from restricting the rental, sale or lease of the property on the basis of race, color, creed, age, class, income, religion, sex, sexual orientation, marital status, national origin or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clause:

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

(b) In Leases: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.”

(c) In Contracts: “There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1,

subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land, nor shall the transferee itself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the land.”

5.7 Effect and Duration of Covenants. The Developer has, concurrently with the execution of this Agreement, executed in recordable form the Regulatory Agreement. Every covenant and condition and restriction contained in the Regulatory Agreement shall remain in effect for sixty (60) years from the Effective Date of this Agreement (regardless of whether the Agency Loan or the City Loan have been repaid prior to the end of such 60-year period), except that the covenants against discrimination set forth in Sections 5.5 and 5.6 shall remain in effect in perpetuity. If, at the end of the 60-year period, an unpaid balance remains on the Agency Loan or the City Loan, Developer may choose to do either of the following: (a) Developer may choose to continue to maintain the covenants, conditions and restrictions imposed on the Site by the Regulatory Agreement, in which case the Agency shall not require repayment of the balance of the Agency Loan and City shall not require repayment of the balance of the City Loan and such loans shall not accrue any interest for the period during which said covenants, conditions and restrictions are maintained; or (b) Developer may choose not to maintain the covenants, conditions and restrictions imposed on the Site by the Regulatory Agreement, in which case the entire principal balance of the Agency Loan and the entire principal balance of the City Loan plus all accrued interest on such loans shall immediately become due and payable.

5.8 Creation of Capital Reserve Account. No later than thirty (30) days after the Close of Escrow, Developer shall create a “Capital Reserve Account” in the initial amount shown on the Project Budget. No later than thirty (30) days after the Capital Reserve Account has been created, Developer shall provide to Agency and City a pro forma statement concerning the account, for review and approval. At any time thereafter during the term of this Agreement, Agency or City, on ten (10) days prior written notice to Developer, may request that Developer submit to it updated, revised Capital Reserve Account statement. Agency or City, at its own expense, may audit any updated, revised Capital Reserve Account statement submitted to it by Developer.

5.9 Capital Reserves. Commencing with calendar year 2007, and every succeeding year during the term of this Agreement, Developer shall deposit a minimum of ONE THOUSAND FIVE HUNDRED DOLLARS (\$1,500.00) to the extent available from Net Operating Income (defined below) into the Capital Reserve Account for repairs to the Site. The Capital Reserve Account shall only be used to fund the cost of repairs and improvements to the Site and to maintain the Site in compliance with the requirements of Section 5.4. Developer shall exhaust funds in the Capital Reserve Account prior to utilizing operating revenues to pay for repairs and improvements to the Site. Interest earned on the Capital Reserve Account shall remain in said account and be used as Capital Reserves.

5.10 Payment of Portion of Residual Receipts.

(a) Payment to Agency and City. Commencing on the third anniversary of the Effective Date of this Agreement, and every succeeding year during the term of this Agreement, Developer must utilize FIFTY PERCENT (50%) of Net Operating Income for the previous one-year period ("Available Net Operating Income") to repay the Agency Loan and the City Loan through the pro rata application of Available Net Operating Income, reflecting the relative amounts of the Agency Loan and the City Loan. The Pro Rata Percentages shall be 49% of Available Net Operating Income for repayment of the Agency Loan and 51% of Available Net Operating Income for repayment of the City Loan. However, Developer may first utilize 100% of Available Net Operating Income to make payment of any theretofore unpaid portion of the Deferred Developer Fee, until paid in full. If a payment on the Agency Note or the City Note is required by Developer pursuant to the terms hereof, Developer shall make such payment no later than one hundred twenty (120) days following the end of the applicable calendar year.

(b) Definition of Net Operating Income. As used herein, the term "Net Operating Income" shall mean, for any reporting period (typically a calendar year), all income derived from the Site, including without limitation all tenant rent, fees and charges (excepting tenants' security deposits but including deposits forfeited by tenants), any rental subsidy payments received for the Units, the proceeds of business interruption and similar insurance, and the proceeds of casualty insurance to the extent not utilized to repair or rebuild the Project but excluding any interest income earned on the Capital Reserve Account and the tenant security deposits, less (i) payments of principal and interest, if any, required to be paid in such year by Developer with respect to any note, mortgage, or deed of trust (excepting the Agency Note and the City Note) with respect to the Site or Project, (ii) all reasonable and customary expenses actually incurred (or to be incurred if accounted for on an accrual basis) in leasing, managing, operating, maintaining, and repairing the Site, (iii) all capital expenses incurred pertaining to the Site excepting those to be paid from the Capital Reserve Account, (iv) the required deposits into the Capital Reserve Account, and (v) reasonable and customary property management fees, social services and resident services fees, administrative costs, salaries, benefits, overhead costs, and such other and further reasonable and customary operating and management expenses incurred in operating the Site. Depreciation expenses shall not be a reduction against Net Operating Income.

(c) Without regard to the recording order of the Agency Deed of Trust and the City Deed of Trust, the Agency Deed of Trust shall be of equal priority to the City Deed of Trust, and the Agency and the City agree to share foreclosure proceeds as set forth below.

(i) Foreclosure Proceeds. If there is a foreclosure, or any other action, judicial or nonjudicial, under the Agency Deed of Trust and/or the City Deed of Trust (including without limitation the giving of a deed in lieu of foreclosure), the Agency and the City shall be entitled to share based on the Pro Rata Percentages in any proceeds which shall ensue from such action, after the Conventional Lender has been satisfied and after payment of all reasonable expenses of the Agency and/or the City incurred in connection with the action. The Agency Deed of Trust shall be of equal priority to the City Deed of Trust. As among those two deeds of trust, if either deed of trust is otherwise determined to be senior to the other, then notwithstanding the

otherwise applicable effects of the California Civil Code and the California Code of Civil Procedure, upon foreclosure of the senior deed of trust and the elimination of the security created by the junior deed of trust, the holder of the foreclosing senior deed of trust shall share the foreclosure sale proceeds with the holder of the junior deed of trust based on the Pro Rata Percentages set forth above.

(ii) **Title to Property Following Foreclosure.** Following foreclosure, title shall be held in tenancy in common by the Agency and the City, with the percentage ownership of each based on the Pro Rata Percentages set forth above. Subsequent decisions to hold or sell the property shall be made by joint decision of the Agency and the City.

5.11 **Financial Statements.** On a yearly basis, Developer shall submit copies of its annual tax return and copies of Jamboree Housing Corporation's annual audit. Developer shall also submit to Agency and City, on a yearly basis, a true and correct copy of Developer's financial statements for the Project clearly identifying the Project revenues, operating expenses, deposits to and withdrawals from the Project's Capital Reserve Account, and cash flow available for residual receipts payments. Before such statements are submitted, they must be reviewed and certified by Developer to have been prepared in accordance with Generally Accepted Accounting Principles. In addition, during such time as Developer, or Developer and any affiliate of Developer, owns a total of at least thirty (30) residential rental units in the Oakview community, the annual statements required by this Section 5.11 must be reviewed and certified by an independent accounting or auditing firm to have been prepared in accordance with Generally Accepted Accounting Principals. After receipt of financial statements for the Project, Agency or City may request additional financial analyses or obtain a third party review at City's and Agency's own expense, of financial statements for the Project to verify the accuracy of the payments by Developer on the Agency Note and the City Note pursuant to Section 5.10 or the deposits into the Capital Reserve Account pursuant to Section 5.9.

5.12 **Operation of Project.** Borrower shall lease, operate and manage the Project in full conformance with the terms of this Agreement and specifically the Regulatory Agreement. Further, all of the Units in the Project shall be designated as Affordable Very Low Income Units. Rents for the Affordable Very Low Income Units shall not exceed the applicable Affordable Rents. Not later than sixty (60) days after Close of Escrow, and for every year thereafter during this Agreement's term, Developer shall submit an annual, proposed budget to Agency and City for review and approval.

5.13 **Lead-Based Paint.** Developer shall ensure that it and its contractors and subcontractors shall not use lead-based paint in the construction or maintenance of the Project. Developer shall insert this provision in all contracts and subcontracts for work performed on the Project which involves the application of paint.

5.14 **Barriers to the Disabled.** Developer shall ensure that the Project shall be rehabilitated and operated to comply with all federal, state, and local requirements for access for disabled persons that apply to the acquisition and rehabilitation of existing multi-family rental units.

SECTION 6. DEFAULTS AND REMEDIES.

6.1 **Developer Defaults.** The occurrence of any one or more of the following events shall constitute a “Material Default” by Developer hereunder if, after receiving written notice from City as provided in Section 6.3 below identifying such event, Developer fails to cure said event within thirty (30) days; provided that if such default is not reasonably capable of being cured within thirty (30) days, Developer commences to cure said event within thirty (30) days and diligently and in good faith continues to cure the event of default:

(a) Developer has failed to Close Escrow to acquire fee title to the Site within sixty (60) days after the time set forth in the Schedule of Performance;

(b) Developer fails to complete rehabilitation of the Units within the time set forth in the Schedule of Performance, as such time may be extended pursuant to this Agreement;

(c) Developer fails to observe or perform any material term of this Agreement or any agreement incorporated hereunder by reference including, but not limited to, the Regulatory Agreement, the Agency Note, the Agency Deed of Trust, the City Note, the City Deed of Trust or the Subordination Agreements (if applicable), within the time set forth in this Agreement or any of the documents referred to herein; or

(d) Developer knowingly and intentionally makes or delivers to City any statement, report, or certificate that is not true or correct in any material respect.

In no event shall City or Agency be precluded from exercising remedies if the default is not cured within one hundred twenty (120) days, or City’s or Agency’s rights under this Agreement become or are about to become materially jeopardized by any failure to cure a default.

6.2 **Agency Defaults.** The occurrence of any one or more of the following events shall constitute a “Material Default” by Agency hereunder if, after receiving written notice from Developer as provided in Section 6.3 below identifying such event, Agency fails to cure said event within thirty (30) days; provided that if such default is not reasonably capable of being cured within thirty (30) days, Agency commences to cure said event within thirty (30) days and diligently and in good faith continues to cure the event of default:

(a) Agency fails to observe or perform any material term of this Agreement within the time set forth in this Agreement, including but not limited to timely deposit into Escrow of the required portion of Agency Loan funds; or

(b) Agency knowingly and intentionally makes or delivers to Developer any statement, report, or certificate that is not true or correct in any material respect.

In no event shall Developer be precluded from exercising remedies, if the default is not cured within one hundred twenty (120) days, or Developer’s rights under this Agreement become or are about to become materially jeopardized by any failure to cure a default.

6.3 City Defaults. The occurrence of any one or more of the following events shall constitute a "Material Default" by City hereunder if, after receiving written notice from Developer as provided in Section 6.3 below identifying such event, City fails to cure said event within thirty (30) days; provided that if such default is not reasonably capable of being cured within thirty (30) days, City commences to cure said event within thirty (30) days and diligently and in good faith continues to cure the event of default:

(a) City fails to observe or perform any material term of this Agreement within the time set forth in this Agreement, including but not limited to timely deposit into Escrow of the required portion of City Loan funds; or

(b) City knowingly and intentionally makes or delivers to Developer any statement, report, or certificate that is not true or correct in any material respect.

In no event shall Developer be precluded from exercising remedies, if the default is not cured within one hundred twenty (120) days, or Developer's rights under this Agreement become or are about to become materially jeopardized by any failure to cure a default.

6.4 Notice of Default. The non-defaulting party shall give written notice of any default under this Section to the defaulting party, clearly specifying the default. Copies of any notice of default given to the defaulting party shall also be given to any permitted lender requesting such notice. Any failure or delay in giving such notice or in asserting any of any party's rights and remedies as to any default shall not constitute a waiver of any default, nor shall it change the time of default, nor shall it deprive any party of its rights to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

6.5 Agency's Remedies.

(a) The Agency, at its option, may terminate this Agreement prior to the Close of Escrow in the event of any Material Default that the Developer fails to cure within the time set forth in Section 6.1 (subject to the right of notice and expiration of applicable cure periods).

(b) Following the Close of Escrow, in the event of any Material Default that the Developer fails to cure within the time set forth in Section 6.1 (subject to the right of notice and expiration of applicable cure periods), the entire principal balance of the Agency Loan including all interest shall immediately become due and payable, and Agency shall have the option to: (a) demand full payment of the principal balance of the Agency Loan including all interest; (b) take over ownership and management of the Site; or (c) foreclose on the Site under the Agency Deed of Trust.

6.6 City's Remedies.

(a) The City, at its option, may terminate this Agreement prior to the Close of Escrow in the event of any Material Default that the Developer fails to cure within the time set forth in Section 6.1 (subject to the right of notice and expiration of applicable cure periods).

(b) Following the Close of Escrow, in the event of any Material Default that the Developer fails to cure within the time set forth in Section 6.1 (subject to the right of notice and expiration of applicable cure periods), the entire principal balance of the City Loan including all interest shall immediately become due and payable, and City shall have the option to: (a) demand full payment of the principal balance of the City Loan including all interest; (b) take over ownership and management of the Site; or (c) foreclose on the Site under the City Deed of Trust.

6.7 Developer's Remedies. Subject to any applicable cure periods and the general right to notice provided for in this Agreement, upon a default or breach of this Agreement by City, Developer may bring an action for specific performance of this Agreement or any term or provision hereof, or, if prior to the Close of Escrow, may terminate this Agreement. Developer may not sue for monetary damages.

6.8 Rights and Remedies are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties hereto are cumulative, and the exercise by any party of one or more of its rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by another party.

SECTION 7. GENERAL PROVISIONS

7.1 Developer's Warranties. Developer represents and warrants (1) that it has access to professional advice and support to the extent necessary to enable Developer to fully comply with the terms of this Agreement; (2) that it is duly organized, validly existing and in good standing under the laws of the State of California; (3) that it has the full power and authority to undertake the Project and to execute this Agreement; (4) that the persons executing and delivering this Agreement are authorized to execute and deliver such documents on behalf of Developer; (5) except as disclosed to the City and Agency in writing, there are no actions or proceedings pending or, to the best of the Developer's knowledge, threatened against the Developer before any court or administrative agency in any way connected with the Site or the Project which could adversely affect the Developer's ability to perform the activities contemplated hereunder; (6) neither this Agreement nor anything provided to be done hereunder violates or shall violate any contract, agreement or instrument to which the Developer is a party or which affects the Project or any part thereof; (7) the Developer is not in default in respect of any of its obligations or liabilities pertaining to this Agreement, nor is there any state of facts or circumstances or conditions or events which, after notice, lapse of time, or both, would constitute or result in any such default under this Agreement; and (8) the Developer has not entered into any agreements which will adversely affect the title to the Project or the Developer's right to

develop and use the Project as provided in this Agreement, and the Developer will not enter into any such agreements after the date hereof.

7.2 Governing Law. The internal laws of the State of California shall govern the interpretation and enforcement of this Agreement.

7.3 Attorneys' Fees. In the event that any action, suit or other proceeding is brought to enforce the obligations of under this Agreement, each party shall bear its own costs and expenses of suit, including attorneys' fees, expert witness fees and all costs incurred in each and every such action, suit or other proceeding, including any and all appeals or petitions therefrom.

7.4 Notices, Demands, and Communications Between the Parties. Formal notices, demands, and communications between Agency, City and Developer shall be sufficiently given if: (i) personally delivered; (ii) delivered by same day or overnight courier (acknowledged by receipt showing date and time of delivery); or (iii) dispatched by registered or certified mail, postage prepaid, return receipt requested, to the addresses set forth below:

If to Developer: JHC – Oakview, LLC
c/o Jamboree Housing Corporation
17701 Cowan Avenue, Ste 200
Irvine, CA 92614
Attn: Laura Archuleta, President

If to Agency: Redevelopment Agency of the
City of Huntington Beach
2000 Main Street
Huntington Beach, CA 92648
Attn: Executive Director

If to City: City of Huntington Beach
2000 Main Street
Huntington Beach, CA 92648
Attn: City Administrator

With a copy to: City Attorney's Office
City of Huntington Beach
2000 Main Street
Huntington Beach, CA 92648

Notices personally delivered or delivered by courier shall be effective upon receipt or refusal to accept delivery. Mailed notices shall be effective on the earlier of (i) receipt of refusal to accept delivery, or (ii) noon on the second business day following deposit in the United States mail. Notices, requests and submittals that are required to be given to both the Agency and the City shall be deemed given if such notices, requests and submittals are given to either the Agency or

the City and, with regard to notices and requests, a copy is provided to the City Attorney's Office.

7.5 Acceptance of Service of Process. In the event that any legal action is commenced by Developer against Agency, service of process on Agency shall be made by personal service upon the Executive Director or the Agency Secretary, or in such other manner as may be provided by law. In the event that any legal action is commenced by Developer against City, service of process on City shall be made by personal service upon the City Administrator or the City Clerk, or in such other manner as may be provided by law. In the event that any legal action is commenced by Agency or City against Developer, service of process on Developer shall be made by in any manner provided by law, and shall be valid whether made within or without the State of California.

7.6 Conflicts of Interest. No member, official, or employee of Agency or City shall have any personal interest in this Agreement, nor participate in any decision relating to this Agreement, that is in violation of any applicable law, regulation or ordinance.

7.7 Titles and Captions. Titles and captions are for convenience only and shall not be construed to limit or extend the meaning of this Agreement.

7.8 Gender. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others wherever and whenever the context so dictates.

7.9 Modifications. Any amendment, alteration, change, or modification of or to this Agreement, in order to become effective, shall be made by written instrument or endorsement thereon and in each such instance executed on behalf of each party hereto.

7.10 Merger of Prior Agreements and Understandings. This Agreement and all documents incorporated herein contain the entire understanding among the parties hereto relating to the transactions contemplated herein and all prior or contemporaneous agreements, understandings, representations, and statements, oral or written.

7.11 No Third Parties Benefited. This Agreement shall create no third-party beneficiary rights or any other rights in favor of any persons, firms or corporations, except as may be expressly stated in this Agreement. This Agreement is for the sole use and benefit of the parties hereto and is not for the use or benefit of any other person or entity.

