MEETING DATE: **01.30.12**

AGENDA ITEM: PUBLIC HEARING For - (1) Adoption of a City Council Resolution Making Certain Findings and Approving a Disposition and Development Agreement and the Sale of Property at 4044-4068 Globe Avenue, Culver City to Habitat for Humanity of Greater Los Angeles; and (2) Adoption of a Housing Authority Board Resolution Making Certain Findings and Approving a Disposition and Development Agreement with Habitat for Humanity of Greater for the Construction of 10 Affordable Ownership Units located at 4044-4068 Globe Avenue, Culver City; and (3) Approval of a Budget Amendment Appropriating Housing Set Aside Funds.

ATTACHMENTS

	Pages
1. Proposed City Council Resolution making certain findings and approving a Disposition and Development Agreement and the sale of 4044-4068 Globe Avenue	1-5
2. Proposed Housing Authority Resolution making certain findings and approving a Disposition and Development Agreement	6-10
3. Draft Disposition and Development Agreement between the Culver City Housing Authority and Habitat for Humanity of Greater Los Angeles	11-108
4. Summary Report pursuant to Section 33433	109-112
5. Affidavit of Proof of Publication	113

RESOLUTION NO. 2012-R____

RESOLUTION OF THE CITY COUNCIL OF CULVER CITY, CALIFORNIA PURSUANT TO THE PROVISIONS OF CALIFORNIA HEALTH AND SAFETY CODE SECTION 33433 APPROVING A PROPOSED DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE CULVER CITY HOUSING AUTHORITY AND HABITAT FOR HUMANITY OF GREATER LOS ANGELES AND MAKING CERTAIN DETERMINATIONS AND FINDINGS RELATED THERETO.

WHEREAS, pursuant to the Community Redevelopment Law of the State of California (California Health & Safety Code Section 33000 et seq.) (the "CRL"), the City Council of the City of Culver City (the "City Council") adopted the Redevelopment Plan, as amended, for the Culver City Redevelopment Project, which comprises Component Area Nos. 1, 2, 3 and 4 (the "Project Area"), which resulted in the allocation of property taxes from the Project Area to the Culver City Redevelopment Agency (the "Agency") for purposes of redevelopment.

WHEREAS, the intent of the Redevelopment Plan is, in part, to increase, improve and preserve the community's supply of low and moderate income housing, some of which may be located or implemented outside the Project Area; and to take all other necessary actions to implement the Redevelopment Plan for the Project Area and to expend the taxes allocated to the Agency to accomplish the goals of the Redevelopment Plan.

WHEREAS, the Agency adopted its Five-Year Implementation Plan for the Project Area, as amended from time to time (the "Implementation Plan") with established goals to support affordable housing, economic development, community revitalization, commercial revitalization, and institutional revitalization. To implement the programs and activities associated with each goal, the Agency made redevelopment fund commitments based on estimated available tax increment revenue and debt financing structures.

WHEREAS, Section 33334.2 of the CRL requires the Agency to use 20 percent of taxes allocated to the Agency pursuant to Section 33670 of the CRL for the purpose of increasing, improving and preserving the community's supply of low and moderate income housing (the "Low and Moderate Income Housing Fund").

WHEREAS, the City Council reviewed and approved implementation of Years 1-2 of the Comprehensive Housing Strategy ("CHS") on March 17, 2008, to prioritize affordable housing project development to address the Regional Housing Needs Assessment and allocate funding from Low and Moderate Income Housing Fund.

WHEREAS, The Agency acquired certain real property located at 4044-4068 Globe Avenue (the "Site") from the State of California using Low and Moderate Income Housing Funds for the purpose of creating affordable housing opportunities.

WHEREAS, in December 2011, the City entered into an Exclusive Negotiation Agreement with Habitat for Humanity of Greater Los Angeles, a California non-profit corporation (the "Developer") relating to the development of the Site with 10 units of affordable ownership housing for low and moderate income household (the "Project").

WHEREAS, pursuant to Section 33220 of the CRL, the Agency and the City of Culver City (the "City") entered into a Cooperation Agreement For Payment of Costs Associated With Certain RDA Funded Capital Improvement and Affordable Housing Projects, dated as of January 15, 2011 (the "Agency-City Cooperation Agreement") to bring about the redevelopment of the Project Area and accomplish various tasks set forth in the Redevelopment Plan and the Implementation Plan.

WHEREAS, the Culver City Housing Authority (the "Housing Authority") wishes to enter into a Disposition and Development Agreement with the Developer (the "DDA") setting forth the terms and conditions under which the Housing Authority would, among other things, convey the Site to the Developer to carry out the Project.

WHEREAS, pursuant to Section 33433 of the CRL, the Housing Authority is authorized, with the consent of the City Council, to sell or lease for development pursuant to the Redevelopment Plan property acquired in whole or in part, directly or indirectly, with tax increment moneys.

WHEREAS, the Site contains such property.

WHEREAS, in furtherance of the Redevelopment Plan, Implementation Plan, CHS and the City's obligation under the Cooperation Agreement, the City wishes to approve the Housing Authority's entry into the DDA with the Developer.

WHEREAS, Section 33433 or the CRL requires to be made available for public inspection a copy of the proposed sale of the Site to the Developer and a summary report (the "Summary Report") describing the cost of the DDA to the agency, the estimated value of the interest to be conveyed determined at the highest and best use, the estimated value of the interest to be conveyed determined at the use and with the conditions, covenants, and development costs required by the DDA, and an explanation of why the conveyance of the Site to the Developer will assist in the elimination of blight or provide housing for low and moderate income households.

WHEREAS, the proposed DDA and the Summary Report have been made available for public inspection and a duly noticed hearing has been held pursuant to Sections 33431 and 33433 of the CRL.

WHEREAS, at said public hearing, the City Council received and considered a staff report (which by this reference is incorporated herein as if set forth in full at this point) and testimony.

WHEREAS, the Project has been determined to be exempt from CEQA as it meets all threshold criteria as set forth in CEQA Guidelines Sections 15192, 15194, and 15195 for Affordable Housing and Residential Infill exemptions and for the Section 15332, Class 32 (In-Fill Development Projects) categorical exemption.