7.12 Assurances to Act in Good Faith; Approval by Both Agency and City. Developer, Agency and City each agree to execute all documents and instruments and to take all action, including timely depositing funds as required hereby, and shall use their respective best efforts to accomplish the acquisition and rehabilitation of the Site in accordance with the provisions hereof. Any matter for which approval is required by both the Agency and the City shall be deemed approved if such approval is given by either the Agency or the City.

7.13 Warranty Against Payment of Consideration for Agreement. Except as provided in this Agreement, Developer warrants that it has not paid or given, and will not pay or give, any person any money or other consideration for obtaining this Agreement that is in violation of any law.

7.14 Nonliability of Agency or City Officials and Employees. No member, official, or employee of the Agency or City shall be personally liable to the Developer or any successor in interest, in the event of any default or breach by the Agency or City or for any amount which may become due to the Developer or to its successor, or on any obligations under the terms of this Agreement.

7.15 Interpretation. The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against any party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

7.16. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

7.17 Severability. Wherever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law. If, however, any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

7.18. Extension of Times of Performance. Notwithstanding the foregoing, in addition to the specific provisions of this Agreement, performance by any party hereunder shall not be deemed to be in default during an event of Force Majeure. An extension of time for an event of Force Majeure shall be limited to the period of such event, and shall commence to run from the time of the commencement of the cause, provided notice by the party claiming such extension is sent to the other party within sixty (60) days of the commencement of the cause. In the event of such delay, the party delayed shall continue to exercise reasonable diligence to minimize the period of delay.

Times of performance under this Agreement may also be extended by mutual written agreement by Agency, City and Developer. In addition, the Agency Executive Director and the City Administrator shall have the authority on behalf of Agency and City, respectively, to approve extensions of time not to exceed a cumulative total of one (1) year.

7.19 Inspection of Books and Records. The Agency, the City or their designees have the right at all reasonable times to inspect the books, records and/or other documents of the Developer pertaining to the Site and/or the Project as pertinent to the purposes of this Agreement.

7.20 Waivers. The waiver by Agency, City or Developer of any term, covenant, or condition herein contained shall not be a waiver of such term, covenant, or condition on any subsequent breach.

SECTION 8. EXECUTION OF AGREEMENT; TIME FOR ACCEPTANCE

This Agreement consists of thirty-four (34) pages and ten (10) attachments which constitute the entire understanding and agreement of the parties.

This Agreement does not take effect until executed by the Developer, Agency and City. This Agreement, when executed by the Developer and delivered to the Agency and City, must be authorized, executed and delivered by the Agency and City within thirty (30) days after the date of signature by the Developer, or this Agreement may be terminated by the Developer on written notice to the Agency and City.

The Agency Executive Director and the City Administrator are hereby authorized and directed to take such other and further actions, and sign such other and further agreements and documents on behalf of the Agency and the City, respectively, as may be necessary or proper to effect the terms of this Agreement.

[SIGNATURES APPEAR ON NEXT PAGE]

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

"DEVELOPER"

JHC – OAKVIEW, LLC,
a California limited liability company

By: Jamboree Housing Corporation,
a California nonprofit corporation,
Its: Managing Member

By: _____
Laura Archuleta
Its: President

"CITY"

THE CITY OF HUNTINGTON BEACH, a
municipal corporation of the State of California

By: _____
Mayor

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

By: *[Signature]*
5.8.07 City Attorney *[Initials]*

COUNTERPART

"AGENCY"

REDEVELOPMENT AGENCY OF THE
CITY OF HUNTINGTON BEACH, a public
body corporate and politic

By: _____
Chairperson

ATTEST:

By: _____
Agency Secretary

APPROVED AS TO FORM:

By: *[Signature]*
5.8.07 General Counsel *[Initials]*

By: *[Signature]*
KANE, BALLMER & BERKMAN
Agency Special Counsel

E9 . 45

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

"DEVELOPER"

JHC – OAKVIEW, LLC,
a California limited liability company

By: Jamboree Housing Corporation,
a California nonprofit corporation,
Its: Managing Member

By: 

Laura Archuleta
Its: President

COUNTERPART

"CITY"

THE CITY OF HUNTINGTON BEACH, a
municipal corporation of the State of California

By: _____
Mayor

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
City Attorney

"AGENCY"

REDEVELOPMENT AGENCY OF THE
CITY OF HUNTINGTON BEACH, a public
body corporate and politic

By: _____
Chairperson

ATTEST:

By: _____
Agency Secretary

APPROVED AS TO FORM:

By: _____
General Counsel

By: _____
KANE, BALLMER & BERKMAN
Agency Special Counsel

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EXHIBIT A

Legal Description

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Legal Description

Legal Description of Property Commonly Known As
17362 Koledo Lane
Huntington Beach, California 92647

PARCEL 1:

LOT 36 OF TRACT NO. 4301, IN THE CITY OF HUNTINGTON BEACH, AS SHOWN ON A MAP RECORDED IN BOOK 177, PAGES 11 AND 12 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, MINERALS AND OTHER HYDROCARBONS, BELOW A DEPTH OF 500 FEET, WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED IN DEEDS OF RECORD.

PARCEL 2:

THE EAST 1/2 OF KOLEDO LANE VACATED BY RESOLUTION NO. 5353 RECORDED FEBRUARY 15, 1984 AS INSTRUMENT NO. 84-065494 OF OFFICIAL RECORDS, LYING SOUTHERLY OF THE WESTERLY PROLONGATION OF THE NORTHERLY LINE OF LOT 36 AND NORTHERLY OF THE WESTERLY PROLONGATION OF THE SOUTHERLY LINE OF LOT 36 OF TRACT NO. 4301, IN THE CITY OF HUNTINGTON BEACH, AS SHOWN ON A MAP RECORDED IN BOOK 177, PAGES 11 AND 12 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, MINERALS AND OTHER HYDROCARBONS, BELOW A DEPTH OF 500 FEET, WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED IN DEEDS OF RECORD.

APN: 165-232-01

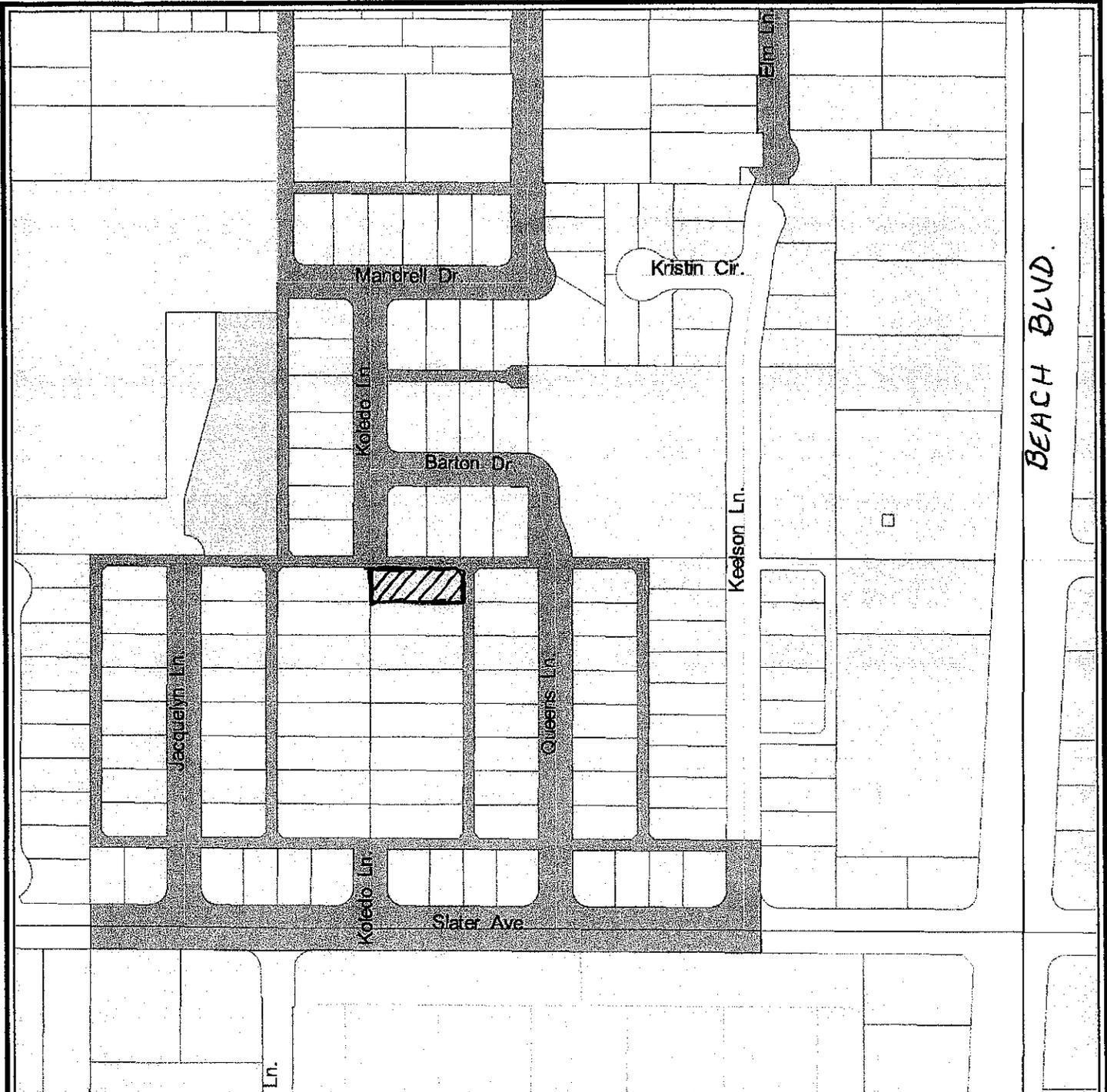
EXHIBIT B

Site Map

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Site Map

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17362 Koledo Lane, Huntington Beach, CA

Map produced by information contained in the City of Huntington Beach Information Services Department Geographic Information System. Information warranted for City use only. Huntington Beach does not guarantee its completeness or accuracy.
Map Produced on 5/15/2007



HB
GIS



One inch equals 259 feet

STREET NAMES

— CITY BOUNDARY

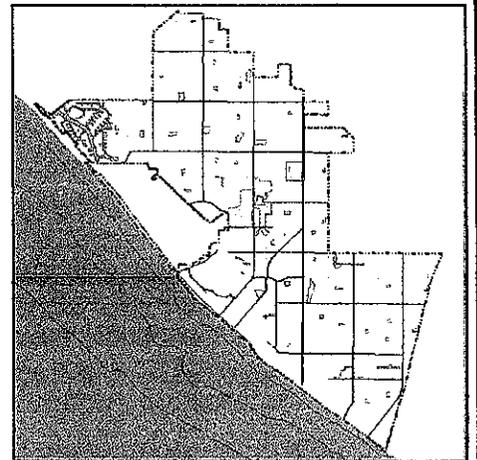
STREET CENTERLINES (CLASS)

- Smartstreet
- Major
- Collector
- Primary
- Secondary
- Residential
- Travelway
- Alley

ISOBATHS

HARBOR

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EXHIBIT C

Scope of Development

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EXHIBIT "C"

SCOPE OF DEVELOPMENT

Developer's acquisition of the existing apartment building consisting of a total of five (5) units located at 17362 Koledo Lane in the City of Huntington Beach, the rehabilitation of those units in conformity with the Rehabilitation Plan approved by the City and Agency and applicable requirements of local, state and federal laws, rules and regulations, and the subsequent rental of the Units to Very Low Income Households at Affordable Rents for a period of not less than 60 years, as further described in the Affordable Housing Agreement and the Regulatory Agreement.

**EXHIBIT D
PROJECT BUDGET**

I. Sources of Funds

Agency Loan (Set-Aside Funds)	\$780,000
City Loan (HOME Funds)	800,000
Conventional Loan	191,000
	<hr/>
Total Sources of Funds	\$1,771,000

II. Uses of Funds

Acquisition Costs (eligible for use of HOME Funds)	\$1,150,000
Relocation Costs	35,000
Rehabilitation Costs	399,025
Soft Costs	32,892
Net Financing Costs	4,083
Developer Fee	150,000
	<hr/>
Total Uses of Funds	\$1,771,000

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EXHIBIT "E"

SCHEDULE OF PERFORMANCE

ITEM OF PERFORMANCE	TIME OF PERFORMANCE	REFERENCE
1. Developer, Agency and City each execute all documents and deposit all documents and funds into Escrow as required by this Agreement.	Not later than twelve noon on the business day immediately prior to the scheduled Closing Date.	§ 3.5(b); § 3.5(c).
2. Closing Date.	Not later than December 27, 2007.	§ 3.5(a).
3. Developer obtains the Approved Project Plans and Permits for the Project and commences the rehabilitation work on the Site.	Within one hundred eighty (180) days after the Closing Date.	§ 4.2
4. Developer submits a Management Plan and Rehabilitation Plan to the City.	Within ninety (90) days after the Closing Date.	§ 4.4 of Regulatory Agreement (Exhibit H)
5. Developer completes rehabilitation of the improvements on the Site and achieves rent up of the Units.	Within one year after commencement of the rehabilitation work on the Site.	§ 4.2
6. Developer submits annual financial statements and rent records/tenant eligibility certifications to the City.	Within one hundred twenty (120) days after the end of each calendar year.	§ 5.11

It is understood that this Schedule of Performance is subject to all of the terms and conditions of the text of the Agreement. The summary of the items performance in this Schedule of Performance is not intended to supersede or modify the more complete description in the text; in the event of any conflict or inconsistency between this Schedule of Performance and the text of the Agreement, the text shall govern.

The time periods set forth in this Schedule of Performance may be altered or amended only by written agreement signed by the Developer, the Agency and the City. The City Administrator and the Agency Executive Director shall have the authority to approve extensions of time without action of the City Council and the Agency's governing board, not to exceed a cumulative total extension of one (1) year.

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EXHIBIT F

Promissory Notes

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EXHIBIT F-1

Agency Promissory Note

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[AGENCY LOAN]
PROMISSORY NOTE
SECURED BY DEED OF TRUST WITH ASSIGNMENT
OF RENTS AND RIDER ATTACHED THERETO

DO NOT DESTROY THIS NOTE: When paid, this Note, with the Deed of Trust securing same, must be surrendered to Trustee for cancellation before reconveyance will be made.

PROMISSORY NOTE SECURED BY DEED OF TRUST

Principal Loan Amount: \$780,000
Interest: 0%
Huntington Beach, California
Note Date: _____, 2007

FOR VALUE RECEIVED, the undersigned ("Maker") hereby promises to pay to the order of the REDEVELOPMENT AGENCY OF THE CITY OF HUNTINGTON BEACH, a public body corporate and politic ("Holder"), at a place designated by Holder, the principal sum of SEVEN HUNDRED EIGHTY THOUSAND DOLLARS (\$780,000.00) or such portion thereof as is advanced from Holder to Maker pursuant to an Affordable Housing Agreement (the "Agreement") dated as of _____, 2007 by and between Maker ("Developer" therein), the City of Huntington Beach and Holder ("Agency" therein), plus interest at the rate of ZERO PERCENT (0%) simple interest,. The Agreement is hereby incorporated by reference as though fully set forth herein. Any capitalized terms not defined herein shall have the meanings ascribed to them in the Agreement. The obligation of the Maker to the Holder hereunder shall be secured by a deed of trust made by the Maker encumbering the Site to be developed (the "Site") pursuant to the Agreement and the Deed of Trust and Assignment of Rents dated _____, 2007, executed by the Maker ("Trustor" therein) and recorded in the Recorder's Office of Orange County, California on _____, as Document No. _____ (the "Agency Deed of Trust"). The obligation of the Maker set forth in this Note is subject to acceleration as set forth in the Agreement. The Agreement and the Agency Deed of Trust are public records on file in the offices of the Holder.

1. Agency Loan. This Note evidences the obligation of the Maker to the Holder for the repayment of Set Aside Funds loaned to the Maker by the Holder (the "Agency Loan") to finance the acquisition of the Site and implementation of the Project pursuant to the Agreement. The Maker shall not make any sale, assignment or conveyance, or transfer in any other form, of the Site, or any part thereof, or interest therein without the express written consent of the Holder as set forth in Section 2.5 of the Agreement.

2. Payment of Obligation. Commencing on the third anniversary of the Effective Date of the Agreement, and every succeeding year during the 60-year term of this Note, Maker must utilize FIFTY PERCENT (50%) of Net Operating Income for the previous one-year period ("Available Net Operating Income") to repay the Agency Loan and the City Loan through the pro rata application of Available Net Operating Income, reflecting the relative

amounts of the Agency Loan and the City Loan. The Pro Rata Percentages shall be 49% of Available Net Operating Income for repayment of the Agency Loan and 51% of Available Net Operating Income for repayment of the City Loan. However, Maker may first utilize 100% of Available Net Operating Income to make payment of any theretofore unpaid portion of the Deferred Developer Fee, until paid in full. If a payment on this Note is required by Maker pursuant to the terms hereof, Maker shall make such payment no later than one hundred (120) days following the end of the applicable calendar year.

The term "Net Operating Income" shall mean all income derived from the Site, including without limitation all tenant rent, fees and charges (excepting tenants' security deposits but including deposits forfeited by tenants), any rental subsidy payments received for the Units, the proceeds of business interruption and similar insurance, and the proceeds of casualty insurance to the extent not utilized to repair or rebuild the Project, but excluding any interest income earned on the Capital Reserve Account and on the tenant security deposits, less (i) payments of principal and interest, if any, required to be paid in such year by Maker with respect to any note, mortgage, or deed of trust (excepting this Note and the City Note) with respect to the Site or Project, (ii) all reasonable and customary expenses actually incurred (or to be incurred if accounted for on an accrual basis) in leasing, managing, operating, maintaining, and repairing the Site, (iii) all capital expenses incurred pertaining to the Site excepting those to be paid from the Capital Reserve Account, (iv) the required deposits into the Capital Reserve Account, and (v) reasonable and customary property management fees, social services and resident services fees, administrative costs, salaries, benefits, overhead costs, and such other and further reasonable and customary operating and management expenses incurred in operating the Site. Depreciation expenses shall not be a reduction against Net Operating Income.

3. Prepayment

(a) Penalties. Maker may prepay the principal balance of this Note at any time without penalty. In the event Maker prepays the entire balance of this Note including all accrued interest, the covenants, conditions and restrictions imposed on the Site by the Regulatory Agreement shall remain in full force and effect for the full 60-year term as specified therein.