WHEREAS, the Developer has submitted to the City Council copies of the proposed DDA in a form desired by the Developer.

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

NOW THEREFORE, the City Council of the City of Culver City DOES HEREBY RESOLVE, as follows:

Section 1. The City has received and heard all oral and written objections to the DDA and to other matters pertaining to this transaction, and all such oral and written objections are hereby overruled.

Section 2. The City hereby finds and determines that the foregoing recitals are true and correct.

Section 3. Based upon all evidence in the record, the City Council hereby finds and determines that the proposed sale of the Site to the Developer will assist in the elimination of blight and will provide housing for low and moderate income persons, is consistent with the Redevelopment Plan, Implementation Plan and the CHS, and consideration for the Site is not less than the fair reuse value at the use and with the covenants and conditions and development costs authorized by the DDA.

Section 4. The City Council has duly considered the terms and conditions of the proposed transaction and all comments received at the public hearing, and determined that the proposed DDA is in the best interest of the City and the health, safety, morals and welfare of its residents and in accord with public purposes and provision of applicable State and local law requirements.

Section 5. In furtherance of the Cooperation Agreement and for important public purposes, the City Council hereby approves the DDA (a copy of which is on file in the office of the City Clerk), in substantially the form presented at this meeting, with such non-substantive changes as may be approved by the City Manager with approval as to form by the City Attorney, subject to review and approval by the Housing Authority's governing board by separate Housing Authority resolution, and the Housing Authority is authorized to enter into and implement the DDA.

Section 6. The City Clerk is directed to file a Notice of Exemption in connection with this approval in accordance with CEQA.

Section 7. This Resolution shall take effect immediately upon its adoption.

APPROVED AND ADOPTED, this _____ day of _______________, 2012.

____
MICHEÁL O' LEARY, MAYOR
City of Culver City, California

ATTEST:

____
MARTIN R. COLE, City Clerk

A12-00101

APPROVED AS TO FORM:

____
for CAROL A. SCHWAB, City Attorney

RESOLUTION NO. 2012-HA____

A RESOLUTION OF THE CULVER CITY HOUSING AUTHORITY, OF CULVER CITY, CALIFORNIA, APPROVING AND AUTHORIZING THE EXECUTION OF A DISPOSITION AND DEVELOPMENT AGREEMENT WITH HABITAT FOR HUMANITY OF GREATER LOS ANGELES AND MAKING CERTAIN DETERMINATIONS AND FINDINGS RELATED THERETO.

WHEREAS, pursuant to the Community Redevelopment Law of the State of California (California Health & Safety Code Section 33000 et seq.) (the "CRL"), the City Council of the City of Culver City (the "City Council") adopted the Redevelopment Plan, as amended, for the Culver City Redevelopment Project, which comprises Component Area Nos. 1, 2, 3 and 4 (the "Project Area"), which resulted in the allocation of property taxes from the Project Area to the Culver City Redevelopment Agency (the "Agency") for purposes of redevelopment.

WHEREAS, the intent of the Redevelopment Plan is, in part, to increase, improve and preserve the community's supply of low and moderate income housing, some of which may be located or implemented outside the Project Area; and to take all other necessary actions to implement the Redevelopment Plan for the Project Area and to expend the taxes allocated to the Agency to accomplish the goals of the Redevelopment Plan.

WHEREAS, the Agency adopted its Five-Year Implementation Plan for the Project Area, as amended from time to time (the "Implementation Plan") with established goals to support affordable housing, economic development, community revitalization, commercial revitalization, and institutional revitalization. To implement the programs and activities associated with each goal, the Agency made redevelopment fund commitments based on estimated available tax increment revenue and debt financing structures.

WHEREAS, Section 33334.2 of the CRL requires the Agency to use 20 percent of taxes allocated to the Agency pursuant to Section 33670 of the CRL for the purpose of increasing, improving and preserving the community's supply of low and moderate income housing (the "Low and Moderate Income Housing Fund").

WHEREAS, the City Council reviewed and approved implementation of Years 1-2 of the Comprehensive Housing Strategy ("CHS") on March 17, 2008, to prioritize affordable housing project development to address the Regional Housing Needs Assessment and allocate funding from Low and Moderate Income Housing Fund.

WHEREAS, The Agency acquired certain real property located at 4044-4068 Globe Avenue (the "Site") from the State of California using Low and Moderate Income Housing Funds for the purpose of creating affordable housing opportunities.

WHEREAS, in December 2011, the City entered into an Exclusive Negotiation Agreement with Habitat for Humanity of Greater Los Angeles, a California non-profit corporation (the "Developer") relating to the development of the Site with 10 units of affordable ownership housing for low and moderate income household (the "Project").

WHEREAS, pursuant to Section 33220 of the CRL, the Agency and the City of Culver City (the "City") entered into a Cooperation Agreement For Payment of Costs Associated With Certain RDA Funded Capital Improvement and Affordable Housing Projects, dated as of January 15, 2011 (the "Agency-City Cooperation Agreement") to bring about the redevelopment of the Project Area and accomplish various tasks set forth in the Redevelopment Plan and the Implementation Plan.

WHEREAS, the Culver City Housing Authority (the "Housing Authority") wishes to enter into a Disposition and Development Agreement with the Developer (the "DDA") setting forth the terms and conditions under which the Housing Authority would, among other things, convey the Site to the Developer to carry out the Project.

WHEREAS, the DDA contains all of the provisions, terms and obligations required by State and local law, and the Developer represents that it possesses the qualifications and financial resources necessary to develop and operate the Project as set forth in the DDA, all of which development will be in accordance with the purposes and objectives of the Redevelopment Plan.

WHEREAS, pursuant to Section 33433 of the CRL, the Housing Authority is authorized, with the consent of the City Council, to sell or lease for development pursuant to the Redevelopment Plan property acquired in whole or in part, directly or indirectly, with tax increment moneys.

WHEREAS, the Site contains such property.

WHEREAS, in furtherance of the Redevelopment Plan, Implementation Plan, CHS and the City's obligation under the Cooperation Agreement, and as required by Section 33433 of the CRL, the City approved the Housing Authority's entry into the DDA with the Developer, by resolution duly and regularly adopted at a regular meeting held on the 30th day of January, 2012.