(b) Effect on Covenants. If, at the end of the 60-year term of this Note, an unpaid balance remains on this Note, Maker may choose to do either of the following: (a) Maker may choose to continue to maintain the covenants, conditions and restrictions imposed on the Site by the Regulatory Agreement, in which case the Holder shall not require repayment of the balance of this Note and the Agency Loan shall not accrue any interest for the period during which said covenants, conditions and restrictions are maintained; or (b) Maker may choose not to maintain the covenants, conditions and restrictions imposed on the Site by the Regulatory Agreement, in which case the entire principal balance of the Agency Loan plus all accrued interest on the Agency Loan shall immediately become due and payable.

4. Acceleration of Obligation. Upon the occurrence of a uncured Material Default of Maker under this Note, the Agency Deed of Trust or any obligation secured thereby (including the obligations in the Agreement and the Regulatory Agreement), or in any other instrument now or hereafter securing the obligations evidenced hereby, then, and in any of such events, Holder may, at

its option, declare this Note and all the obligations hereby evidenced to be immediately due and payable and collectible then or thereafter as Holder may elect, regardless of the date of maturity.

5. Default Interest. If any event occurs giving Holder the right to accelerate this Note pursuant to Section 4 above, the entire unpaid and unforgiven principal owing hereunder shall, as of the date of such default, commence to accrue interest at a rate equal to two percentage points above the reference rate published by Bank of America N.A., or the maximum non-usurious interest rate permitted by law, whichever is less.

6. Collection Costs; Attorneys' Fees. If any attorney is engaged by Holder because of any event of an uncured Material Default under this Note or the Agency Deed of Trust or to enforce any provision of either instrument, whether or not suit is filed hereon, Holder shall bear its own attorney's fees and costs.

7. Severability. The unenforceability or invalidity of any provision or provisions of this Note as to any persons or circumstances shall not render that provision or those provisions unenforceable or invalid as to any other provisions or circumstances, and all provisions hereof, in all other respects, shall remain valid and enforceable.

8. Modifications. Neither this Note nor any term hereof may be waived, amended, discharged, modified, changed or terminated orally; nor shall any waiver of any provision hereof be effective except by an instrument in writing signed by Maker and Holder.

9. Usury. Notwithstanding any provision in this Note, Agency Deed of Trust or other document securing same, the total liability for payment in the nature of interest shall not exceed the limit now imposed by applicable laws of the State of California.

10. Governing Law. This Note has been executed and delivered by Maker in the State of California and is to be governed and construed in accordance with the laws thereof.

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

"MAKER"

JHC – OAKVIEW, LLC,
a California limited liability company

By 
Its: _____

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EXHIBIT F-2

City Promissory Note

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[CITY LOAN]
PROMISSORY NOTE
SECURED BY DEED OF TRUST WITH ASSIGNMENT
OF RENTS AND RIDER ATTACHED THERETO

DO NOT DESTROY THIS NOTE: When paid, this Note, with the Deed of Trust securing same, must be surrendered to Trustee for cancellation before reconveyance will be made.

PROMISSORY NOTE SECURED BY DEED OF TRUST

Principal Loan Amount: \$800,000
Interest: 0%
Huntington Beach, California
Note Date: _____, 2007

FOR VALUE RECEIVED, the undersigned ("Maker") hereby promises to pay to the order of THE CITY OF HUNTINGTON BEACH, a municipal corporation of the State of California ("Holder"), at a place designated by Holder, the principal sum of EIGHT HUNDRED THOUSAND DOLLARS (\$800,000.00) or such portion thereof as is advanced from Holder to Maker pursuant to an Affordable Housing Agreement (the "Agreement") dated as of _____, 2007 by and between Maker ("Developer" therein), the Redevelopment Agency of the City of Huntington Beach and Holder ("City" therein), plus interest at the rate of ZERO PERCENT (0%) simple interest. The Agreement is hereby incorporated by reference as though fully set forth herein. Any capitalized terms not defined herein shall have the meanings ascribed to them in the Agreement. The obligation of the Maker to the Holder hereunder shall be secured by a deed of trust made by the Maker encumbering the Site to be developed (the "Site") pursuant to the Agreement and the Deed of Trust and Assignment of Rents dated _____, 2007, executed by the Maker ("Trustor" therein) and recorded in the Recorder's Office of Orange County, California on _____, as Document No. _____ (the "City Deed of Trust"). The obligation of the Maker set forth in this Note is subject to acceleration as set forth in the Agreement. The Agreement and the City Deed of Trust are public records on file in the offices of the Holder.

1. City Loan. This Note evidences the obligation of the Maker to the Holder for the repayment of HOME Funds loaned to the Maker by the Holder (the "City Loan") to finance the acquisition of the Site and implementation of the Project pursuant to the Agreement. The Maker shall not make any sale, assignment or conveyance, or transfer in any other form, of the Site, or any part thereof, or interest therein without the express written consent of the Holder as set forth in Section 2.5 of the Agreement.

2. Payment of Obligation. Commencing on the third anniversary of the Effective Date of the Agreement, and every succeeding year during the 60-year term of this Note, Maker must utilize FIFTY PERCENT (50%) of Net Operating Income for the previous one-year period ("Available Net Operating Income") to repay the Agency Loan and the City Loan through the pro rata application of Available Net Operating Income, reflecting the relative

amounts of the Agency Loan and the City Loan. The Pro Rata Percentages shall be 49% of Available Net Operating Income for repayment of the Agency Loan and 51% of Available Net Operating Income for repayment of the City Loan. However, Maker may first utilize 100% of Available Net Operating Income to make payment of any theretofore unpaid portion of the Deferred Developer Fee, until paid in full. If a payment on this Note is required by Maker pursuant to the terms hereof, Maker shall make such payment no later than one hundred twenty (120) days following the end of the applicable calendar year.

The term "Net Operating Income" shall mean all income derived from the Site, including without limitation all tenant rent, fees and charges (excepting tenants' security deposits but including deposits forfeited by tenants), any rental subsidy payments received for the Units, the proceeds of business interruption and similar insurance, and the proceeds of casualty insurance to the extent not utilized to repair or rebuild the Project, but excluding any interest income earned on the Capital Reserve Account and on the tenant security deposits, less (i) payments of principal and interest, if any, required to be paid in such year by Maker with respect to any note, mortgage, or deed of trust (excepting this Note and the Agency Note) with respect to the Site or Project, (ii) all reasonable and customary expenses actually incurred (or to be incurred if accounted for on an accrual basis) in leasing, managing, operating, maintaining, and repairing the Site, (iii) all capital expenses incurred pertaining to the Site excepting those to be paid from the Capital Reserve Account, (iv) the required deposits into the Capital Reserve Account, and (v) reasonable and customary property management fees, social services and resident services fees, administrative costs, salaries, benefits, overhead costs, and such other and further reasonable and customary operating and management expenses incurred in operating the Site. Depreciation expenses shall not be a reduction against Net Operating Income.

3. Prepayment

(a) Penalties. Maker may prepay the principal balance of this Note at any time without penalty. In the event Maker prepays the entire balance of this Note including all accrued interest, the covenants, conditions and restrictions imposed on the Site by the Regulatory Agreement shall remain in full force and effect for the full 60-year term as specified therein.

(b) Effect on Covenants. If, at the end of the 60-year term of this Note, an unpaid balance remains on this Note, Maker may choose to do either of the following: (a) Maker may choose to continue to maintain the covenants, conditions and restrictions imposed on the Site by the Regulatory Agreement, in which case the Holder shall not require repayment of the balance of this Note and the City Loan shall not accrue any interest for the period during which said covenants, conditions and restrictions are maintained; or (b) Maker may choose not to maintain the covenants, conditions and restrictions imposed on the Site by the Regulatory Agreement, in which case the entire principal balance of the City Loan plus all accrued interest on the City Loan shall immediately become due and payable.

4. Acceleration of Obligation. Upon the occurrence of a uncured Material Default of Maker under this Note, the City Deed of Trust or any obligation secured thereby (including the obligations in the Agreement and the Regulatory Agreement), or in any other instrument now or hereafter securing the obligations evidenced hereby, then, and in any of such events, Holder may, at

its option, declare this Note and all the obligations hereby evidenced to be immediately due and payable and collectible then or thereafter as Holder may elect, regardless of the date of maturity.

5. Default Interest. If any event occurs giving Holder the right to accelerate this Note pursuant to Section 4 above, the entire unpaid and unforgiven principal owing hereunder shall, as of the date of such default, commence to accrue interest at a rate equal to two percentage points above the reference rate published by Bank of America N.A., or the maximum non-usurious interest rate permitted by law, whichever is less.

6. Collection Costs; Attorneys' Fees. If any attorney is engaged by Holder because of any event of an uncured Material Default under this Note or the City Deed of Trust or to enforce any provision of either instrument, whether or not suit is filed hereon, Holder shall bear its own attorney's fees and costs.

7. Severability. The unenforceability or invalidity of any provision or provisions of this Note as to any persons or circumstances shall not render that provision or those provisions unenforceable or invalid as to any other provisions or circumstances, and all provisions hereof, in all other respects, shall remain valid and enforceable.

8. Modifications. Neither this Note nor any term hereof may be waived, amended, discharged, modified, changed or terminated orally; nor shall any waiver of any provision hereof be effective except by an instrument in writing signed by Maker and Holder.

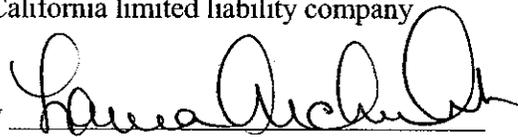
9. Usury. Notwithstanding any provision in this Note, City Deed of Trust or other document securing same, the total liability for payment in the nature of interest shall not exceed the limit now imposed by applicable laws of the State of California.

10. Governing Law. This Note has been executed and delivered by Maker in the State of California and is to be governed and construed in accordance with the laws thereof.

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

"MAKER"

JHC – OAKVIEW, LLC,
a California limited liability company

By 
Its: _____

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EXHIBIT G

Deeds of Trust

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EXHIBIT G-1
Agency Deed of Trust
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Order No.)
)
 Escrow No.)
 Loan No.)
)
 WHEN RECORDED MAIL TO:)
)
 Redevelopment Agency of the)
 City of Huntington Beach)
 2000 Main Street)
 Huntington Beach, CA 92648)
 Attn: Agency Secretary)

SPACE ABOVE THIS LINE FOR RECORDER'S USE]
 EXEMPT FROM RECORDING FEE PER GOV. CODE § 6103]

[AGENCY LOAN]
 SUBORDINATED DEED OF TRUST
 WITH ASSIGNMENT OF RENTS WITH RIDER ATTACHED HERETO

NOTICE: THIS SUBORDINATED DEED OF TRUST WITH ASSIGNMENT OF RENTS WITH RIDER ATTACHED HERETO CONTAINS A SUBORDINATION CLAUSE WHICH MAY RESULT IN YOUR SECURITY INTEREST IN THE PROPERTY BEING SUBJECT TO A LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

This SUBORDINATED DEED OF TRUST WITH ASSIGNMENT OF RENTS WITH RIDER ATTACHED HERETO ("Deed of Trust"), made _____, 2007, between JHC – OAKVIEW, LLC, a California limited liability company, herein called TRUSTOR, whose address is 17701 Cowan Avenue, Suite 200, Irvine, California 92614; and

THE REDEVELOPMENT AGENCY OF THE CITY OF HUNTINGTON BEACH, a public body, corporate and politic, herein called TRUSTEE, and

THE REDEVELOPMENT AGENCY OF THE CITY OF HUNTINGTON BEACH, a public body, corporate and politic, herein called BENEFICIARY,

WITNESSETH: That Trustor grants to Trustee in trust, with power of sale, that property in the City of Huntington Beach, County of Orange, State of California, described as:

SEE EXHIBIT "A" ATTACHED HERETO

together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits for the purpose of securing (1) payment of the sum of SEVEN HUNDRED EIGHTY THOUSAND DOLLARS (\$780,000.00) with interest thereon, according to the terms of that certain promissory note of even date herewith made by Trustor, payable to order of

Beneficiary, and extensions or renewals thereof; (2) the performance of Trustor's obligations under that certain "Affordable Housing Agreement" by and among Trustor ("Developer" therein), the City of Huntington Beach, and Beneficiary ("Agency" therein) dated _____, 2007; (3) the performance of Trustor's obligations under that certain "Regulatory Agreement and Declaration of Covenants and Restrictions", by and among Trustor ("Owner" therein), the City of Huntington Beach, and Beneficiary ("Agency" therein) dated _____, 2007; (4) the performance of each agreement of Trustor incorporated by reference or contained herein; and (5) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or its successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in Orange County September 17, 1964, and in all other counties September 18, 1964, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, namely:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	566	Kings	858	713	Placer	1028	379	Sierra	38	187
Alpine	3	130-31	Lake	437	110	Plumas	166	1307	Siskiyou	506	762
Amador	133	438	Lassen	192	367	Riverside	3778	347	Solano	1287	621
Butte	1330	513	Los Angeles	T-3878	874	Sacramento	5039	124	Sonoma	2067	427
Calaveras	185	338	Madera	911	136	San Benito	300	405	Stanislaus	1970	56
Colusa	323	391	Marin	1849	122	San Bernardino	6213	768	Sutter	655	585
Contra Costa	4684	1	Mariposa	90	453	San Francisco	A-804	596	Tehama	457	183
Del Norte	101	549	Mendocino	667	99	San Joaquin	2855	283	Trinity	108	595
El Dorado	704	635	Merced	1660	753	San Luis Obispo	1311	137	Tulare	2530	108
Fresno	5052	623	Modoc	191	93	San Mateo	4778	175	Tuolumne	177	160
Glenn	469	76	Mono	69	302	Santa Barbara	2065	881	Ventura	2607	237
Humboldt	801	83	Monterey	357	239	Santa Clara	6625	664	Yolo	769	16
Imperial	1189	701	Napa	704	742	Santa Cruz	1638	607	Yuba	398	693
Inyo	165	672	Nevada	363	94	Shasta	800	633			
Kern	3756	690	Orange	7182	18	San Diego	SERIES 5 Book 1964, Page 149774				

shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivisions A and B (identical in all counties, and printed on pages 4, 5 and 6 hereof) are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as if set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge therefor does not exceed the maximum allowed by law.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale hereunder be mailed to him at his address hereinbefore set forth.

NOTICE: THIS SUBORDINATED DEED OF TRUST WITH ASSIGNMENT OF RENTS WITH RIDER ATTACHED HERETO CONTAINS A SUBORDINATION CLAUSE WHICH MAY RESULT IN YOUR SECURITY INTEREST IN THE PROPERTY BEING SUBJECT TO A LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

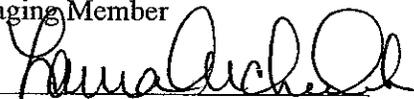
Signature of Trustor

STATE OF CALIFORNIA)
COUNTY OF ORANGE)
)

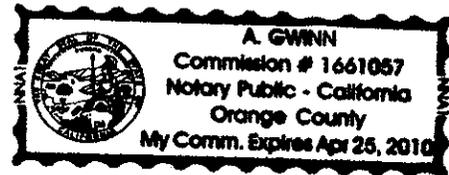
JHC – OAKVIEW, LLC,
a California limited liability company

By: Jamboree Housing Corporation
a California nonprofit corporation
Its: Managing Member

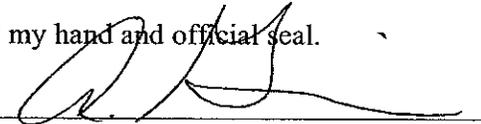
On May 11th, 2007 before me,
A. Gwinn

By: 
Laura Archuleta
Its: President

a Notary Public, personally appeared
Laura Archuleta
personally known to me (~~or 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.



WITNESS my hand and official seal.

Signature 

(This space for official notarial seal)

DO NOT RECORD

The following is a copy of Subdivisions A and B of the fictitious Deed of Trust recorded in each county in California as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as if set forth at length therein.

A. To protect the security of this Deed of Trust, Trustor agrees:

1) To keep said property in good condition and repair, not to remove or demolish any building thereon; to complete or restore promptly and in a good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

2) To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at the option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder to invalidate any act done pursuant to such notice.

3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

4) To pay: at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary of Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from the date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

B. It is mutually agreed:

1) That any award in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him in the same manner and with the same effect as above provided for disposition or proceeds of fire or other insurance.

2) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

3) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon, or join in any extension agreement or any agreement subordinating the lien or charge hereof.

4) That upon written request of Beneficiary stating that all sums secured hereby have been paid and that all other obligations secured hereby, including but not limited to Trustor's obligations under the Regulatory Agreement and Declaration of Covenants and Restrictions, have been performed as agreed, and upon surrender of this Deed and said note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The Grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

5) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in the performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or be a receiver to the appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collecting of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

6) That upon default by Trustor in payment of any indebtedness secured hereby or in the performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels and in such order as it may determine, at public auction to the

highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

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

8) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledges, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

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

DO NOT RECORD

REQUEST FOR FULL RECONVEYANCE

TO _____, TRUSTEE:

The undersigned is the legal owner and holder of the note or notes of all indebtedness secured by the foregoing Deed of Trust. Said note or notes, together with all other indebtedness secured by said Deed of Trust, have been fully paid and satisfied and all other obligations secured by the foregoing Deed of Trust, including but not limited to Trustor's obligations under the Regulatory Agreement and Declaration of Covenants and Restrictions, have been performed as agreed; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note or notes above mentioned, and all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you under the same.

Dated _____

Please mail Deed of Trust,
Note and Reconveyance to _____

Do Not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both must be delivered to the Trustee for cancellation before reconveyance will be made.

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**DEED OF TRUST WITH ASSIGNMENT OF
RENTS WITH RIDER ATTACHED**

**REDEVELOPMENT AGENCY OF THE
CITY OF HUNTINGTON BEACH
a public body, corporate and politic
TRUSTEE**

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RIDER TO SUBORDINATED DEED OF TRUST WITH ASSIGNMENT OF RENTS

THIS RIDER TO SUBORDINATED DEED OF TRUST WITH RIDER ATTACHED (“Rider”), is made as of _____, 2007, by JHC – OAKVIEW, LLC, a California limited liability company (“Trustor”), and THE REDEVELOPMENT AGENCY OF THE CITY OF HUNTINGTON BEACH, a public body, corporate and politic (“Beneficiary”), as follows:

1. Part of Deed of Trust. This Rider is made a part of that certain Subordinated Deed of Trust With Assignment of Rents (“Deed of Trust”), of even date hereof, to which this Rider is attached.

2. Conflict. In the event of any conflict between the terms of this Rider and the terms of the Deed of Trust, the terms of this Rider shall control.

3. Priority; Subordination. Trustor, the City of Huntington Beach, and Beneficiary entered into that certain Affordable Housing Agreement, dated _____, 2007 (the “Agreement”), pursuant to which Beneficiary (referred to as “Agency” in the Agreement) agreed to subordinate this Deed of Trust to the liens of the deeds of trust identified in the Agreement as the Conventional Lender’s deed of trust, and to such other and further documents as such lenders may be required including but not limited to regulatory agreements, not to exceed an indebtedness in an amount to be determined by the Beneficiary. The lien of this Deed of Trust therefore shall be junior and subordinate to the lien of the foregoing listed deed of trust and such other and further documents as such lenders may require. Beneficiary agrees to execute such subordination agreements, in the form attached as Exhibit “J” to the Agreement, as are necessary to effect such subordination of the lien of this Deed of Trust.

4. Condemnation. Section B.1 of the Fictitious Deed of Trust incorporated into the Deed of Trust shall be modified to provide that Beneficiary shall not be entitled to any awards or damages payable directly or indirectly by reason of a condemnation or proposed condemnation affecting all or any part of, or any interest in, the Property, brought by or pursuant to the direction of Beneficiary.

5. Default. The term “default” as used in the Deed of Trust shall mean a “Material Default” as defined in the Agreement or Regulatory Agreement.

IN WITNESS WHEREOF, Trustor and Beneficiary have executed this Rider to Subordinated Deed of Trust With Assignment of Rents as of the date of Trustor’s acknowledgement hereinbelow, to be effective for all purposes as of the day and year first set forth above.

[end – signature page follows]

"TRUSTOR"

JHC-OAKVIEW, LLC
a California limited liability company

By: Jamboree Housing Corporation,
a California nonprofit corporation,
Its: Managing Member

By: _____
Laura Archuleta
Its: President

COUNTERPART

"BENEFICIARY"

THE REDEVELOPMENT AGENCY OF
THE CITY OF HUNTINGTON BEACH,
a public body, corporate and politic

By: _____
Chairperson

ATTEST:

By: _____
Agency Secretary

REVIEWED AND APPROVED
AS TO FORM:

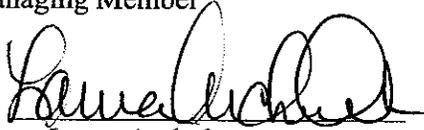
By: *[Signature]*
General Counsel *UM 5/7/07*
5.8.07

By: *[Signature]*
KANE BALLMER & BERKMAN
Agency Special Counsel

“TRUSTOR”

JHC-OAKVIEW, LLC
a California limited liability company

By: Jamboree Housing Corporation,
a California nonprofit corporation,
Its: Managing Member

By: 
Laura Archuleta
Its: President

COUNTERPART

“BENEFICIARY”

THE REDEVELOPMENT AGENCY OF
THE CITY OF HUNTINGTON BEACH,
a public body, corporate and politic

By: _____
Chairperson

ATTEST:

By: _____
Agency Secretary

REVIEWED AND APPROVED
AS TO FORM:

By _____
General Counsel

By _____
KANE BALLMER & BERKMAN
Agency Special Counsel

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

On May 7th, 2007, before me, A. Gwinn, a Notary Public,
personally appeared Laura Archuleta
personally known to me (~~or 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.

Witness my hand and official seal.

[SEAL]



[Signature]
Notary Public

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

On _____, before me, _____, a Notary Public,
personally appeared _____
personally known to me (or 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.

Witness my hand and official seal.

[SEAL]

Notary Public

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

On _____, before me, _____, a Notary Public,
personally appeared _____
personally known to me (or 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.

Witness my hand and official seal.

Notary Public

[SEAL]

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

On _____, before me, _____, a Notary Public,
personally appeared _____
personally known to me (or 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.

Witness my hand and official seal.

Notary Public

[SEAL]

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EXHIBIT "A" TO DEED OF TRUST
LEGAL DESCRIPTION OF REAL PROPERTY

[behind this page]

Legal Description of Property Commonly Known As
17362 Koledo Lane
Huntington Beach, California 92647

PARCEL 1:

LOT 36 OF TRACT NO. 4301, IN THE CITY OF HUNTINGTON BEACH, AS SHOWN ON A MAP RECORDED IN BOOK 177, PAGES 11 AND 12 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, MINERALS AND OTHER HYDROCARBONS, BELOW A DEPTH OF 500 FEET, WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED IN DEEDS OF RECORD.

PARCEL 2:

THE EAST 1/2 OF KOLEDO LANE VACATED BY RESOLUTION NO. 5353 RECORDED FEBRUARY 15, 1984 AS INSTRUMENT NO. 84-065494 OF OFFICIAL RECORDS, LYING SOUTHERLY OF THE WESTERLY PROLONGATION OF THE NORTHERLY LINE OF LOT 36 AND NORTHERLY OF THE WESTERLY PROLONGATION OF THE SOUTHERLY LINE OF LOT 36 OF TRACT NO. 4301, IN THE CITY OF HUNTINGTON BEACH, AS SHOWN ON A MAP RECORDED IN BOOK 177, PAGES 11 AND 12 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, MINERALS AND OTHER HYDROCARBONS, BELOW A DEPTH OF 500 FEET, WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED IN DEEDS OF RECORD.

APN: 165-232-01

EXHIBIT G-2
City Deed of Trust
[behind this page]

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Order No.)
)
Escrow No.)
Loan No.)
)
WHEN RECORDED MAIL TO:)
)
City of Huntington Beach)
2000 Main Street)
Huntington Beach, CA 92648)
Attn: City Clerk)

SPACE ABOVE THIS LINE FOR RECORDER'S USE]
EXEMPT FROM RECORDING FEE PER GOV. CODE § 6103]

[CITY LOAN]
SUBORDINATED DEED OF TRUST
WITH ASSIGNMENT OF RENTS WITH RIDER ATTACHED HERETO

NOTICE: THIS SUBORDINATED DEED OF TRUST WITH ASSIGNMENT OF RENTS WITH RIDER ATTACHED HERETO CONTAINS A SUBORDINATION CLAUSE WHICH MAY RESULT IN YOUR SECURITY INTEREST IN THE PROPERTY BEING SUBJECT TO A LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

This SUBORDINATED DEED OF TRUST WITH ASSIGNMENT OF RENTS WITH RIDER ATTACHED HERETO ("Deed of Trust"), made _____, 2007, between JHC – OAKVIEW, LLC, a California limited liability company, herein called TRUSTOR, whose address is 17701 Cowan Avenue, Suite 200, Irvine, California 92614; and

THE CITY OF HUNTINGTON BEACH, a municipal corporation of the State of California, herein called TRUSTEE, and

THE CITY OF HUNTINGTON BEACH, a municipal corporation of the State of California, herein called BENEFICIARY,

WITNESSETH: That Trustor grants to Trustee in trust, with power of sale, that property in the City of Huntington Beach, County of Orange, State of California, described as:

SEE EXHIBIT "A" ATTACHED HERETO

together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits for the purpose of securing (1) payment of the sum of EIGHT HUNDRED THOUSAND DOLLARS (\$800,000.00) with interest thereon, according to the terms of that certain promissory note of even date herewith made by Trustor, payable to order of Beneficiary, and extensions or renewals thereof; (2) the performance of Trustor's obligations under that

certain "Affordable Housing Agreement" by and among Trustor ("Developer" therein), the Redevelopment Agency of the City of Huntington Beach, and Beneficiary ("City" therein) dated _____, 2007; (3) the performance of Trustor's obligations under that certain "Regulatory Agreement and Declaration of Covenants and Restrictions", by and among Trustor ("Owner" therein), the Redevelopment Agency of the City of Huntington Beach, and Beneficiary ("City" therein) dated _____, 2007; (4) the performance of each agreement of Trustor incorporated by reference or contained herein; and (5) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or its successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in Orange County September 17, 1964, and in all other counties September 18, 1964, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, namely:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
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Inyo	165	672	Nevada	363	94	Shasta	800	633			
Kern	3756	690	Orange	7182	18	San Diego	SERIES 5 Book 1964, Page 149774				

shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivisions A and B (identical in all counties, and printed on pages 4, 5 and 6 hereof) are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as if set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge therefor does not exceed the maximum allowed by law.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale hereunder be mailed to him at his address hereinbefore set forth.

NOTICE: THIS SUBORDINATED DEED OF TRUST WITH ASSIGNMENT OF RENTS WITH RIDER ATTACHED HERETO CONTAINS A SUBORDINATION CLAUSE WHICH MAY RESULT IN YOUR SECURITY INTEREST IN THE PROPERTY BEING SUBJECT TO A LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

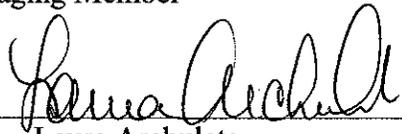
Signature of Trustor

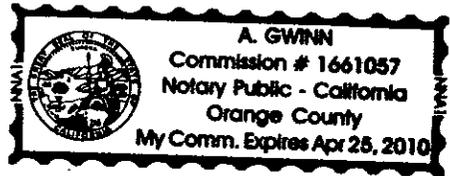
STATE OF CALIFORNIA)
COUNTY OF ORANGE)
)

JHC – OAKVIEW, LLC,
a California limited liability company

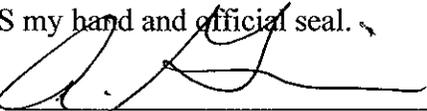
By: Jamboree Housing Corporation
Its: Managing Member

On May 11th, 2007 before me,
A. Gwin,
a Notary Public, personally appeared
Laura Archuleta
personally known to me (~~or 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.

By: 
Laura Archuleta
Its: President



WITNESS my hand and official seal.

Signature 

(This space for official notarial seal)

DO NOT RECORD

The following is a copy of Subdivisions A and B of the fictitious Deed of Trust recorded in each county in California as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as if set forth at length therein.

A. To protect the security of this Deed of Trust, Trustor agrees:

1) To keep said property in good condition and repair, not to remove or demolish any building thereon; to complete or restore promptly and in a good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

2) To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at the option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder to invalidate any act done pursuant to such notice.

3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

4) To pay: at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from the date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

B. It is mutually agreed:

1) That any award in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him in the same manner and with the same effect as above provided for disposition or proceeds of fire or other insurance.

2) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

3) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon, or join in any extension agreement or any agreement subordinating the lien or charge hereof.

4) That upon written request of Beneficiary stating that all sums secured hereby have been paid and that all other obligations secured hereby, including but not limited to Trustor's obligations under the Regulatory Agreement and Declaration of Covenants and Restrictions, have been performed as agreed, and upon surrender of this Deed and said note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The Grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

5) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in the performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or be a receiver to the appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collecting of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

6) That upon default by Trustor in payment of any indebtedness secured hereby or in the performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels and in such order as it may determine, at public auction to the

highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

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

8) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledges, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

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

DO NOT RECORD

REQUEST FOR FULL RECONVEYANCE

TO _____, TRUSTEE:

The undersigned is the legal owner and holder of the note or notes of all indebtedness secured by the foregoing Deed of Trust. Said note or notes, together with all other indebtedness secured by said Deed of Trust, have been fully paid and satisfied and all other obligations secured by the foregoing Deed of Trust, including but not limited to Trustor's obligations under the Regulatory Agreement and Declaration of Covenants and Restrictions, have been performed as agreed; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note or notes above mentioned, and all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you under the same.

Dated _____

Please mail Deed of Trust,
Note and Reconveyance to _____

Do Not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both must be delivered to the Trustee for cancellation before reconveyance will be made.

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**DEED OF TRUST WITH ASSIGNMENT OF
RENTS WITH RIDER ATTACHED**

**CITY OF HUNTINGTON BEACH
A Municipal Corporation of The State of California
TRUSTEE**

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RIDER TO SUBORDINATED DEED OF TRUST WITH ASSIGNMENT OF RENTS

THIS RIDER TO SUBORDINATED DEED OF TRUST WITH RIDER ATTACHED (“Rider”), is made as of _____, 2007, by JHC – OAKVIEW, LLC, a California limited liability company (“Trustor”), and THE CITY OF HUNTINGTON BEACH, a municipal corporation of the State of California (“Beneficiary”), as follows:

1. Part of Deed of Trust. This Rider is made a part of that certain Subordinated Deed of Trust With Assignment of Rents (“Deed of Trust”), of even date hereof, to which this Rider is attached.

2. Conflict. In the event of any conflict between the terms of this Rider and the terms of the Deed of Trust, the terms of this Rider shall control.

3. Priority; Subordination. Trustor, the Redevelopment Agency of the City of Huntington Beach, and Beneficiary entered into that certain Affordable Housing Agreement, dated _____, 2007 (the “Agreement”), pursuant to which Beneficiary (referred to as “City” in the Agreement) agreed to subordinate this Deed of Trust to the liens of the deeds of trust identified in the Agreement as the Conventional Lender’s deed of trust, and to such other and further documents as such lenders may be required including but not limited to regulatory agreements, not to exceed an indebtedness in an amount to be determined by the Beneficiary. The lien of this Deed of Trust therefore shall be junior and subordinate to the lien of the foregoing listed deed of trust and such other and further documents as such lenders may require. Beneficiary agrees to execute such subordination agreements, in the form attached as Exhibit “J” to the Agreement, as are necessary to effect such subordination of the lien of this Deed of Trust.

4. Condemnation. Section B.1 of the Fictitious Deed of Trust incorporated into the Deed of Trust shall be modified to provide that Beneficiary shall not be entitled to any awards or damages payable directly or indirectly by reason of a condemnation or proposed condemnation affecting all or any part of, or any interest in, the Property, brought by or pursuant to the direction of Beneficiary.

5. Default. The term “default” as used in the Deed of Trust shall mean a “Material Default” as defined in the Agreement or Regulatory Agreement.

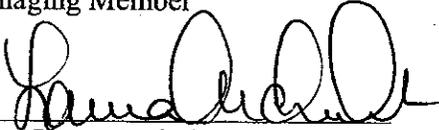
IN WITNESS WHEREOF, Trustor and Beneficiary have executed this Rider to Subordinated Deed of Trust With Assignment of Rents as of the date of Trustor’s acknowledgement hereinbelow, to be effective for all purposes as of the day and year first set forth above.

[SIGNATURES APPEAR ON NEXT PAGE]

“TRUSTOR”

JHC-OAKVIEW, LLC
a California limited liability company

By: Jamboree Housing Corporation,
a California nonprofit corporation,
Its: Managing Member

By: 
Laura Archuleta
Its: President

“BENEFICIARY”

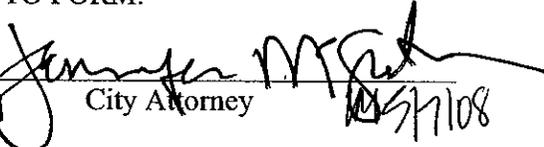
THE CITY OF HUNTINGTON BEACH,
a municipal corporation of the State of
California

By: _____
Mayor

ATTEST:

By: _____
City Clerk

REVIEWED AND APPROVED
AS TO FORM:

By: 
City Attorney
5.8.08 10/27/08

By: _____
~~KANE BALLMER & BERKMAN~~
Agency

Special

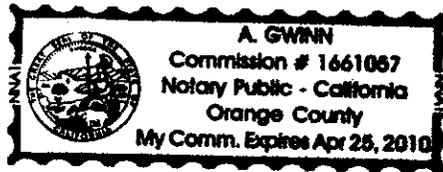
Counsel

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

On May 7th, 2007, before me, A. Gwinn, a Notary Public, personally appeared Laura Archuleta personally known to me (~~or 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.

Witness my hand and official seal.

[SEAL]



[Signature]
Notary Public

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

On _____, before me, _____, a Notary Public, personally appeared _____ personally known to me (or 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.

Witness my hand and official seal.

[SEAL]

Notary Public

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

On _____, before me, _____, a Notary Public,
personally appeared _____
personally known to me (or 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.

Witness my hand and official seal.

Notary Public

[SEAL]

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

On _____, before me, _____, a Notary Public,
personally appeared _____
personally known to me (or 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.

Witness my hand and official seal.

Notary Public

[SEAL]

EXHIBIT "A" TO DEED OF TRUST
LEGAL DESCRIPTION OF REAL PROPERTY

[behind this page]

Legal Description of Property Commonly Known As
17362 Koledo Lane
Huntington Beach, California 92647

PARCEL 1:

LOT 36 OF TRACT NO. 4301, IN THE CITY OF HUNTINGTON BEACH, AS SHOWN ON A MAP RECORDED IN BOOK 177, PAGES 11 AND 12 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, MINERALS AND OTHER HYDROCARBONS, BELOW A DEPTH OF 500 FEET, WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED IN DEEDS OF RECORD.

PARCEL 2:

THE EAST 1/2 OF KOLEDO LANE VACATED BY RESOLUTION NO. 5353 RECORDED FEBRUARY 15, 1984 AS INSTRUMENT NO. 84-065494 OF OFFICIAL RECORDS, LYING SOUTHERLY OF THE WESTERLY PROLONGATION OF THE NORTHERLY LINE OF LOT 36 AND NORTHERLY OF THE WESTERLY PROLONGATION OF THE SOUTHERLY LINE OF LOT 36 OF TRACT NO. 4301, IN THE CITY OF HUNTINGTON BEACH, AS SHOWN ON A MAP RECORDED IN BOOK 177, PAGES 11 AND 12 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, MINERALS AND OTHER HYDROCARBONS, BELOW A DEPTH OF 500 FEET, WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED IN DEEDS OF RECORD.