WHEREAS, a noticed hearing has been held pursuant to Section 33431 of the CRL.

WHEREAS, at said public hearing, the Housing Authority received and considered a staff report (which by this reference is incorporated herein as if set forth in full at this point) and testimony.

WHEREAS, the Project has been determined to be exempt from CEQA as it meets all threshold criteria as set forth in CEQA Guidelines Sections 15192, 15194, and 15195 for Affordable Housing and Residential Infill exemptions and for the Section 15332, Class 32 (In-Fill Development Projects) categorical exemption.

WHEREAS, the Developer has submitted to the Housing Authority copies of the proposed DDA in a form desired by the Developer.

WHEREAS, other legal prerequisites to the adoption of this Resolution have occurred.

NOW THEREFORE, the governing board of the Culver City Housing Authority DOES HEREBY RESOLVE, as follows:

Section 1. The Housing Authority has received and heard all oral and written objections to the DDA and to other matters pertaining to this transaction, and all such oral and written objections are hereby overruled.

Section 2. The Housing Authority hereby finds and determines that the foregoing recitals are true and correct.

Section 3. The governing board of the Housing Authority has duly considered the terms and conditions of the proposed transaction and all comments received at the public hearing, and determined that the proposed DDA is in the best interest of the City and the health, safety, morals and welfare of its residents and in accord with public purposes and provision of applicable State and local law requirements.

Section 4. The governing board of the Housing Authority hereby approves the DDA (a copy of which is on file in the office of the Housing Authority secretary), in substantially the form presented at this meeting, with such non-substantive changes as may be approved by the executive director of the Housing Authority with approval as to form by the Housing Authority Counsel, and the chairperson of the Housing Authority or designee is authorized to execute the DDA on the Housing Authority's behalf and to implement the DDA.

Section 5. The Housing Authority secretary is directed to file a Notice of Exemption in connection with this approval in accordance with CEQA.

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Section 6. This Resolution shall take effect immediately upon its adoption.

APPROVED AND ADOPTED, this _____ day of _________________, 2012.

MICHEÁL O'LEARY, Chairperson
Culver City Housing Authority

ATTEST:

MARTIN R. COLE, Secretary

A12-00102

APPROVED AS TO FORM:

CAROL A. SCHWAB, Housing Authority
for Counsel

DISPOSITION, DEVELOPMENT AND LOAN AGREEMENT
(4044, 4048, 4050, 4054, 4058, 4062, AND 4068 GLOBE AVENUE)

By and Between

CULVER CITY HOUSING AUTHORITY

and

HABITAT FOR HUMANITY OF GREATER LOS ANGELES

ATTACHMENTS

ATTACHMENT NO. 1	-	LEGAL DESCRIPTION
ATTACHMENT NO. 2	-	LICENSE AGREEMENT
ATTACHMENT NO. 3	-	SCHEDULE OF PERFORMANCE
ATTACHMENT NO. 4	-	FORM OF ESCROW AGREEMENT
ATTACHMENT NO. 5	-	SCOPE OF DEVELOPMENT
ATTACHMENT NO. 6	-	PROJECT BUDGET

DISPOSITION, DEVELOPMENT AND LOAN AGREEMENT

This DISPOSITION, DEVELOPMENT AND LOAN AGREEMENT (this "**Agreement**") is entered into by and between the CULVER CITY HOUSING AUTHORITY, a public body, corporate and politic, (the "**Authority**"), and HABITAT FOR HUMANITY OF GREATER LOS ANGELES, a California non-profit corporation (the "**Developer**") as of January 30, 2012 ("**Effective Date**"). The Authority and the Developer agree as follows:

RECITALS

A. The Authority has been authorized to administer affordable housing activities within the City boundaries. One major goal of the Authority is to provide affordable owner-occupied housing for low and moderate income households in the City of Culver City ("**City**").

B. The Authority now owns the Property (as hereinafter defined) located at 4044, 4048, 4050, 4054, 4058, 4062, and 4068 Globe Avenue.

C. The Developer proposes developing 10 for-sale townhome units (the "**Units**"), 5 of which to be sold exclusively to Low Income homebuyers and 5 of which to be sold exclusively to Moderate Income homebuyers at a sales contract price with financing that is structured to assure that the Purchaser's total Housing Cost does not exceed an Affordable Housing Cost (the "**Project**").

D. The Authority will loan to the Developer funds for the acquisition of the Property and predevelopment and construction of the Project, which will be repaid with second mortgage loans made by the Authority to the purchasers of the Units, subject to the terms and conditions set forth herein.

E. It is anticipated that a Federal Home Loan Bank member bank will loan to Purchasers funds from the Federal Home Loan Bank's Affordable Housing Program through its Workforce Initiative Subsidy for Homeownership (WISH) Program.

F. In furtherance of the public purposes set forth in California's Community Redevelopment Law (Health & Safety Code §33000, *et seq.*) and the Housing Authorities Law of the State of California, Sections 34200 *et seq.* of the California Health and Safety Code (collectively, the "**Housing Law**"), and in order to facilitate the Project, the Authority desires to sell the Property to the Developer subject to the terms of this Agreement.

G. The sale and use of the Property pursuant to this Agreement, and the fulfillment generally of this Agreement are in the vital and best interests of the City of Culver City and the health, safety, morals and welfare of its residents, and in accord with the public purposes and provisions of applicable federal, state and local laws and requirements.

Now, therefore, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Authority and the Developer hereby agree as follows:

ARTICLE 1 SUBJECT OF AGREEMENT

Section 1.1 Definitions

For purposes of this Agreement, the following capitalized terms shall have the following meanings:

"**Acquisition Price**" shall mean that amount which the Developer shall pay to the Authority for the Property, which shall be $751,000.

"**Addendum to Purchaser Grant Deed**" shall mean the instrument to be included with all grant deeds from the Developer to purchasers of the Units, in such form as is reasonably agreed to by the Parties, to be dated as of the Closing Date,

"**Affordable Housing Cost**" shall mean Housing Cost that does not exceed the product of (i) 30% times 70% of Area Median Income adjusted for family size appropriate to the unit for Low Income homebuyers or (ii) 28-35% times 110% of Area Median Income adjusted for family size appropriate to the unit for Moderate Income homebuyers. As used in this paragraph, "family size appropriate to the unit" shall equal the number of bedrooms in the unit plus one.

"**Affordable Housing Program**" or "**AHP**" shall mean the Federal Home Loan Bank's Affordable Housing Program.

"**Affordable Purchase Price**" shall mean that portion of the Contract Price for a Unit that is equal to the sum of a reasonable down payment and the Habitat First Mortgage (the terms of which, based on a 30-year fixed mortgage at a zero percent interest rate, will result in a total Housing Cost that does not exceed the Affordable Housing Cost) for Low Income homebuyers, or a private loan for Moderate Income homebuyers.

"**Area Median Income**" shall mean the median income of the Los Angeles-Long Beach, CA HUD Metro FMR Area, adjusted for family size by HUD (as hereinafter defined), as determined by HUD and published annually by the California Department of Housing and Community Development.

"Assignment of Agreements, Plans, Specifications and Entitlements" shall mean an Assignment of Agreements, Plans, Specifications, and Entitlements in such form as is reasonably agreed to by the Parties.

"**CalHome Program**" shall mean that grant and/or loan program available from the California Department of Housing and Community Development under California Health and Safety Code Section 50560, *et seq*., California Code of Regulations, title 25, Section 7715, *et* *seq.*, and the respective grant or loan terms established thereunder designed to assist low and very-low income households to become or remain homeowners.

"**Authority Instruments**" shall mean and include this Agreement, the Authority Grant Deed, including the Addendum to Purchaser Grant Deed, the Authority Note, Authority Deed of Trust, the Environmental Indemnity, Notice of Affordability Restrictions and the Assignment of Agreements, Plans, Specifications, and Entitlements, each in a form that is reasonably agreed to by Developer and the Authority's Executive Director or designee.

"**Authority Deed of Trust**" shall mean the Deed of Trust, Security Agreement and Fixture Filing securing the Authority Loan, in such form as is reasonably agreed to by the Parties, to be dated as of the Closing Date, executed by the Developer in favor of the Authority and recorded on the Closing Date.

"**Authority Grant Deed**" shall mean the instrument by which the Authority shall convey title to the Property to the Developer on the Closing Date, in such form as is reasonably agreed to by the Parties.

"**Authority Loan**" shall mean that certain loan to be made to Developer by the Authority in the original principal amount of $2,103,500 in accordance with this Agreement, evidenced by the Authority Note and secured by the Authority Deed of Trust.

"**Authority Note**" shall mean the Promissory Note evidencing the Authority Loan in such form as is reasonably agreed to by the Parties, to be dated as of the Closing Date and executed by the Developer in favor of the Authority.

"**Authority Phase I**" is defined in Section2.3.1.

"**Authority Second Mortgage Loan**" shall mean a zero interest deferred payment second mortgage loan from the Authority to a Purchaser of a Unit in an amount equal to the sales contract price less the sum of the Down Payment, the Habitat First Mortgage Loan (or private loan, as applicable), and all subordinate Purchaser down payment assistance, including the CalHome Mortgage Loan (if any) and the WISH Mortgage Loan (if any). The Authority Second Mortgage Loan shall be evidenced by a promissory note and secured by, among other things, an Authority Second Mortgage Loan Deed of Trust that is subordinate to the Habitat First Mortgage Loan Deed of Trust (or deed of trust for the private loan, as applicable).

"**Authority Second Mortgage Loan Deed of Trust**" shall mean the subordinate deed of trust on the Property which secures the Authority Second Mortgage Loan, in such form as is reasonably agreed to by the Parties.

"**Authority Second Mortgage Loan Note**" shall mean the promissory note given by a Purchaser to Authority evidencing the Authority Second Mortgage Loan in such form as is reasonably agreed to by the Parties.

"**Closing**" or "**Close of Escrow**" shall mean the point in time when all conditions precedent to the sale of the Property have been satisfied, in accordance with this Agreement.

"**Closing Date**" shall mean the date of recordation of the Authority Deed of Trust.

"**Closing Escrow Instructions**" shall mean escrow instructions prepared on behalf of the Authority relating to the sale of the Property to the Developer.

"**Completion**" shall mean the point in time when all of the following shall have occurred: (i) issuance of a certificate of occupancy by the City; (ii) recordation of a Notice of Completion by the Developer or its contractor; (iii) certification by the Developer's architect that such improvements (with the exception of minor "punch list" items) have been completed in a good and workmanlike manner and substantially in accordance with the approved plans and specifications; and (iv) any mechanic's liens that have been recorded or stop notices that have been delivered have been paid, settled or otherwise extinguished, discharged, released, waived, bonded around or insured against.

"**Conditions**" shall mean, with respect to the Property, the condition of the soil, geology, the presence of known or unknown faults or defects, or Hazardous Substances, the suitability of the Property for its intended uses, or the condition of any related public improvements.

"Construction Loan" means a loan obtained by Developer for construction costs associated with the Units to be sold to households of Moderate Income to be secured by all or a portion of the Property.

"**Developer**" shall mean Habitat for Humanity of Greater Los Angeles, a California non-profit corporation, any assignee of or successor to its rights, powers and responsibilities permitted by this Agreement, including any Habitat for Humanity entity formed by the division of Habitat for Humanity of Greater Los Angeles into one or more separate entities, or the merger of the Developer and/or one or more other Habitat for Humanity entities (such new Habitat for Humanity entity to be referred to in this Agreement as a New Habitat Entity).

"**Development Costs**" shall mean all costs which are actually incurred by the Developer for the acquisition of the Property and the financing, design, development and construction of the Project, and shall include, without limitation, all of the items of cost set forth in the Project Budget and similar costs, fees and expenses as approved by the Authority's Executive Director.

"**Down Payment**" shall mean the cash payment to be made by a Purchaser towards the purchase price of a Unit.

"Draw Request" is defined in Section 2.2.3.

"**Due Diligence Period**" means such period commencing on the date this Agreement is executed by the Authority and terminating on such date as is set forth in the Schedule of Performance.