APN: 165-232-01

EXHIBIT H

Regulatory Agreement

[behind this page]

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FREE RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

THE CITY OF HUNTINGTON BEACH
2000 Main Street
Huntington Beach, CA 92648
Attn: City Administrator

(Space Above This Line for Recorder's Office Use Only)
(Exempt from Recording Fee per *Gov. Code* § 6103)

REGULATORY AGREEMENT AND
DECLARATION OF COVENANTS AND RESTRICTIONS

THIS REGULATORY AGREEMENT AND DECLARATION OF COVENANTS AND RESTRICTIONS ("Agreement") is made and entered into this _____ day of _____, 2007, by and among THE REDEVELOPMENT AGENCY OF THE CITY OF HUNTINGTON BEACH, a public body, corporate and politic ("Agency"), THE CITY OF HUNTINGTON BEACH, a municipal corporation of the State of California ("City") and JHC – OAKVIEW, LLC, a California limited liability company ("Owner").

RECITALS:

A. Agency is responsible for the use of certain low- and moderate-income housing funds pursuant to California's Community Redevelopment Law [*California Health & Safety Code* §§33000, *et seq.*] ("Set Aside Funds").

B. City is responsible for the use of certain funds ("HOME Funds") made available to the City of Huntington Beach by the United States Department of Housing and Urban Development ("HUD") under the HOME Investment Partnerships Program (the "HOME Program").

C. City, Agency and Owner ("Developer" therein) have entered into that certain Affordable Housing Agreement, dated _____, 2007 (the "Housing Agreement"), concerning Owner's acquisition and rehabilitation of that certain real property, to be owned in fee by Owner, more particularly described in Attachment No. 1 attached hereto and incorporated by reference herein (the "Site"). The Housing Agreement describes the "Project" which generally consists of Owner's acquisition of the existing apartment building consisting of a total of five (5) two-bedroom dwelling units on the Site and subsequent rehabilitation and management thereof as an affordable rental housing complex, each of the dwelling units to be restricted to Very Low Income Households. The Housing Agreement is hereby incorporated herein by this reference as though fully set forth herein. Any capitalized terms not defined herein shall have the meanings ascribed to such terms in the Housing Agreement.

D. Owner has executed that certain promissory note (the "Agency Note") dated _____, 2007, pursuant to which Agency has provided Owner with a loan of Set Aside Funds in the principal amount of SEVEN HUNDRED EIGHTY THOUSAND DOLLARS (\$780,000) ("Agency Loan"). The Agency Note is secured by a Subordinated Deed of Trust With Assignment of Rents With Rider Attached dated on or about the date of the Note, naming Agency as beneficiary ("Agency Deed of Trust").

E. Owner has executed that certain promissory note (the "City Note") dated _____, 2007, pursuant to which City has provided Owner with a loan of HOME Funds in the principal amount of EIGHT HUNDRED THOUSAND DOLLARS (\$800,000) ("City Loan"). The City Note is secured by a Subordinated Deed of Trust With Assignment of Rents With Rider Attached dated on or about the date of the Note, naming City as beneficiary ("City Deed of Trust").

F. Agency, City and Owner now desire to place restrictions upon the use and operation of the Project, in order to ensure that the Project shall be operated continuously as an affordable housing project available for rental to very low income households in accordance with the terms set forth below for the term of this Agreement.

AGREEMENT:

NOW, THEREFORE, the Owner, Agency and City declare, covenant and agree, by and for themselves, their heirs, executors, administrators and assigns, and all persons claiming under or through them, that the Site, for the term of this agreement, shall be held transferred, encumbered, used, sold, conveyed, leased and occupied, subject to the covenants and restrictions hereinafter set forth:

1. DEFINITIONS.

1.1 Affordable Rent. As used in this Agreement, the term "Affordable Rent" shall mean, for Affordable Very Low Income Units, rental rates not to exceed the lesser of (1) "very low income" affordable rent as defined by California *Health & Safety Code* Section 50053(b)(2), or its successor, and (2) the rent limits set forth by the HOME Program in 24 C.F.R. 92.252(b)(1) and 24 C.F.R. 92.252(b)(2), or its successor. Affordable Rent shall include a reasonable utility allowance for tenant-paid utilities based on the Orange County Housing Authority's published utility schedules.

1.2 [Intentionally Omitted]

1.3 Affordable Very Low Income Unit. As used in this Agreement, the term "Affordable Very Low Income Unit" shall mean one of the five (5) rental dwelling units in the Project restricted to occupancy by Very Low Income Households. The term "Affordable Very Low Income Unit" and "Affordable Very Low Income Units" shall be used as the context mandates and shall be reasonably interpreted in light of the context in which the term appears.

1.4 Eligible Tenant. As used in this Agreement, the term “Eligible Tenant” shall mean any person entitled to rent an Affordable Very Low Income Unit as set forth in this Agreement.

1.5 [Intentionally Omitted]

1.6 Median Income or Orange County Median Income. For purposes of this Agreement, the terms “Median Income” and “Orange County Median Income” shall mean the median income for the Orange County Primary Metropolitan Statistical Area, with adjustment for household size, as estimated annually by the United States Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937 as amended and published by California’s Housing and Community Development Department pursuant to Health and Safety Code section 50093.

1.7 Unit and Units. As used in this Agreement, the term “Unit” shall mean one of the five (5) dwelling units in the Project, and the term “Units” shall mean two or more of the five (5) dwelling units in the Project. The term “Unit” and “Units” shall be used as the context mandates and shall be reasonably interpreted in light of the context in which the term appears.

1.8 Very Low Income Households. As used in this Agreement, the term “Very Low Income Household” shall have meaning given in Health and Safety Code section 50105(a), that is, a household whose income does not exceed 50% of Median Income adjusted for family size.

2. TERM OF AGREEMENT; USE OF PROPERTY. In accordance with the formula set forth in 24 CFR 92.252(e) and as required by California *Health and Safety Code* Section 33334.3, this Agreement shall remain in effect for not less than the longer of: (a) fifty-five (55) years from the date on which a Release of Construction Covenants for the Project is issued by the City; or (b) sixty (60) years from the Effective Date of the Housing Agreement. Owner hereby agrees that the Project is to be owned, managed, and operated as a project for Eligible Very Low Income Tenants for the term of this Agreement. To that end, and for the term of this Agreement, the Owner hereby represents, covenants, warrants and agrees as follows:

2.1 Purpose; Disbursement and Use of HOME Funds. The Site has been acquired and the Project developed for the purposes of providing Eligible Tenants affordable rental housing. The City Loan of HOME Funds shall be used exclusively for the payment of costs incurred in connection with the acquisition of the Site in accordance with the Housing Agreement. The amount of the City Loan of HOME Funds shall not exceed the per unit dollar limits established by HUD pursuant to section 221(d)(3)(ii) of the National Housing Act, as implemented in regulations issued by HUD, 24 CFR 221.514(b)(1) and (c). Owner shall not request disbursement of HOME funds until the funds are needed to pay eligible costs. The amount of each disbursement request shall be limited to the amount needed. The City shall have the right to disapprove any request if the City determines the request is for an ineligible item or is

otherwise not in compliance with or inconsistent with the Housing Agreement and this Agreement.

a. Schedule. The Project activities shall be accomplished within the time provided in the Schedule of Performance, which is attached to the Housing Agreement.

b. Tasks and Budget. The tasks to be performed with the use of the HOME Funds, and the Project Budget, which specifies the line items for which HOME Funds will be used, are set forth in the Project Budget attached to the Housing Agreement.

c. Compliance With HOME Regulations. Owner, its successor and assigns, covenant and agree that the Project shall at all times during the term of this Agreement as expressed in Section 2 above, comply with applicable requirements set forth in Subpart F of Part 92 of Title 24 of the Code of Federal Regulations. It is the intent of the parties that, notwithstanding any other provisions of this Agreement, Owner's obligation exists only to the extent that a particular statute or regulation referenced herein or in the Affordable Housing Agreement applies to the Project. Owner certifies that it is not a primarily religious organization subject to 24 C.F.R. Section 92.257.

d. Construction Covenant. Owner hereby covenants and agrees on behalf of itself and its successors and assigns in the Site or any portion thereof or any improvements thereon or any interest therein that Owner and such successors and assigns shall rehabilitate the Units in accordance with the Housing Agreement (including but not limited to the Scope of Development), the Redevelopment Plan for the Huntington Beach Redevelopment Project, this Agreement, and plans approved by the City of Huntington Beach.

2.2 Facilities. All of the Units in the Project shall contain facilities adequate for living, sleeping, eating, cooking and sanitation in accordance with all applicable federal, state and local laws and codes. The rehabilitation and maintenance of the Units shall comply with the City's building code, as applicable, and all other applicable local codes, rehabilitation standards, ordinances and zoning ordinances in effect, and the Units shall be decent, safe and sanitary and shall conform to the building, electrical, plumbing, mechanical and energy codes that have been adopted by the City of Huntington Beach. To the extent applicable, the Project shall comply with the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and, if applicable, the design and construction requirements at 24 CFR 100.205 for covered multifamily dwellings, as defined at 24 CFR 100.201, which implements the Fair Housing Act (42 U.S.C. 3601-3619).

2.3 Residential Use. None of the Units in the Project will at any time be utilized on a transient basis or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, or trailer court or park, or any other use that is inconsistent or incompatible with this Regulatory Agreement.

2.4. [Intentionally Omitted.]

2.5 Conversion of Units. No part of the Project will at any time be owned by a cooperative housing corporation nor shall the Owner take any steps in connection with the conversion to such ownership or uses to condominiums, or to any other form of ownership without prior written approval by both Agency and City. Any such conversion shall comply with the requirements of 24 C.F.R. Section 92.255.

2.6 Tenant Preference. All of the Affordable Very Low Income Units will be made available to Eligible Tenants for rental in accordance with the terms of this Agreement, and the Owner shall not give preference to any particular class or group in renting the Affordable Very Low Income Units in the Project, except to the extent that the Affordable Very Low Income Units are required to be leased or rented to Eligible Tenants and except as provided in Section 3.6 below.

2.7 Tenant Protections. Owner shall comply with the tenant protections provisions of 24 C.F.R. Section 92.253, including but not limited to:

a. The lease of an Affordable Very Low Income Unit must be for not less than one year, unless by mutual agreement between tenant and Owner.

b. The lease may not contain any of the following provisions:

(1) Agreement by the tenant to be sued, to admit guilt or to a judgment in favor of Owner in a lawsuit brought in connection with the lease;

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

d. Agreement by the tenant not to hold the Owner or the Owner's agents legally responsible for any action or failure to act, whether intentional or negligent;

e. Agreement by the tenant that the Owner may institute a lawsuit without notice to the tenant;

f. Agreement by the tenant that the Owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;

g. Agreement by the tenant to waive any right to a trial by jury;

h. Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease; and

i. Agreement by the tenant to pay attorney's fees or other legal costs if the tenant wins in a court proceeding by the Owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.

2.8 Termination of Tenancy. Owner, its successors or assigns, may not terminate the tenancy or refuse to renew the lease of a tenant, except (i) for serious or repeated violation of the terms and conditions of the lease; (ii) for violation of applicable federal, state, or local law; (iii) violation of occupancy rules as described in Section 3 below; or (iv) for other good cause. Pursuant to 24 C.F.R. 92.253(c), any termination or refusal to renew must be preceded by not less than 30 days by the Owner's service upon the tenant of a written notice specifying the grounds for the action.

2.9 [Intentionally Omitted.]

3. OCCUPANCY OF PROJECT BY ELIGIBLE TENANTS. Owner hereby represents, warrants, and covenants as follows:

3.1 Income Restrictions. Except as expressly provided herein, throughout the term of this Agreement, the Affordable Very Low Income Units shall be rented only to, and occupied only by, Eligible Very Low Income tenants. Each Affordable Very Low Income Unit shall be rented at a rate not to exceed the applicable Affordable Rent.

3.2 Rental Rates. Owner shall rent the Affordable Very Low Income Units to Eligible Tenants at no more than the allowable Affordable Rents for a household size appropriate to the unit, which is the number of bedrooms plus one. Therefore, a two-bedroom Affordable Very Low Income Unit shall be rented at no more than the Affordable Rent for a three-person household. The rental rates for the Affordable Very Low Income Units shall be adjusted annually based upon annual updates of the applicable income and rent standards, including but not limited to the California Housing and Community Development Department and the office of Housing and Urban Development. In no event shall any of the Affordable Very Low Income Units be rented at a rate greater than the Affordable Rent. Failure to comply with the affordability requirements of this Agreement is an event of default under the terms of both the Agency Loan and the City Loan. Subject to the right to cure, the Agency Loan of Set Aside Funds and the City Loan of HOME Funds will each be due and payable immediately if the Affordable Very Low Income Units do not meet the affordability requirements of this Agreement.

3.3 Occupancy By Eligible Tenant. An Affordable Very Low Income Unit initially occupied by an Eligible Tenant shall be deemed occupied by an Eligible Tenant until such Affordable Very Low Income Unit is vacated, even if the Eligible Tenant's household income subsequently increases to an amount that exceeds the maximum allowable income level under this Agreement. While an increase in an Eligible Tenant's household income may, after initially qualifying, subsequently exceed allowable income levels, such a subsequent increase in household income shall not exceed the "lower income households" threshold determination, adjusted for household size, as defined and revised annually pursuant Health and Safety Code section 50079.5. An Affordable Very Low Income Unit previously occupied by an Eligible

Tenant and then vacated shall be considered occupied by an Eligible Tenant until reoccupied, so long as Owner is using its best efforts to re-rent such Affordable Very Low Income Unit to another Eligible Tenant.

If at any time a tenant's household income increases, resulting in disqualification of such tenant as an Eligible Very Low Income Tenant, such tenant shall have a period of ninety (90) days to relocate from the Site. The disqualified tenant shall be fully responsible for the costs and expenses related to the relocation. Should such tenant face extraordinary hardship in relocating from the Site, the tenant may submit a written appeal to the City requesting an extension of the time period within which the tenant must relocate. If the City's Director of Economic Development determines in his or her sole discretion that a hardship exception is justified by the circumstances, he or she may extend the relocation period for up to a maximum of ninety (90) additional days.

3.4 Maximum Occupancy. With regard to Eligible Tenants who commence their occupancy after the date of this Regulatory Agreement, the following maximum occupancy limits shall apply. The maximum number of persons residing in a single residential (two-bedroom) unit may not exceed five persons. Owner shall be responsible for enforcing this maximum occupancy limit. Upon discovery of a violation of this Section 3.4, Owner shall immediately notify the Eligible Tenant of record in writing ("Occupancy Violation Notice"). In the Occupancy Violation Notice, Owner shall inform the Eligible Tenant of the occupancy violation and provide the Eligible Tenant with an opportunity to cure the violation within thirty (30) days from the date of the Notice.

3.5 Income Computation. Immediately prior to a prospective Eligible Tenant's occupancy of an Affordable Very Low Income Unit, Owner shall obtain and maintain on file an income computation and certification form from each such prospective Eligible Tenant dated immediately prior to the date of initial occupancy of an Affordable Very Low Income Unit by such prospective Eligible Tenant. Owner shall use reasonable efforts to verify that the income information provided by an applicant is accurate by following the City Housing Rehabilitation Loan Program Policies and Procedures and by taking one or more of the following steps as a part of the verification process: (i) obtain two (2) pay stubs from the most recent pay periods; (ii) obtain a written verification of income and employment from applicant's current employer; (iii) obtain an income verification form from the Social Security Administration and/or California Department of Social Services if the applicant receives assistance from either agency; (iv) if an applicant is unemployed or did not file a tax return for the previous calendar year, obtain other verification of such applicant's income as is reasonably satisfactory; or (v) obtain such other information as may be reasonably required. Owner shall update the foregoing records annually and shall provide copies of updated tenant eligibility records and monthly rental records to City for review. Upon a review of such records, City may at its option perform an independent audit of the tenant eligibility records and monthly rental records submitted to City for review. Upon review of such records, City may at its option perform an independent audit of the tenant eligibility records in order to verify compliance with the income and affordability requirements set forth herein. During such time as Owner, or Owner and any affiliate of Owner, owns a total of at least thirty (30) residential rental units in the Oakview community, costs for

such an audit performed by the City shall be deemed a Project expense, deductible from the Project's net operating income. Owner shall retain the documentation submitted pursuant to 24 C.F.R. 92.203(a)(1) in addition to the records described in this Section for a period of three years after the date the respective records were created.

3.6 Rental Priority. Tenants living in the Project prior to Owner's rehabilitation of the Units as contemplated by the Housing Agreement ("Initial Rehabilitation") who are Eligible Tenants meeting the income restrictions of the Affordable Very Low Income Units as set forth in Section 3.1 shall be given first priority in re-leasing Affordable Very Low Income Units in the Project following completion of the Initial Rehabilitation. Except as otherwise set forth below, Affordable Very Low Income Units shall be rented to Eligible Tenants on a first-come, first-served basis; provided, however, that Owner shall maintain an "interest list" or "eligibility list" of potential tenants; provided, however, that Owner shall not be liable under this Agreement to City or any person, firm, or entity in the event an Affordable Very Low Income Unit is rented to a person who is not on any such list or is on such list but is listed lower than another person on such list.

3.7 Renting Vacant Affordable Very Low Income Units. Subject to Owner's policies and procedures for screening potential tenants, which must be approved by the City and Agency, when an Affordable Very Low Income Unit becomes available as a result of a tenant vacation, Owner shall rent the Affordable Very Low Income Unit to an Eligible Tenant who otherwise meets Owner's approved screening and prequalification criteria in accordance with the following procedure:

(a) First, Owner shall rent the Affordable Very Low Income Unit to persons who have been displaced by activities of the City or the Agency, pursuant to California Health & Safety Code Section 33411.3, provided that City or Agency provides Owner with reasonable notice.

(b) Second, Owner shall rent any vacant Affordable Very Low Income Unit in the order of priority as set forth in Section 3.5.

3.8 Maintenance of Records. Owner shall maintain complete and accurate records pertaining to the Affordable Very Low Income Units, and shall permit any duly authorized representative of the City to inspect the books and records of Owner pertaining to the Project including, but not limited to, those records pertaining to tenant eligibility and occupancy of the Affordable Very Low Income Units. Records pertaining to the Project and Affordable Very Low Income Units shall be retained for a period of five (5) years after the termination of this Agreement; records pertaining to tenant eligibility shall be retained for the period set forth in Section 3.4.