"**Escrow Instructions**" means the escrow instructions for the deposit of the proceeds of the Authority Note into an escrow account in accordance herewith.

"**Force Majeure**" or "**Force Majeure Event**" shall mean the following events, provided that they actually delay and interfere with the timely performance of the matter to which they would apply and despite the exercise of diligence and good business practices are or would be beyond the reasonable control of the party claiming such interference: Acts of terrorism; war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation including litigation challenging the validity of this transaction or any element thereof; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor, or suppliers; acts of the other party; acts or failure to act of any Governmental Authority (except acts or failure to act of the Authority shall not excuse performance by the Authority); the imposition of any applicable moratorium by a Governmental Authority; or any other causes which despite the exercise of diligence and good business practices are or would be beyond the reasonable control of the party claiming such delay and interference. Notwithstanding the foregoing, none of the foregoing events shall constitute a Force Majeure Event unless and until the party claiming such delay and interference delivers to the other party written notice describing the event, its cause, when and how such party obtained knowledge, the date the event commenced, and the estimated delay resulting therefrom. Any party claiming a Force Majeure Delay shall deliver such written notice within 30 days after it obtains actual knowledge of the event.

"**Force Majeure Delay**" shall mean any delay in taking any action required by this Agreement, proximately caused by the occurrence of any Force Majeure Event.

"**Governmental Approvals**" shall mean and include any and all general plan amendments, zoning approvals or changes, required approvals and certifications under the California Environmental Quality Act, tentative and final tract maps, variances, conditional use permits, demolition permits, excavation/foundation permits, grading permits, building permits, inspection reports and approvals, certificates of occupancy, and other approvals, permits, certificates, authorizations, consents, orders, entitlements, filings or registrations, and actions of any nature whatsoever required from any Governmental Authority in order to commence and complete the construction of the Project.

"**Governmental Authority**" means the United States, the State of California, the County of Los Angeles, the City, the Authority or any other political subdivision in which the Property is located, and any court or political subdivision, agency or instrumentality having jurisdiction over the Property.

"**Habitat First Mortgage Loan**" shall mean a loan made by the Developer to a Low Income Purchaser to be used to pay a portion of the Affordable Purchase Price of the Unit, which, upon the sale of a Unit to a Purchaser, shall be secured by the Habitat First Mortgage Loan Deed of Trust and other security instruments having a lien on the Property that is senior in priority to the lien of the Authority Second Mortgage Deed of Trust, the CalHome Third Mortgage Deed of Trust (if any), and the WISH Fourth Mortgage Deed of Trust (if any).

"**Habitat First Mortgage Loan Deed of Trust**" shall mean, upon the sale of a Unit to a Purchaser, the first priority deed of trust on the Property, in a form reasonably agreed to by the Authority, which secures the Habitat First Mortgage Loan.

"**Habitat First Mortgage Loan Documents**" shall mean any and all documents executed in connection with the Habitat First Mortgage Loan, including, without limitation, a promissory note, loan agreement and Habitat First Mortgage Loan Deed of Trust, in a form reasonably agreed to by Developer and the Authority's Executive Director. The Authority shall approve the form of all Habitat First Mortgage Loan Documents prior to execution of such documents by a Purchaser.

"**Hazardous Substances**" shall have the meaning set forth in the Environmental Indemnity.

"**Housing Cost**" shall have the meaning set forth in Title 25 California Code of Regulations Section 6920.

"**HUD**" shall mean the United States Department of Housing and Urban Development.

"**Improvements**" shall mean the 10 for-sale townhome units and ancillary improvements to be constructed on the Property in accordance with this Agreement.

"**License Agreement**" means a License Agreement for entry onto the Property by Developer during the Due Diligence Period in substantially the form attached hereto as Attachment No. 2.

"**Low and Moderate Income Housing Fund**" shall mean the Low and Moderate Income Housing Fund established by the West Washington Area, pursuant to California Health and Safety Code Sections 33334.3 and 33334.6.

"**Low Income**" shall have the meaning given to the term "lower income" in California Health and Safety Code Section 50079.5. The upper income limit for Low Income households shall be the income limits for such households published annually by the California Department of Housing and Community Development with adjustments for household size.

"Marketing and Buyer Selection Plan" shall mean a plan for the marketing of the Units and selection of qualified Purchasers of the Units, to be submitted by Developer to Authority for Authority approval by the date set forth in the Schedule of Performance.

"**Moderate Income**" shall have the meaning given to the term "persons and families of moderate income" in California Health and Safety Code Section 50093(b), adjusted for applicable household size.

"**Notice of Affordability Restrictions**" shall mean the Notice of Affordability Restrictions on Transfer of Property to be recorded concurrently with the recording of the Authority Grant Deed in such form as is reasonably agreed to by the Parties.

"**Permitted Exceptions**" shall mean those encumbrances, liens, taxes, assessments, easements, rights of way, leases, covenants, agreements or other exceptions affecting title to the Property as of the date of recordation of the Authority Grant Deed which are not disapproved in writing by the Developer.

"**Party**" means either Authority or Developer, "**Parties**" means both Authority and Developer.

"**Permitted Transfer**" shall mean assignment of all or any part of this Agreement or any right therein, or the sale, agreement to sell, transfer, conveyance or assignment of the Property or any portion thereof or interest therein to any of the following:

a. A New Habitat Entity, as defined in Section 1.4 (b) below;

b. A partnership or joint venture in which (i) the Developer, (ii) an entity controlled by the Developer, (iii) a New Habitat Entity, as that term is defined above, or (iv) any combination thereof is a general partner and is in control thereof;

c. The admission of additional new general or limited partners, or the substitution or deletion of partners to any such partnership or joint venture set forth in b. above, so long as (i) the Developer, (ii) an entity controlled by the Developer, (iii) a New Habitat Entity, as that term is defined above, or (iv) any combination thereof, continues in control;

d. A corporation that is wholly owned and that is controlled by (i) the Developer, (ii) an entity controlled by the Developer, (iii) a New Habitat Entity, as that term is defined above, or (iv) any combination thereof;

e. The granting of easements, licenses or permits to facilitate the development of the Property;

f. The transfer or conveyance of all or any portion of the Property by foreclosure or deed of trust or by transfer in-lieu-of foreclosure thereof, and a subsequent transfer or conveyance of all or any portion of the Property to a third party transferee; and

g. The sale or lease pending sale for occupancy of any Unit to a Purchaser in accordance with this Agreement.

Except as otherwise provided herein, any transfer described in clauses a. through f. shall not require the approval of the Authority's Executive Director or designee. Any sale for occupancy of a Unit, as described in clause g., shall be subject to the approval of the Authority's Executive Director.

"**Plans**" shall mean any architectural and construction plans and drawings prepared on behalf of the Developer for Project in accordance with this Agreement.

"**Project**" shall mean the financing, planning, construction and use of the Property as provided in this Agreement.

"**Project Budget**" shall mean the applicable schedule of Project Costs attached to this Agreement as Attachment No. 6, which is incorporated herein by this reference, as such Project Budget shall be amended from time to time prior to the Closing.

"**Property**" shall mean the real property, including all improvements thereon, legally described as set forth in Attachment No. 1, which is incorporated herein by this reference.

"**Purchaser**" shall mean a person or family of Low Income or Moderate Income.

"**Release of Construction Covenants**" shall refer to a release of construction covenants in such form as is reasonably agreed to by the Parties.

"**Restricted Period**" shall mean the longest feasible time, but not less than 45 years from the date the grant deed conveying a Unit from the Developer to the initial Purchaser is recorded.

"**Schedule of Performance**" shall refer specifically to Attachment No. 3 hereof, which is incorporated herein by this reference.

"**Scope of Development**" shall refer specifically to Attachment No. 5 hereof, which is incorporated herein by this reference.

"**Title Company**" shall mean Lawyers Title Company, or another title insurance company approved by the Authority's Executive Director or designee.

"**Transfer**" shall mean the assignment of all or any part of this Agreement or any right therein, or the sale, agreement to sell, transfer, conveyance, or assignment of the Property or any portion thereof or interest therein.

"**Unit**" shall mean one of the 10 for-sale townhome units to be constructed on the Property and sold to a Low Income homebuyer or a Moderate Income homebuyer at an Affordable Purchase Price in accordance with this Agreement.

"**WISH**" or "**Workforce Initiative Subsidy for Homeownership Program**" shall mean the Federal Home Loan Bank's Affordable Housing Program subsidy for workforce homeownership.

"**WISH Fourth Mortgage Loan**" shall mean a loan from a member financial institution to a Purchaser derived from the Federal Home Loan Bank's Affordable Housing Program through its Workforce Initiative Subsidy for Homeownership (WISH) Program, which shall be used to pay a portion of the Affordable Purchase Price of a Unit, evidenced by a promissory note and secured by a WISH Mortgage Loan Deed of Trust, that is subordinate to the Habitat First Mortgage Loan Deed of Trust, the Authority Second Mortgage Loan Deed of Trust, and any CalHome Program mortgage loan deed of trust (if any). The WISH Mortgage Loan shall be a forgivable loan pursuant to the terms thereof.

"**WISH Mortgage Loan Deed of Trust**" shall mean a deed of trust, in a form reasonably acceptable to the Authority, which shall be subordinate to the Habitat First Mortgage Loan Deed of Trust, Authority Second Mortgage Loan Deed of Trust and CalHome Program mortgage loan deed of trust (if any), which secures the WISH Fourth Mortgage Loan.

"**WISH Mortgage Loan Documents**" shall mean any and all documents executed in connection with the WISH Fourth Mortgage Loan, including, without limitation, a promissory note, loan agreement and WISH Mortgage Loan Deed of Trust, in a form reasonably acceptable to the Developer and Authority's Executive Director. The Authority shall approve the form of all WISH Mortgage Loan Documents prior to execution of such documents by a Purchaser.

Section 1.2 Purpose of Agreement

a. The purpose of this Agreement is to provide affordable housing opportunities in the City of Culver City for Low Income homebuyers and Moderate Income homebuyers by providing for the sale of the Property to the Developer, the Loan of the Authority Loan to Developer, the construction of the Units by the Developer and their sale to Low Income homebuyers or Moderate Income homebuyers so that their total Housing Cost does not exceed an Affordable Housing Cost.

b. Subject to the terms and conditions of this Agreement, Authority shall sell the Property to the Developer, and make the Authority Loan to Developer, and the Developer shall construct the Improvements and sell the Units to Low Income homebuyers and Moderate Income homebuyers at an Affordable Purchase Price. Authority shall provide Authority Second Mortgage Loans to the Purchasers of the Units. The sale of the Property and the construction and use of the Units pursuant to this Agreement, the financial assistance provided to Developer, and the fulfillment generally of this Agreement, are in the public interest and in accord with applicable federal, state and local laws and requirements.

c. The Property is located in the City of Culver City and is currently owned by the Authority; subject to the terms and conditions of this Agreement, the Authority will convey fee title to the Property to the Developer for the Project.

d. By this Agreement, and subject to the terms and conditions herein, the Authority desires to finance the acquisition of the Property and certain of the Developer's predevelopment, development and construction costs, in the form of the Authority Loan to the Developer in the original principal amount of $2,103,500.

e. In the event that any general provision of this Section 1.2 conflicts with any specific provision of this Agreement, the specific provision shall prevail.

Section 1.3 Authority

a. The Authority is a public body, corporate and politic, exercising governmental functions and powers, including those existing under the Housing Authorities Law of the State of California (California Health and Safety Code § 34200 *et seq.*). The principal office of the Authority is located at Attn: Sol Blumenfeld, 9770 Culver Boulevard, Culver City, California 90232-0507.

b. "**Authority**" as used in this Agreement includes any assignee of, or successor to, the Authority's rights, powers and responsibilities. The Authority represents that it has sole authority to transfer the Property to Developer and make the Authority Loan.