To assist the City in meeting its HOME Program recordkeeping and reporting requirements, Owner shall prepare, maintain and submit to the City, as appropriate, the following records and reports:

- a. Records which demonstrate that the Site meets the property standard specified in 24 CFR 92.251 and the lead-based paint requirements of 24 CFR 92.355;
- b. Records which demonstrate that each family occupying a HOME-assisted unit is income eligible in accordance with 24 CFR 92.203;
- c. Records which demonstrate that the Site meets the affordability and income targeting requirements of California Health and Safety Code Sections 50105 and 50053 and 24 CFR 92.252 for the duration of this Agreement. Records shall be kept for each family occupying a HOME-assisted unit;
- d. Records which demonstrate that each lease complies with the tenant and participant protections, as specified in 24 CFR 92.253. Records shall be kept for each family;
- e. Equal opportunity and fair housing records, including, as applicable:
 - (1) data on the extent to which each racial and ethnic group and single-headed household (by gender of household head) have applied for, participated in, or benefited from, any program or activity funded in whole or in part with HOME funds;
 - (2) documentation of actions undertaken to meet the requirements of 24 CFR Part 135 which implements section 3 of the Housing Development Act of 1968, as amended (12 U.S.C. 1701u);
 - (3) documentation of the actions taken to affirmatively further fair housing;
- f. Affirmative Marketing and MBE/WBE records, including, as applicable:
 - (1) if applicable, records documenting compliance with the affirmative marketing procedures and requirements of 24 CFR 92.351;
 - (2) if applicable, documentation and data on the steps taken by Owner to implement the City's outreach programs as set forth in applicable City policies and procedures;
- g. if applicable, records which demonstrate compliance with the requirements of 24 CFR 92.353 relating to displacement, relocation and real property acquisition, including project occupancy lists identifying the name and address of all persons occupying or moving into the Site on and after the date on which Owner obtained site control;
- h. if applicable, records demonstrating compliance with the labor requirements of 24 CFR 92.354, including contract provisions and payroll records;
- i. records demonstrating compliance with the lead-based paint requirements of 24 CFR 92.355;

j. if applicable, records which support any exceptions to the conflict of interest prohibition pursuant to 24 CFR 92.356;

k. debarment and suspension certifications required by 24 CFR Parts 24 and 91.

Owner shall retain all books and records relevant to the Housing Agreement for a minimum of five years after the project completion date, except that records of individual tenant income verifications, project rents and project inspections shall be retained for the most recent five year period until five years after the affordability period terminates, or until the conclusion or resolution of any and all audits or litigation relevant to the Housing Agreement, whichever is later. The City, HUD and the Comptroller General of the United States, and any of their representatives, shall have the right of access to any pertinent books, documents, papers or other records of the Owner, in order to make audits, examinations, excerpts and transcripts.

3.9 Reliance on Tenant Representations: Each tenant lease shall contain a provision to the effect that Owner has relied on the income certification and supporting information supplied by the tenant in determining qualification for occupancy of an Affordable Very Low Income Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease.

3.10 Conflicts. The rental priority provision set forth in Section 3.6 shall apply only in the event, and to the extent, such provisions are not in conflict with any applicable federal or state law or any regulatory agreement affecting the Project that is recorded in superior priority to this Agreement.

4. MAINTENANCE

4.1 Maintenance Covenant. Owner agrees to maintain all interior and exterior improvements, including landscaping, on the Site in good condition and repair (and, as to landscaping, in a healthy condition), reasonable wear and tear excepted, and in accordance with all applicable laws, rules, ordinances, orders, and regulations of all federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction (including, but not limited to, Federal Housing Quality Standards as set forth in 24 C.F.R. 982.401). In addition, Owner shall keep the Site free from all graffiti and any accumulation of debris or waste material. Owner shall make all repairs and replacements necessary to keep the improvements in good condition and repair and shall promptly eliminate all graffiti and replace dead and diseased plants and landscaping with comparable materials. The maintenance covenant contained in this Section shall remain in effect for the term of this Agreement.

The Project shall comply with the lead-based paint standards in 24 C.F.R. §92.355. Housing assisted with HOME Program funds constitutes HUD-associated housing for the purpose of Lead-Based Paint Poisoning Prevention Act (42 U.S.C. Section 4821, *et seq.*) and is, therefore, subject to 24 Code of Federal Regulations Part 35. Accordingly, and pursuant to Section 92.355 of the Regulations, the Owner hereby agrees to and shall be responsible for testing and abatement activities specified in the Lead-Based Paint Poisoning Prevention Act and

the regulations set forth at 24 Code of Federal Regulations Part 35 with respect to the rehabilitation of the Site.

4.2 City and Agency Rights. City and Agency shall each have the right to enter upon the Site to inspect the Site and both the interiors and exteriors of the Units, upon seventy-two (72) hours notice to Owner. City and Agency may, but are not required to, each perform or cause to be performed the maintenance necessary to cure any default of these maintenance covenants and Owner shall be liable for payment of reasonable costs (excluding staff salaries and overhead and other similar costs) to perform such required maintenance; provided, however, that Owner first be given written notice of the actions required to cure any default, and Owner, after receipt of such notice, shall have thirty (30) days to cure such defaults, but Owner shall not be deemed in default of the foregoing maintenance covenant if such default cannot reasonably be cured within the thirty (30) day period referenced above so long as Owner has commenced to cure such default within the same thirty (30) day period and is diligently proceeding with the work to cure such default. Notwithstanding the foregoing, if any property conditions are reasonably identified by City or Agency after a property inspection attended by a representative of Owner that pose an immediate danger to life or limb, Owner shall have three (3) days to effect corrections of such condition(s) to City's and Agency's reasonable satisfaction.

4.3 Annual Report. Owner covenants and agrees to submit to the City and the Agency an annual report (the "Annual Report"), which shall include the information required by Section 3.4 of this Agreement and by *California Health & Safety Code* Section 33418. The Annual Report shall include for each Affordable Very Low Income Unit the rental rate and the income and family size of the occupants, and shall also include the records described in Section 3.5 herein and the financial statements described in Section 5.11 of the Housing Agreement. The income information shall be supplied by the tenant in a certified statement on a form provided by the City. The Owner shall submit the Annual Report on or before April 30 of the year following the year covered by the Annual Report. The Owner shall provide for the submission of such information in its leases with tenants.

4.4 Management Plan. Owner shall prepare, submit to Agency and to City's Director of Economic Development within ninety (90) days after recordation of this Agreement and maintain in effect a management plan in accordance with the following ("Management Plan"):

(a) The Management Plan, including such amendments as may be approved in writing by the City, shall remain in effect for the term of this Agreement. Owner shall not amend the Management Plan or any of its components without the prior written consent of the City. The components of the Management Plan shall include:

(1) Management Agent. The name and qualifications of the proposed management agent, which may include but shall not be limited to Jamboree Housing Corporation. The City shall approve or disapprove the proposed management agent, if other than Jamboree Housing Corporation, in writing based on the experience and qualifications of the

management agent. The management agent shall have demonstrated experience in operating affordable housing comparable to the Project.

(2) Management Program. A description of the proposed management, maintenance, tenant selection and occupancy policies and procedures for the Affordable Very Low Income Units.

(3) Management Agreement. A copy of the proposed management agreement specifying the amount of the management fee and the relationship and division of responsibilities between Owner and management agent.

(4) Tenant Lease or Rental Agreement. A copy of the proposed tenant lease or rental agreement to be used in renting the Affordable Very Low Income Units.

(5) Annual Operating Budget. Prior to the completion of rehabilitation of the Units and annually thereafter not later than fifteen (15) days prior to the beginning of the next fiscal or calendar year of the Project, Owner shall submit a projected operating budget to the City for review and approval. After Owner's initial projected operating budget submittal, Owner shall annually reconcile each previous year's projected budget with actual operating results for the Project ("Budget Reconciliation"). In each Budget Reconciliation, Owner shall set forth an explanation for any major discrepancies between projected and actual budgets. For purposes of this Agreement, a "major discrepancy" shall mean a line item difference between projected and actual budgets of 20% or more.

The City shall not unreasonably withhold, condition or delay its approval of any matter for which its approval is required hereunder, and such matter shall be deemed approved unless the City provides to Owner its written disapproval within thirty (30) days after receipt of a request for approval, provided Owner includes with its request, a written notice, in capital letters and at least 12-point typeface, stating as follows:

NOTICE: PURSUANT TO SECTION 4.4 OF THE REGULATORY AGREEMENT BETWEEN THE CITY OF HUNTINGTON BEACH AND JHC - OAKVIEW, LLC, FAILURE BY THE CITY TO APPROVE OR DISAPPROVE THE MATTER SUBMITTED WITH THIS REQUEST WITHIN 30 DAYS SHALL BE DEEMED AN APPROVAL.

Any disapproval shall be in writing and contain the City's reasons for disapproval. Any matter for which approval is required by both the Agency and the City shall be deemed approved if such approval is given by either the Agency or the City.

(b) Owner hereby covenants and agrees the City shall have the right, at any time and from time to time, to give notice to Owner if the City determines that the Project is not being managed or maintained in accordance with the Management Plan. The City may require the Owner to change management practices or to terminate the management agent and

retain a different management agent, approved by the City. The City agrees that prior to requiring the Owner to change its management agent or the management practices the City shall informally consult with Owner, in an attempt to resolve the dispute. If the City determines that such an attempt at informal resolution has been unsuccessful, it shall give the Owner thirty (30) days written notice to change the management agent or practice, as the case may be. If Owner fails to do as requested by the City in the written notice, the City may then require the immediate change of the management practice or agent, as the case may be. The management agreement shall provide that it is subject to termination by the Owner without penalty, upon thirty (30) days prior written notice. Within ten (10) business days following a direction of the City to replace the management agent, the Owner shall select another management agent or make other arrangements satisfactory to the City for continuing management of the Project. The Owner shall notify the City upon learning that there is a voluntary change in the management or control of the management agent, and, if the change is unsatisfactory to the City, the City shall be entitled to require the Owner to change the management agent in accordance with the terms of this paragraph.

4.5 Other HOME Program Requirements.

Owner shall comply with all applicable federal requirements set forth in Subpart H of the HOME regulations, including the following:

a. Other Federal Requirements and Nondiscrimination. 24 CFR 92.350. Owner acknowledges that 24 CFR 92.350 provides that the Federal requirements set forth in 24 CFR Part 5, subpart A, are applicable to participants in the HOME program, and that these Federal requirements include the following:

(i) Nondiscrimination and Equal Opportunity.

(1) Civil Rights, Fair Housing, and Age and Disability Discrimination Acts Assurances:

During the performance of the Housing Agreement, Owner assures that no otherwise qualified person shall be excluded from participation or employment, denied program benefits, or be subjected to discrimination based on race, color, national origin, sex, age, handicap, religion, or religious preference, under any program or activity funded by this Agreement, as required by the Fair Housing Act (42 U.S.C. 3601-19) and implementing regulations at 24 CFR part 100 et seq.; Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1959-1963 Comp., p. 652 and 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing Programs) and implementing regulations at 24 CFR part 107; title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d- 2000d-4) (Nondiscrimination in Federally Assisted Programs) and implementing regulations at 24 CFR part 1; the Age Discrimination Act of 1975 (42 U.S.C. 6101-6107) and implementing regulations at 24 CFR part 146; section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR part 8; Title VI of the Civil Rights Act of 1964, the Fair Housing Act (42 U.S.C. 3601-20) and all implementing regulations, and the Age Discrimination Act of 1975, and all implementing regulations.

(2) Training, Employment, and Contracting Opportunities Assurance of Compliance:

The Project Activities to be performed under the Housing Agreement are on a project assisted under a program providing direct federal financial assistance from HUD which is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u ("Section 3"), and the regulations issued by HUD to implement Section 3 (24 CFR Part 135) (the "Section 3 Regulations"). Pursuant to 24 CFR §135.3, the requirements of the Section 3 Regulations apply to the recipient of such financial assistance only where the amount of federal assistance exceeds \$200,000, and apply to a contractor or subcontractor of such recipient only where the amount of assistance exceeds \$200,000 and the amount of the contract or subcontract exceeds \$100,000. Owner shall provide, to the greatest extent feasible, training, employment and contracting opportunities generated by the financial assistance to low- and very-low income persons and business concerns owned by low- or very-low income persons, or which employ low- or very-low income persons.

(3) MBE/WBE Affirmative Action Outreach Program:

Owner hereby agrees to comply with the City's minority and women business outreach program to the extent required by Executive Order 11625, as amended by Executive Order 12007 (3 CFR, 1971-1975 Comp., p. 616 and 3 CFR, 1977 Comp., p. 139) (Minority Business Enterprises); Executive Order 12432 (3 CFR, 1983 Comp., p. 198) (Minority Business Enterprise Development); and Executive Order 12138, as amended by Executive Order 12608 (3 CFR, 1977 Comp., p. 393 and 3 CFR, 1987 Comp., p. 245) (Women's Business Enterprise).

(ii) Disclosure Requirements. The disclosure requirements and prohibitions of 31 U.S.C. 1352 and implementing regulations at 24 CFR Part 87; and the requirements for funding competitions established by the Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3531 et seq.).

(iii) Debarred, Suspended or Ineligible Contractors. The prohibitions at 24 CFR Part 24 on the use of debarred, suspended or ineligible contractors.

(iv) Drug-free Workplace. The Drug-Free Workplace Act of 1988 (41 U.S.C. 701 et seq.) and HUD's implementing regulations at 24 CFR Part 24.

b. Affirmative Marketing. 24 CFR 92.351. Owner shall comply with the City's Affirmative Marketing requirements.

c. Displacement, Relocation and Acquisition. 24 CFR 92.353. Owner shall prepare a project-specific relocation plan and shall certify that, to the extent applicable, it will comply or has complied with the federal relocation, displacement and acquisition rules governing the HOME Program, which are contained in the Uniform Relocation Act, 49 CFR Part 24, and

applicable program regulations. 24 CFR Section 92.353 requires that tenants who are displaced from housing units demolished or converted as a result of HOME-funded activities be provided with relocation assistance.

d. Labor. 24 CFR 92.354. Does not apply to this Project.

e. Lead-based Paint. 24 CFR 92.355. The Project shall comply with the lead-based paint standards in §92.355.

f. Conflict of Interest. 24 CFR 92.356.

(1) Interest of Employees, Officers and Officials. No employee, agent, consultant, officer or elected official or appointed official of the City, or employee, agent, consultant or officer of Owner, and no other public official of the City who exercises any functions or responsibilities with respect to the activities assisted with HOME funds or who are in a position to participate in a decision making process or gain inside information with regard to these activities, during their tenure and for one year thereafter, may obtain a financial interest or benefit from a HOME assisted activity or have an interest in any contract or subcontract, or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties. Owner shall incorporate, or cause to be incorporated, in all such contractors or subcontracts a provision prohibiting such interest pursuant to the purposes of this Section. Fulfillment of "sweat equity" obligations as defined in Section 8201 of the HOME regulations shall not be considered a violation of this prohibition.

(2) Prohibition Against Occupying HOME-Assisted Units. No officer, employee, agent, official or consultant of Owner may occupy the Site.

g. Consultant Activities. 24 CFR 92.358. No person providing consultant services in an employer-employee type relationship shall receive more than a reasonable rate of compensation for personal services paid for with HOME funds. In no event, however, shall such compensation exceed the limits in effect under the provisions of any applicable statute (e.g., annual HUD appropriations acts which have set the limit at the equivalent of the daily rate paid for Level IV of the Executive Schedule). Such services shall be evidenced by written agreements between the parties which detail the responsibilities, standards and compensation. Consultant services provided under an independent contractor relationship are not subject to the compensation limitation of Level IV of the Executive Schedule.

5. ENFORCEMENT. In the event Owner defaults in the performance or observance of any covenant, agreement or obligation of Owner pursuant to this Agreement, and if such default remains uncured for a period of thirty (30) days after written notice thereof (or such longer period as may apply to the specific alleged default) shall have been given by City, or, in the event said default cannot be cured within said time period, Owner has failed to commence to cure such default within said thirty (30) days and diligently prosecute said cure to completion, then City shall declare an "Event of Default" to have occurred hereunder, and, at its option, may take one or more of the following steps:

(a) By mandamus or other suit, action or proceeding at law or in equity, require Owner to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of this Agreement; or

(b) Take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of participant hereunder, including foreclosure of the Deed of Trust.

Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by any party of one or more of its rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by another party.

6. NONDISCRIMINATION. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, age, class, income, religion, sex, sexual orientation, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, or any part thereof, or in the awarding of contracts for the Project, nor shall participant, 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 of the Site, or any part thereof, or in the awarding of contracts for the Project (except as permitted by this Agreement).

Owner shall comply with all applicable federal, state and local nondiscrimination, fair housing, and equal opportunity requirements. In addition, Owner shall conduct affirmative marketing and minority outreach activities as required by federal regulations.

6.1 Form of Nondiscrimination and Nonsegregation Clauses. The Owner shall refrain from restricting the rental, sale or lease of the property on the basis of race, color, creed, age, class, income, religion, sex, sexual orientation, marital status, national origin or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

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

(b) In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

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

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

7. COVENANTS TO RUN WITH THE LAND. Owner hereby subjects the Site to the covenants, reservations, and restrictions set forth in this Agreement. City, Agency and Owner hereby declare their express intent that all such covenants, reservations, and restrictions shall be deemed covenants running with the land and shall pass to and be binding upon the Owner's successors in title to the Site; provided, however, that on the termination of this Agreement said covenants, reservations and restrictions shall expire, except the nondiscrimination covenants contained in Section 6 and Section 6.1 shall remain in perpetuity. All covenants without regard to technical classification or designation shall be binding for the benefit of the City and Agency, and such covenants shall run in favor of the City and Agency for the entire term of this Agreement, without regard to whether the City or Agency is or remains an owner of any land or interest therein to which such covenants relate.

8. ATTORNEYS' FEES. In the event that any action, suit or other proceeding is brought to enforce the obligations of under this Agreement, each party shall bear its own costs and expenses of suit, including attorneys' fees, expert witness fees and all costs incurred in each and every such action, suit or other proceeding, including any and all appeals or petitions therefrom.