Section 1.4 Developer

a. The Developer is Habitat for Humanity of Greater Los Angeles. The principal address of the Developer for purposes of this Agreement is Attn: Erin Rank, 17700 S. Figueroa Street, Gardena, CA 90248. The "**Developer**" shall mean the Developer and any assignee of or successor to the rights, powers and responsibilities of the Developer permitted by this Agreement.

b. The Developer as used in this Agreement includes Habitat for Humanity of Greater Los Angeles, and any assignee of or successor to its rights, powers and responsibilities permitted by this Agreement, including any Habitat for Humanity entity formed by the division of Habitat for Humanity of Greater Los Angeles into one or more separate entities, or the merger of the Developer and/or one or more other Habitat for Humanity entities (such new Habitat entity to be referred to in this Agreement as a "**New Habitat Entity**").

Section 1.5 Prohibition Against Transfers

a. The qualifications and identity of the Developer are of particular concern to the Authority. It is because of those qualifications and identity that the Authority has 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. Prior to the completion of the development of the Property and the issuance of the Release of Construction Covenants by the Authority, the following shall apply: (i) except for a Permitted Transfer, the Developer shall not assign all or any part of this Agreement or make (or enter into any agreement to make) any total or partial sale, transfer, conveyance or assignment of the whole or any part of the Property or Improvements without the prior written approval of the Authority; and (ii) except as permitted by this Agreement, this Agreement may be terminated by the Authority, and the Authority may exercise its remedies pursuant to the Authority Loan Deed of Trust, if there is any significant change (voluntary or involuntary) in the identity of the President and Chief Executive Officer of the Developer, Erin Rank. The parties agree that an assignment of all or any part of this Agreement to Habitat for Humanity International, or any subsidiary thereof, is hereby approved. The parties further agree that, so long as the Developer remains a non-profit corporation, a routine change in individual members of the board of directors or officers of the Developer shall not be deemed to constitute a significant change. The Authority shall not unreasonably withhold, condition or delay it approval of any matter for which its approval is required. Any disapproval shall contain the Authority's reasons for disapproval.

c. For the reasons cited above, the Developer represents and agrees for itself and any successor in interest that, except as otherwise provided herein, without the prior written approval of the Authority, there shall be no significant change in the management, the identity of the President and Chief Executive Officer of the Developer or the degree of control exercised thereby, by any method or means.

d. The Developer shall promptly notify the Authority of any and all changes whatsoever in the identity of the parties in control of the Developer or the degree of control (only to the extent such changes have the effect of changing the President and Chief Executive Officer Developer), of which it or any of its officers have been notified or otherwise have knowledge or information.

e. Any proposed transferee shall have the qualifications and financial responsibility necessary and adequate as may be reasonably determined by the Authority, to fulfill the obligations undertaken in this Agreement by the Developer. Any proposed transferee, by instrument in writing satisfactory to the Authority and in form recordable among the land records, for itself and its successors and assigns, and for the benefit of the Authority 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 Authority for review all instruments and other legal documents proposed to effect any such transfer; and if approved by the Authority its approval shall be indicated to the Developer in writing. The Authority shall not be obligated to approve any proposed assignment of the rights of the Developer hereunder if the proposed assignee does not have the qualifications, development experience or financial capability necessary and adequate to fulfill the obligations undertaken in this Agreement by the Developer, or if the Authority's Executive Director reasonably determines, in light of the public funds being committed hereunder and the public purposes of this Agreement, that such approval is not otherwise in the public interest. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions.

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

g. This prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Property or to prohibit or restrict the sale for occupancy of all or any of the Units (except as otherwise provided in this Agreement). This prohibition shall not prevent and does not require written approval from the Authority of the sale, transfer or conveyance of the Property that is a Permitted Transfer. In the case of any proposed Permitted Transfer, as defined in Section 1.1 of this Agreement, the Developer shall submit to the Authority's Executive Director or designee documentation reasonably demonstrating that the proposed assignment or transfer complies with the standards for a Permitted Transfer described in the definition of the term "**Permitted Transfer**" in Section 1.1 of this Agreement. Upon approval of such documentation, which shall not be unreasonably withheld, conditioned or delayed, the Authority's Executive Director or designee shall confirm to the Developer and the proposed assignee or transferee in writing that such transfer complies with the standards set forth in the respective provisions of this Agreement.

ARTICLE 2 DISPOSITION OF PROPERTY AND METHOD OF FINANCING

Section 2.1 Sale and Purchase

In accordance with and subject to all the terms, covenants, and conditions of this Agreement, the Authority agrees to sell the Property to the Developer and the Developer agrees to purchase the Property from the Authority for the Acquisition Price.

Section 2.2 Authority Loans

In accordance with and subject to all the terms, conditions and covenants of this Agreement, the Authority agrees to lend, and the Borrower agrees to borrow, the original principal amount of up to $2,103,500, for payment of the Acquisition Price of construction costs for the Project. The Proceeds of the Authority Loan in an amount equal to $1,262,500 shall be deposited into an escrow account before February 1, 2012, for disbursement therefrom in accordance with the Escrow Agreement upon satisfaction of the conditions set forth in Section 2.15 and otherwise in accordance with this Agreement. Upon the sale of the Units to Purchasers, the Authority Loan shall be repaid with the proceeds of the Authority Second Mortgage Loans made to the Purchasers in accordance herewith.

2.2.3 Draw Requests

For each disbursement requested under the Authority Loan, Developer shall submit, and Authority shall reasonably approve, a written itemized statement in a form acceptable to Authority ("**Draw Request**"). Each Draw Request shall set forth the following: (i) a description of the work performed or to be performed, material supplied and/or development costs incurred or due for which disbursement is requested; and (ii) the total amount incurred, expended and/or due for each requested Item, less prior disbursements, if any. Developer shall attach to the Draw Request invoices or such other appropriate documentation to evidence, document, justify and support the request.

Approval of each Draw Request shall be subject to satisfaction of the requirements of this Agreement and/or Authority Loan Documents. Authority shall, within 10 Business Days after receipt of a Draw Request containing all of the items described above, determine the amount of the Draw Request to be approved, notify Developer, and disburse the approved amount, by check or wire transfer to Developer or to the respective contractor or subcontractor. Any item in a Draw Request which is not specifically approved in writing within 10 Business Days shall be deemed approved. Authority may disapprove all or part of a requested draw request. In the event Authority disapproves any portion of the amount requested by Developer ("Disapproved Amount"), Authority shall promptly notify Developer in writing of the Disapproved Amount and the reason for disapproval.