9. AMENDMENTS. This Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County of Orange.

10. NOTICE. Any notice required to be given hereunder shall be made in writing and shall be given by (i) personal delivery, (ii) courier service that provides a receipt showing date and time of delivery, or (iii) certified or registered mail, postage prepaid, return receipt requested, at the addresses specified below, or at such other addresses as may be specified in writing by the parties hereto:

City: City of Huntington Beach
2000 Main Street
Huntington Beach, CA 92648
Attn: Director of Economic Development

Agency: Redevelopment Agency of the City of Huntington Beach
2000 Main Street
Huntington Beach, CA 92648
Attn: Agency Secretary

With a copy to: City Attorney's Office
City of Huntington Beach
2000 Main Street
Huntington Beach, CA 92648

Owner: JHC – Oakview, LLC
c/o Jamboree Housing Corporation
17701 Cowan Avenue, Ste 200
Irvine, CA 92614
Attn: President

Notices personally delivered or delivered by courier shall be effective upon receipt. Mailed notices shall be effective on the earlier of receipt or Noon on the second business day following deposit in the United States mail. Notices, requests and submittals that are required to be given to both the Agency and the City shall be deemed given if such notices, requests and submittals are given to either the Agency or the City and, with regard to notices and requests, a copy is provided to the City Attorney's Office.

11. SEVERABILITY/WAIVER/INTEGRATION.

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

11.2 Waiver. A waiver by either party of the performance of any covenant or condition herein shall not invalidate this Agreement nor shall it be considered a waiver of any other covenants or conditions, nor shall the delay or forbearance by either party in exercising any remedy or right be considered a waiver of, or an estoppel against, the later exercise of such remedy or right.

11.3 Integration. This Agreement contains the entire Agreement between the parties and neither party relies on any warranty or representation not contained in this Agreement.

12. GOVERNING LAW. This Agreement shall be governed by the internal laws of the State of California.

13. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall constitute one original and all of which shall be one and the same instrument.

14. SUBORDINATION. City and Agency may agree to subordinate this Agreement to superior deeds of trust, regulatory agreements and other related documents including but not limited to those required by the Conventional Lender, if satisfactory written commitments are obtained from such Conventional Lender to protect the City's and Agency's investments in the event of a default by Owner. Any such Subordination Agreement shall provide for: (i) A right of the Agency or City to cure a default on the Conventional Lender's First Deed(s) of Trust; (ii) A right of the Agency or City to negotiate with any lenders after notice of default from the lender; (iii) An agreement that if prior to foreclosure of any lenders' loans, the Agency or City takes title to the Site and cures the default on the loan, the lender will not exercise any right it may have to accelerate the loan by reason of the transfer of title to the Agency or City; and (iv) A right of the Agency or City to purchase the Site from Owner at any time after a default on the loan that remains uncured after expiration of the applicable cure period. If, from time to time and at one or more times, Owner chooses to refinance the loan secured by any deed of trust which is superior to this Agreement, City and Agency agree to subordinate this Agreement, so long as such refinancing does not result in a senior loan that exceeds \$200,000.00.

IN WITNESS WHEREOF, the City, Agency and Owner have executed this Regulatory Agreement and declaration of Covenants and Restrictions by duly authorized representatives on the date first written hereinabove.

[SIGNATURES APPEAR ON NEXT PAGE]

“OWNER”

JHC – OAKVIEW, LLC
a California limited liability company

By: Jamboree Housing Corporation,
a California nonprofit corporation,
Its: Managing Member

By:

Laura Archuleta
Its: President

“CITY”

THE CITY OF HUNTINGTON
BEACH, a municipal corporation of
the State of California

Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

5.8.07  _____
City Attorney *MS/10/07*

COUNTERPART

“AGENCY”

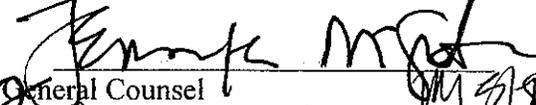
REDEVELOPMENT AGENCY OF
THE CITY OF HUNTINGTON
BEACH, a public body, corporate
and politic

Chairperson

ATTEST:

Agency Secretary

APPROVED AS TO FORM:

5.8.09  _____
General Counsel *MS/10/07*
 _____
KANE, BALLMER & BERKMAN
Agency Special Counsel

E9 . 116

“OWNER”

JHC – OAKVIEW, LLC
a California limited liability company

By: Jamboree Housing Corporation,
a California nonprofit corporation,
Its: Managing Member

By: 
Laura Archuleta
Its: President

COUNTERPART

“CITY”

THE CITY OF HUNTINGTON
BEACH, a municipal corporation of
the State of California

Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney 

“AGENCY”

REDEVELOPMENT AGENCY OF
THE CITY OF HUNTINGTON
BEACH, a public body, corporate
and politic

Chairperson

ATTEST:

Agency Secretary

APPROVED AS TO FORM:

General Counsel

KANE, BALLMER & BERKMAN
Agency Special Counsel

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Orange

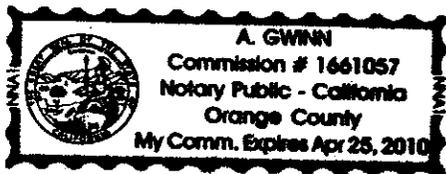
On May 8th, 2007 before me, A. Gwinn, Notary Public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Laura Archuleta
Name(s) of Signer(s)

personally known to me

(or 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.



WITNESS my hand and official seal.

[Handwritten Signature]

Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Regulatory Agreement - JHC-Oakview, LLC

Document Date: May 8th, 2007 Number of Pages: 20

Signer(s) Other Than Named Above: N/A

Capacity(ies) Claimed by Signer(s)

Signer's Name: Laura Archuleta

- Individual
- Corporate Officer — Title(s): President
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

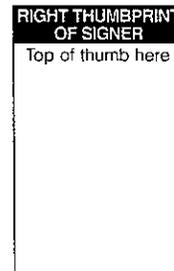
Signer Is Representing: _____



Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: _____



ATTACHMENT 1
LEGAL DESCRIPTION OF SITE

Legal Description of Property Commonly Known As
17362 Koledo Lane
Huntington Beach, California 92647

PARCEL 1:

LOT 36 OF TRACT NO. 4301, IN THE CITY OF HUNTINGTON BEACH, AS SHOWN ON A MAP RECORDED IN BOOK 177, PAGES 11 AND 12 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, MINERALS AND OTHER HYDROCARBONS, BELOW A DEPTH OF 500 FEET, WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED IN DEEDS OF RECORD.

PARCEL 2:

THE EAST 1/2 OF KOLEDO LANE VACATED BY RESOLUTION NO. 5353 RECORDED FEBRUARY 15, 1984 AS INSTRUMENT NO. 84-065494 OF OFFICIAL RECORDS, LYING SOUTHERLY OF THE WESTERLY PROLONGATION OF THE NORTHERLY LINE OF LOT 36 AND NORTHERLY OF THE WESTERLY PROLONGATION OF THE SOUTHERLY LINE OF LOT 36 OF TRACT NO. 4301, IN THE CITY OF HUNTINGTON BEACH, AS SHOWN ON A MAP RECORDED IN BOOK 177, PAGES 11 AND 12 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, MINERALS AND OTHER HYDROCARBONS, BELOW A DEPTH OF 500 FEET, WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED IN DEEDS OF RECORD.

APN: 165-232-01

EXHIBIT I

Subordination Agreements

[behind this page]

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LEFT
BLANK**

WHEN RECORDED RETURN TO:

JHC – Oakview, LLC
c/o Jamboree Housing Corporation
17701 Cowan Avenue, Ste 200
Irvine, CA 92614
Attn: President

[AGENCY LOAN]
SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENTS.

THIS SUBORDINATION AGREEMENT (“Agreement”) is entered into this ____ day of _____, 2007, by and among THE REDEVELOPMENT AGENCY OF THE CITY OF HUNTINGTON BEACH, a public body, corporate and politic (the “Agency”); JHC – OAKVIEW, LLC, a California limited liability company (“Developer”); and U.S. BANK NATIONAL ASSOCIATION, a national banking association (“Lender”).

RECITALS

A. Developer owns fee title to the real property described on Attachment No. “1” (the “Property”) attached hereto and incorporated herein by reference. The Agency, the City of Huntington Beach (“City”), and Developer have entered into that certain Affordable Housing Agreement dated as of _____, 2007 (the “Housing Agreement”). Pursuant to the terms of the Housing Agreement, Developer has executed a Note in favor of the Agency in the amount of SEVEN HUNDRED EIGHTY THOUSAND DOLLARS (\$780,000.00) (“Agency Loan”) to assist Developer in the acquisition and rehabilitation of the Property as an affordable housing complex. The Agency Loan is to be secured by a Subordinated Deed of Trust With Assignment of Rents With Rider Attached encumbering the Property and naming the Agency as Beneficiary (the “Agency Deed of Trust”). The Housing Agreement is hereby incorporated by reference as though fully set forth herein. All capitalized terms not defined herein shall have the meanings ascribed to them in the Housing Agreement.

B. City, Agency and Developer have also entered into that certain Regulatory Agreement and Declaration of Covenants and Restrictions recorded against the Property ("Regulatory Agreement"), which Regulatory Agreement contains, among other terms, certain use restrictions affecting the Property.

C. Developer has obtained a loan from Lender in the amount of One Hundred Ninety One Thousand Dollars (\$191,000.00) (the "Lender Loan"). To repay the Lender Loan, Developer has executed or is about to execute a deed of trust encumbering the Property to secure a promissory note in the sum of the Lender Loan, payable upon the terms and conditions described in such note (respectively, the "Lender Deed of Trust" and "Lender Note"). In connection with the Lender Loan, Developer may also be required by Lender to execute a regulatory agreement to be recorded against the Property, which may contain among other terms, use restrictions affecting the Property (the "Lender Regulatory Agreement").

D. Lender is willing to make the Lender Loan provided the Lender Deed of Trust and Lender Regulatory Agreement are a lien or charge upon the Property prior and superior to the lien or charge of the Agency Deed of Trust and provided that the Agency will subordinate the lien or charge of the Agency Deed of Trust to the lien or charge of the Lender Deed of Trust and the Lender Regulatory Agreement.

E. It is to the mutual benefit of the Lender, Agency, and Developer that the Lender make the Lender Loan to Developer; and the Agency has agreed that the Lender Deed of Trust and Lender Regulatory Agreement shall, when recorded, constitute a lien or charge upon the Property which is prior and superior to the lien or charge of the Agency Deed of Trust subject to and conditioned upon the specific terms and provisions of this Subordination Agreement.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the Agency, Lender and Developer, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to induce the Lender to make the Lender Loan, it is hereby declared, understood and agreed as follows:

1. Subordination by Agency

1.1 Subordination of Agency Deed of Trust and Regulatory Agreement to Lender Deed of Trust and Lender Regulatory Agreement. The Lender Deed of Trust (and any renewals or extensions of, or advances, including interest, thereunder), and the Lender Regulatory Agreement (and any amendments or modifications thereto) (except amendments which increase the loan amount) shall unconditionally be and remain at all times a lien or charge on the Property, prior and superior to (i) the lien or charge of (a) the Agency Deed of Trust, (b) the Regulatory Agreement, (c) Section 2.5 of the Housing Agreement and (d) all options, rights of first refusal, rights of reverter and termination and construction obligations set forth in the Housing Agreement, (ii) all present and future indebtedness and obligations secured thereby, and (iii) all rights and privileges of Agency thereunder, provided that the indebtedness secured by the Lender Deed of Trust does not exceed Two Hundred Thousand Dollars (\$200,000.00)

If Developer chooses to refinance the Lender Loan, Agency agrees to subordinate the Agency Deed of Trust and the Regulatory Agreement to the refinancing Lender's Deed of Trust under the same terms and conditions as set forth in this Agreement, on the condition that the amount of the new loan is no greater than the original principal balance of the Lender Loan.

1.2 Covenants of Agency. The Agency declares, agrees and acknowledges that:

(a) The Agency consents to all provisions of the Lender Note and the Lender Deed of Trust, and (ii) all provisions of the Lender Regulatory Agreement.

(b) To Agency's actual knowledge, there is no breach, event of default or default existing under the Agency Deed of Trust or any circumstances, event, omission or failure of condition which would constitute such a breach, default or event of default after notice or lapse of time, or both.

2. Reliance by Lender and Agency. The Lender would not make the Lender Loan and the Agency would not have agreed to subordinate the Agency Deed of Trust without this Subordination Agreement and each of the undersigned understands that in reliance upon, and in consideration of, this waiver, relinquishment and subordination, specific loans and advances are being and will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for such reliance upon this waiver, relinquishment and subordination.

3. Notice to Agency. In the event of a breach or default by Developer under the terms of the Lender Deed of Trust, Lender shall provide the Agency with written notice of such breach or default concurrently with providing such notice to Developer. Upon receipt of such notice of breach or default, the parties hereto agree that Agency shall have each of the following rights so long as the Agency Deed of Trust encumbers any portion of the Property or interest therein:

(a) To cure the noticed default at any time prior to the foreclosure of the Lender Deed of Trust or any lien under the Lender Regulatory Agreement. In connection therewith, the Lender agrees that (i) in the event of a monetary default, the Lender shall not foreclose Lender Deed of Trust or other lien prior to the date that is thirty (30) days after the date that the Lender would otherwise be legally entitled to foreclose Lender Deed of Trust and (ii) in the event of a nonmonetary default, the Lender shall not foreclose its Lender Deed of Trust or other lien prior to the date that is one hundred twenty (120) days after the date that the Lender would otherwise be legally entitled to foreclose the Lender Deed of Trust.

(b) To negotiate with the Lender in good faith for a period not to exceed thirty (30) days regarding the noticed default at any time prior to the foreclosure of the Lender Deed of Trust or other lien (without any party having an obligation to continue or enter into any final agreement).

(c) To negotiate with the Developer in good faith for a period not to exceed thirty (30) days to purchase the Property from Developer, subject to the Lender Deed of Trust without the consent of the holder of the Lender Deed of Trust or enforcing party under the Lender Regulatory Agreement (without any party having an obligation to continue or enter into any final agreement).

The Lender agrees that the exercise of any of the rights set forth in this Section by Agency shall not give rise to any right on the part of the Lender to exercise any right to accelerate the amounts due under the Lender Loan.

3.1 Foreclosure of Agency Deed of Trust. The Lender hereby agrees that in the event that Agency forecloses the Agency Deed of Trust, said foreclosure shall not, in and of itself, give rise to any right on the part of the Lender to accelerate the amounts due on the Lender Loan.

3.2 Disbursements. Lender, in making disbursements of the proceeds of the Lender Loan, is under no obligation or duty to, nor has Lender represented that it will, see to the application of such proceeds by the person or persons to whom disbursements thereof are made and any application or use of such proceeds for purposes other than those provided in the documents evidencing and securing the Lender Loan shall not defeat the subordination herein made in whole or in part.

4. Miscellaneous

4.1 Entire Agreement. This Subordination Agreement shall be the whole and only agreement with regard to the matters set forth herein and shall supersede and cancel, but only insofar as would affect the priority between the Lender Deed of Trust and Lender Regulatory Agreement on the one hand, and the Agency Deed of Trust and the Regulatory Agreement on the other hand, any prior agreement as to such subordination including, but not limited to, those provisions, if any contained in the Agency Deed of Trust and the Regulatory Agreement, which provide for the subordination of the lien or charge thereof to another deed or deeds of trust or to another mortgage or mortgages, upon the Property.

4.2 Successors and Assigns. This Subordination Agreement shall inure to and bind the heirs, legatees, devisees, administrators, executors, successors and assigns of the parties hereto.

4.3 California Law. This Subordination Agreement shall be construed according to the internal laws of the State of California.

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

4.5 Notice. Any notice, demand, request, consent, approval or communication that any party desires or is required to give to another party or any other person must be in writing and may be given by (i) personal delivery, (ii) by courier service that provides a receipt showing date and time of delivery, or (iii) by registered or certified mail, return receipt requested, postage prepaid. Notices shall be directed at the address of such party hereinafter set forth, or such other address and to such other persons as the parties may hereafter designate. Any such notice shall be deemed given upon receipt if by personal delivery or courier service, or if by mail the earlier of (x) actual receipt or (y) forth-eight (48) hours after deposit in the United States mail.

If to Agency: Redevelopment Agency of the City of Huntington Beach
2000 Main Street
Huntington Beach, CA 92648
Attention: Executive Director

If to Developer: JHC – Oakview, LLC
c/o Jamboree Housing Corporation
17701 Cowan Avenue, Ste 200
Irvine, CA 92614
Attention: President

If to Lender:

4.6 Attorney's Fees. In the event that any action, suit or other proceeding is brought to enforce the obligations of under this Agreement, each party shall bear its own costs and expenses of suit, including attorneys' fees, expert witness fees and all costs incurred in each and every such action, suit or other proceeding, including any and all appeals or petitions therefrom.

4.7 Counterparts. This Subordination Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one and the same document.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENTS.

“DEVELOPER”
JHC-OAKVIEW, LLC
a California limited liability company

By: Jamboree Housing Corporation,
a California nonprofit corporation,
Its: Managing Member

By: _____
Laura Archuleta
Its: President

COUNTERPART

“AGENCY”
REDEVELOPMENT AGENCY OF THE
CITY OF HUNTINGTON BEACH
a public body, corporate and politic

Chairperson

ATTEST:

Agency Secretary

APPROVED AS TO FORM:

Jennifer M. [Signature]
5802 _____
General Counsel *JUL 18 2017*

Rebecca [Signature]

KANE BALLMER & BERKMAN
Agency Special Counsel

“LENDER”
U.S. BANK NATIONAL ASSOCIATION,
a national banking association

By: _____
Waheed Karim
Assistant Vice President

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

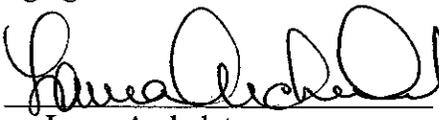
NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENTS.

“DEVELOPER”
JHC-OAKVIEW, LLC
a California limited liability company

“AGENCY”
REDEVELOPMENT AGENCY OF THE
CITY OF HUNTINGTON BEACH
a public body, corporate and politic

By: Jamboree Housing Corporation,
a California nonprofit corporation,
Its: Managing Member

Chairperson

By: 

Laura Archuleta
Its: President

ATTEST:

Agency Secretary

COUNTERPART

APPROVED AS TO FORM:

General Counsel

KANE BALLMER & BERKMAN
Agency Special Counsel

“LENDER”
U.S. BANK NATIONAL ASSOCIATION,
a national banking association

By: _____
Waheed Karim
Assistant Vice President

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

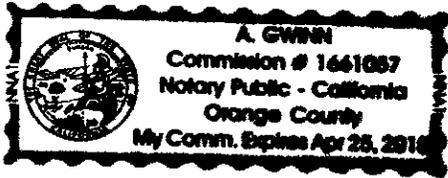
County of Orange

On May 8th, 2007 before me, A. Gwinn, Notary Public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Laura Archuleta
Name(s) of Signer(s)

- personally known to me
- (or 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.



Place Notary Seal Above

WITNESS my hand and official seal.

[Handwritten Signature]

Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Agency Subordination Agreement - JHC - oaknew LLC

Document Date: May 8th, 2007 Number of Pages: 6

Signer(s) Other Than Named Above: n/a

Capacity(ies) Claimed by Signer(s)

Signer's Name: Laura Archuleta

- Individual
- Corporate Officer — Title(s): President
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

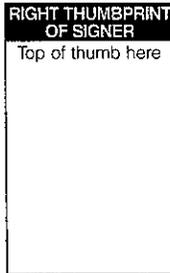
Signer Is Representing: _____



Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: _____



ATTACHMENT 1
LEGAL DESCRIPTION OF SITE

Legal Description of Property Commonly Known As
17362 Koledo Lane
Huntington Beach, California 92647

PARCEL 1:

LOT 36 OF TRACT NO. 4301, IN THE CITY OF HUNTINGTON BEACH, AS SHOWN ON A MAP RECORDED IN BOOK 177, PAGES 11 AND 12 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, MINERALS AND OTHER HYDROCARBONS, BELOW A DEPTH OF 500 FEET, WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED IN DEEDS OF RECORD.

PARCEL 2:

THE EAST 1/2 OF KOLEDO LANE VACATED BY RESOLUTION NO. 5353 RECORDED FEBRUARY 15, 1984 AS INSTRUMENT NO. 84-065494 OF OFFICIAL RECORDS, LYING SOUTHERLY OF THE WESTERLY PROLONGATION OF THE NORTHERLY LINE OF LOT 36 AND NORTHERLY OF THE WESTERLY PROLONGATION OF THE SOUTHERLY LINE OF LOT 36 OF TRACT NO. 4301, IN THE CITY OF HUNTINGTON BEACH, AS SHOWN ON A MAP RECORDED IN BOOK 177, PAGES 11 AND 12 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, MINERALS AND OTHER HYDROCARBONS, BELOW A DEPTH OF 500 FEET, WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED IN DEEDS OF RECORD.

APN: 165-232-01

WHEN RECORDED RETURN TO:

JHC – Oakview, LLC
c/o Jamboree Housing Corporation
17701 Cowan Avenue, Ste 220
Irvine, CA 92614
Attn: President

[CITY LOAN]
SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENTS.

THIS SUBORDINATION AGREEMENT (“Agreement”) is entered into this ____ day of _____, 2007, by and among THE CITY OF HUNTINGTON BEACH, a municipal corporation of the State of California (the “City”); JHC – OAKVIEW, LLC, a California limited liability company (“Developer”); and U.S. BANK NATIONAL ASSOCIATION, a national banking association (“Lender”).

RECITALS

A. Developer owns fee title to the real property described on Attachment No. “1” (the “Property”) attached hereto and incorporated herein by reference. The City, the Redevelopment Agency of the City of Huntington Beach (“Agency”), and Developer have entered into that certain Affordable Housing Agreement dated as of _____, 2007 (the “Housing Agreement”). Pursuant to the terms of the Housing Agreement, Developer has executed a Note in favor of the City in the amount of EIGHT HUNDRED THOUSAND DOLLARS (\$800,000.00) (“City Loan”) to assist Developer in the acquisition and rehabilitation of the Property as an affordable housing complex. The City Loan is to be secured by a Subordinated Deed of Trust With Assignment of Rents With Rider Attached encumbering the Property and naming the City as Beneficiary (the “City Deed of Trust”). The Housing Agreement is hereby incorporated by reference as though fully set forth herein. All capitalized terms not defined herein shall have the meanings ascribed to them in the Housing Agreement.

B. City, Agency and Developer have also entered into that certain Regulatory Agreement and Declaration of Covenants and Restrictions recorded against the Property ("Regulatory Agreement"), which Regulatory Agreement contains, among other terms, certain use restrictions affecting the Property.

C. Developer has obtained a loan from Lender in the amount of One Hundred Ninety One Thousand Dollars (\$191,000.00) (the "Lender Loan"). To repay the Lender Loan, Developer has executed or is about to execute a deed of trust encumbering the Property to secure a promissory note in the sum of the Lender Loan, payable upon the terms and conditions described in such note (respectively, the "Lender Deed of Trust" and "Lender Note"). In connection with the Lender Loan, Developer may also be required by Lender to execute a regulatory agreement to be recorded against the Property, which may contain among other terms, use restrictions affecting the Property (the "Lender Regulatory Agreement").

D. Lender is willing to make the Lender Loan provided the Lender Deed of Trust and Lender Regulatory Agreement are a lien or charge upon the Property prior and superior to the lien or charge of the City Deed of Trust, and provided that the City will subordinate the lien or charge of the City Deed of Trust to the lien or charge of the Lender Deed of Trust and the Lender Regulatory Agreement.

E. It is to the mutual benefit of the Lender, City, and Developer that the Lender make the Lender Loan to Developer; and the City has agreed that the Lender Deed of Trust and Lender Regulatory Agreement shall, when recorded, constitute a lien or charge upon the Property which is prior and superior to the lien or charge of the City Deed of Trust, subject to and conditioned upon the specific terms and provisions of this Subordination Agreement.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the City, Lender and Developer, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to induce the Lender to make the Lender Loan, it is hereby declared, understood and agreed as follows:

1. Subordination by City

1.1 Subordination of City Deed of Trust and Regulatory Agreement to Lender Deed of Trust and Lender Regulatory Agreement. The Lender Deed of Trust (and any renewals or extensions of, or advances, including interest, thereunder), and the Lender Regulatory Agreement (and any amendments or modifications thereto) (except amendments which increase the loan amount) shall unconditionally be and remain at all times a lien or charge on the Property, prior and superior to (i) the lien or charge of (a) the Agency Deed of Trust, (b) the Regulatory Agreement, (c) Section 2.5 of the Housing Agreement and (d) all options, rights of first refusal, rights of reverter and termination and construction obligations set forth in the Housing Agreement, (ii) all present and future indebtedness and obligations secured thereby, and (iii) all rights and privileges of Agency thereunder, provided that the indebtedness secured by the Lender Deed of Trust does not exceed Two Hundred Thousand Dollars (\$200,000.00)

If Developer chooses to refinance the Lender Loan, City agrees to subordinate the City Deed of Trust and the Regulatory Agreement to the refinancing Lender's Deed of Trust under the same terms and conditions as set forth in this Agreement, on the condition that the amount of the new loan is no greater than the original principal balance of the Lender Loan.

1.2 Covenants of City. The City declares, agrees and acknowledges that:

(a) The City consents to all provisions of the Lender Note and the Lender Deed of Trust, and (ii) all provisions of the Lender Regulatory Agreement.

(b) To City's actual knowledge, there is no breach, event of default or default existing under the City Deed of Trust or any circumstances, event, omission or failure of condition which would constitute such a breach, default or event of default after notice or lapse of time, or both.

2. Reliance by Lender and City. The Lender would not make the Lender Loan and the City would not have agreed to subordinate the City Deed of Trust without this Subordination Agreement and each of the undersigned understands that in reliance upon, and in consideration of, this waiver, relinquishment and subordination, specific loans and advances are being and will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for such reliance upon this waiver, relinquishment and subordination.

3. Notice to City. In the event of a breach or default by Developer under the terms of the Lender Deed of Trust, Lender shall provide the City with written notice of such breach or default concurrently with providing such notice to Developer. Upon receipt of such notice of breach or default, the parties hereto agree that City shall have each of the following rights so long as the City Deed of Trust encumbers any portion of the Property or interest therein:

(a) To cure the noticed default at any time prior to the foreclosure of the Lender Deed of Trust or any lien under the Lender Regulatory Agreement. In connection therewith, the Lender agrees that (i) in the event of a monetary default, the Lender shall not foreclose Lender Deed of Trust or other lien prior to the date that is thirty (30) days after the date that the Lender would otherwise be legally entitled to foreclose Lender Deed of Trust and (ii) in the event of a nonmonetary default, the Lender shall not foreclose its Lender Deed of Trust or other lien prior to the date that is one hundred twenty (120) days after the date that the Lender would otherwise be legally entitled to foreclose the Lender Deed of Trust.

(b) To negotiate with the Lender in good faith for a period not to exceed thirty (30) days regarding the noticed default at any time prior to the foreclosure of the Lender Deed of Trust or other lien (without any party having an obligation to continue or enter into any final agreement).

(c) To negotiate with the Developer in good faith for a period not to exceed thirty (30) days to purchase the Property from Developer, subject to the Lender Deed of Trust

without the consent of the holder of the Lender Deed of Trust or enforcing party under the Lender Regulatory Agreement (without any party having an obligation to continue or enter into any final agreement).

The Lender agrees that the exercise of any of the rights set forth in this Section by City shall not give rise to any right on the part of the Lender to exercise any right to accelerate the amounts due under the Lender Loan.

3.1 Foreclosure of City Deed of Trust. The Lender hereby agrees that in the event that City forecloses the City Deed of Trust, said foreclosure shall not, in and of itself, give rise to any right on the part of the Lender to accelerate the amounts due on the Lender Loan.

3.2 Disbursements. Lender, in making disbursements of the proceeds of the Lender Loan, is under no obligation or duty to, nor has Lender represented that it will, see to the application of such proceeds by the person or persons to whom disbursements thereof are made and any application or use of such proceeds for purposes other than those provided in the documents evidencing and securing the Lender Loan shall not defeat the subordination herein made in whole or in part.

4. Miscellaneous

4.1 Entire Agreement. This Subordination Agreement shall be the whole and only agreement with regard to the matters set forth herein and shall supersede and cancel, but only insofar as would affect the priority between the Lender Deed of Trust and Lender Regulatory Agreement on the one hand, and the City Deed of Trust and the Regulatory Agreement on the other hand, any prior agreement as to such subordination including, but not limited to, those provisions, if any contained in the City Deed of Trust and the Regulatory Agreement, which provide for the subordination of the lien or charge thereof to another deed or deeds of trust or to another mortgage or mortgages, upon the Property.

4.2 Successors and Assigns. This Subordination Agreement shall inure to and bind the heirs, legatees, devisees, administrators, executors, successors and assigns of the parties hereto.

4.3 California Law. This Subordination Agreement shall be construed according to the internal laws of the State of California.

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

4.5 Notice. Any notice, demand, request, consent, approval or communication that any party desires or is required to give to another party or any other person

must be in writing and may be given by (i) personal delivery, (ii) by courier service that provides a receipt showing date and time of delivery, or (iii) by registered or certified mail, return receipt requested, postage prepaid. Notices shall be directed at the address of such party hereinafter set forth, or such other address and to such other persons as the parties may hereafter designate. Any such notice shall be deemed given upon receipt if by personal delivery or courier service, or if by mail the earlier or (x) actual receipt or (y) forth-eight (48) hours after deposit in the United States mail.

If to City: City of Huntington Beach
 2000 Main Street
 Huntington Beach, CA 92648
 Attention: City Administrator

If to Developer: JHC – Oakview, LLC
 c/o Jamboree Housing Corporation
 17701 Cowan Avenue, Ste 200
 Irvine, CA 92614
 Attention: President

If to Lender:

4.6 Attorney's Fees. In the event that any action, suit or other proceeding is brought to enforce the obligations of under this Agreement, each party shall bear its own costs and expenses of suit, including attorneys' fees, expert witness fees and all costs incurred in each and every such action, suit or other proceeding, including any and all appeals or petitions therefrom.

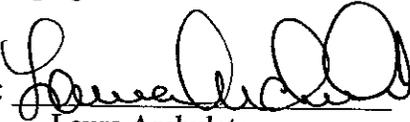
4.7 Counterparts. This Subordination Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one and the same document.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENTS.

"DEVELOPER"
JHC-OAKVIEW, LLC
a California limited liability company

By: Jamboree Housing Corporation,
a California nonprofit corporation,
Its: Managing Member

By: 
Laura Archuleta
Its: President

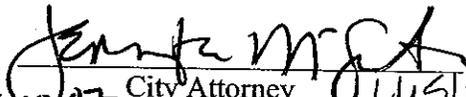
"CITY"
CITY OF HUNTINGTON BEACH
a municipal corporation of the State of
California

Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:


5-10-07 City Attorney 06/18/07

"LENDER"
U.S. BANK NATIONAL ASSOCIATION,
a national banking association

By: _____
Waheed Karim
Assistant Vice President

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

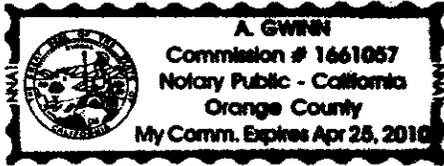
County of Orange

On May 8th, 2007 before me, A. Gwinn, Notary Public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Laura Archuleta
Name(s) of Signer(s)

- Personally known to me
- (or 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.



Place Notary Seal Above

WITNESS my hand and official seal.

[Signature]
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: City Subordination Agreement - JHC-Oakview, LLC

Document Date: May 8th, 2007 Number of Pages: 6

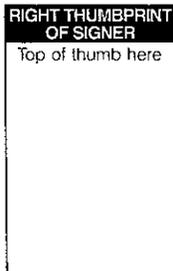
Signer(s) Other Than Named Above: n/a

Capacity(ies) Claimed by Signer(s)

Signer's Name: Laura Archuleta

- Individual
- Corporate Officer — Title(s): President
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

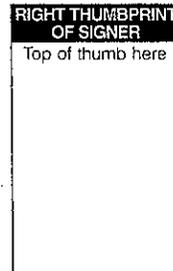
Signer Is Representing: _____



Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: _____



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ATTACHMENT 1
LEGAL DESCRIPTION OF SITE

Legal Description of Property Commonly Known As
17362 Koledo Lane
Huntington Beach, California 92647

PARCEL 1:

LOT 36 OF TRACT NO. 4301, IN THE CITY OF HUNTINGTON BEACH, AS SHOWN ON A MAP RECORDED IN BOOK 177, PAGES 11 AND 12 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, MINERALS AND OTHER HYDROCARBONS, BELOW A DEPTH OF 500 FEET, WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED IN DEEDS OF RECORD.

PARCEL 2:

THE EAST 1/2 OF KOLEDO LANE VACATED BY RESOLUTION NO. 5353 RECORDED FEBRUARY 15, 1984 AS INSTRUMENT NO. 84-065494 OF OFFICIAL RECORDS, LYING SOUTHERLY OF THE WESTERLY PROLONGATION OF THE NORTHERLY LINE OF LOT 36 AND NORTHERLY OF THE WESTERLY PROLONGATION OF THE SOUTHERLY LINE OF LOT 36 OF TRACT NO. 4301, IN THE CITY OF HUNTINGTON BEACH, AS SHOWN ON A MAP RECORDED IN BOOK 177, PAGES 11 AND 12 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, MINERALS AND OTHER HYDROCARBONS, BELOW A DEPTH OF 500 FEET, WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED IN DEEDS OF RECORD.

APN: 165-232-01

EXHIBIT J

Release of Construction Covenants

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)
)
)
 Loan No.)
)
 WHEN RECORDED MAIL TO:)
)
 City of Huntington Beach)
 2000 Main Street)
 Huntington Beach, CA 92648)
 Attn: City Clerk)

SPACE ABOVE THIS LINE FOR RECORDER'S USE]
EXEMPT FROM RECORDING FEE PER GOV. CODE § 6103]

RELEASE OF CONSTRUCTION COVENANTS

WHEREAS, JHC – OAKVIEW, LLC, a California limited liability company (the “Developer”) is the owner of that certain real property situated in the City of Huntington Beach, California described in Exhibit “A” which is attached hereto and made a part hereof (the “Site”), and has agreed to rehabilitate the existing improvements thereon (the “Improvements”); and

WHEREAS, pursuant to the Affordable Housing Agreement (“Housing Agreement”) entered into by and between the Redevelopment Agency of the City of Huntington Beach (the “Agency”), the City of Huntington Beach (“City”) and the Developer dated _____, 2007, the City has agreed to furnish the Developer with a Release of Construction Covenants (“Release”) upon the completion of the rehabilitation of the improvements, and such certificate is to be in such form as to permit it to be recorded in the Recorder’s Office of Orange County; and

WHEREAS, the Housing Agreement states that the Release shall be conclusive determination of satisfactory completion of the rehabilitation of the Improvements as required by the Housing Agreement; and

WHEREAS, the City has each determined that the rehabilitation of the Improvements on the Site as required by the Housing Agreement has been satisfactorily completed.

NOW THEREFORE, it is hereby acknowledged and agreed by the parties hereto that:

1. The City hereby certifies that the rehabilitation of the Improvements on the Site has been fully and satisfactorily performed and completed as required by the Housing Agreement.
2. Nothing contained in this instrument shall modify any provisions of the Housing Agreement.

IN WITNESS WHEREOF, the City has executed this Release this ____ day of

_____.

THE CITY OF HUNTINGTON BEACH,
a municipal corporation of the State of
California

By: _____
Mayor

ATTEST:

By: _____
City Clerk

REVIEWED AND APPROVED
AS TO FORM:

By _____
City Attorney

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

On _____, before me, _____, a Notary Public,
personally appeared _____
personally known to me (or 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.

Witness my hand and official seal.

Notary Public

[SEAL]

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

On _____, before me, _____, a Notary Public,
personally appeared _____
personally known to me (or 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.

Witness my hand and official seal.

Notary Public

[SEAL]

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EXHIBIT "A"

LEGAL DESCRIPTION OF REAL PROPERTY

[behind this page]

Legal Description of Property Commonly Known As
17362 Koledo Lane
Huntington Beach, California 92647

PARCEL 1:

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APN: 165-232-01