In the event of any dispute concerning whether any item listed in a Draw Request should be approved for payment, Authority shall disburse the amount not in dispute, and fund any disputed amounts promptly upon resolution of the dispute. In the event Authority and Developer are unable to resolve any dispute concerning the appropriateness of any item for payment in a Draw Request, Authority shall not deduct the disapproved amount from the Authority Loan, but shall disburse the Disapproved Amount for other approved development costs. Authority and Developer shall seek to resolve any disputes promptly and in good faith.

Authority shall have the right to condition any disbursement upon receipt and approval of such documentation, evidence or information that Authority may reasonably request, including, but not limited to, vouchers, invoices and similar documentation.

Section 2.2.4 Terms of Authority Loan

The Authority Loan shall be evidenced by the Authority Note and secured by the Authority Deed of Trust, the Assignment of Agreements, Plans, Specifications and Entitlements and other documents mutually agreed to by the parties and executed at Closing in connection with the Authority Loan (collectively referred to herein as the "**Authority Encumbrance**"). The remainder of the Authority Loan shall be disbursed to Developer from Escrow upon satisfaction of the conditions set forth in Section 2.15.

The Authority Loan shall bear no interest and shall be deemed repaid as to $238,000 upon the making of an Authority Second Mortgage Loan to each Low Income Purchaser of a Unit, and as to $164,700 upon the making of Authority Second Mortgage Loan as to each Moderate Purchaser of a Unit. The foregoing loan amounts expected to be made to Purchasers of the Units constitute the estimated "gap" between the total of the first mortgage loan and the down payment, on the one hand, and the fair market value of the Unit upon its sale date on the other hand. In the event the amount of the gap is insufficient to support the repayment of the Authority Loan, any remaining balance of the Authority Loan after the making of each Authority

Second Mortgage Loan shall be forgiven, and the Developer shall have no further repayment liability therefore.

The Authority Encumbrance shall be senior to any other lien against or security interest in the Property or the Project and will be released from each Unit upon the sale of that Unit to a Purchaser in conformance with this Agreement; except that, if required by the maker of the Construction Loan, the Authority Encumbrance may constitute a second priority lien against the Property provided that the Authority is afforded customary protections of a subordinate lender, such as notice and an opportunity to cure any default under the Construction Loan. Without the express written consent of the Authority's Executive Director, except for the Construction Loan, the Developer shall not place any encumbrances or permit any such encumbrances to be placed, on or against title to the Property, including security interests that are subordinate to the Authority Encumbrance.

Section 2.1.2 Authority Second Mortgage Loans

Authority covenants and agrees to make Authority Second Mortgage Loans in an aggregate amount of $2,103,500 to Purchasers of the Units. Each Authority Second Mortgage Loan shall be a deferred payment second mortgage loan from the Authority to a Purchaser of a Unit in the amount and on the terms set forth in the Authority Second Mortgage Loan documents.

The Authority Second Mortgage Loan shall be evidenced by the Authority Second Mortgage Loan Note and secured by, among other things, an Authority Second Mortgage Loan Deed of Trust, that is subordinate to the Habitat First Mortgage Loan Deed of Trust, or private loan, as applicable.

Moderate Income buyers will be provided a list of lenders working with the Developer and will also receive assistance with the mortgage lending process.

The Authority Second Mortgage Loans shall be disbursed upon satisfaction of the conditions set forth in Section 5.6.

Section 2.1.4 WISH Mortgage Loan

The WISH Mortgage Loan shall be a loan by a member financial institution to a Purchaser derived from the Federal Home Loan Bank's Affordable Housing Program through its Workforce Initiative Subsidy for Homeownership (WISH) Program, in an amount not to exceed $75,000.00, which shall be used to pay a portion of the Affordable Purchase Price of a Unit, evidenced by a promissory note and secured by an WISH Mortgage Loan Deed of Trust, that is subordinate to the Habitat First Mortgage Loan Deed of Trust, the Authority Second Mortgage Loan Deed of Trust, and the CalHome Program mortgage loan deed of trust (if any). The WISH Mortgage Loan shall be a forgivable loan pursuant to the terms thereof. The funds are awarded to the buyer and must be applied for four months prior to the sale date.

Section 2.2 Escrow

The Authority agrees to open an escrow for the sale of the Property, with the Stewart Title Company or with any other licensed escrow company (the "**Escrow Agent**") approved by the Authority and the Developer, no later than the date established therefor in the Schedule of Performance. Not later than the time provided in the Schedule of Performance, the Authority shall cause to be prepared and shall deliver to the Escrow Agent instructions for the close of escrow (the "**Closing Escrow Instructions**"). The Authority's Executive Director, or his designee, and the Developer shall provide such additional or amended escrow instructions as may be necessary and consistent with this Agreement.

Section 2.3 Condition of the Property; Environmental

2.3.1 Phase I Environmental Report

Pursuant to the Exclusive Negotiation Agreement entered into by the Parties in 2011, the Authority agreed to undertake to complete a Phase I Environmental Property Assessment ("**Authority Phase I**") no later than six (6) weeks from the effective date of the Exclusive Negotiation Agreement and provide a copy of any reports generated from said assessment to Developer. In lieu of the foregoing obligation, Authority agrees to undertake and complete the Authority Phase 1 by the date set forth in the Schedule of Performance and provide a copy thereof to Developer within one week of its completion.

2.3.2 Disclosure

Within 30 days of the Effective Date of this Agreement, the Authority shall deliver to Developer copies of any reports in its possession regarding the Property (the "Due Diligence Reports"). Other than as may be set forth in the list of Environmental Reports included in the list of Due Diligence Reports provided to Developer by Authority, the Authority hereby represents and warrants to Developer that the Authority has not received any prior written notice or communication from any government agencies having jurisdiction over the Property, notifying the Authority or any third party of, and the Authority has no actual knowledge of, the presence of surface or subsurface zone Hazardous Materials in, on, or under the Property, or any portion thereof.

2.3.3 Developer's Investigation of the Property

Developer shall have the opportunity to investigate the condition of the Properties during the Due Diligence Period. Developer may elect, but shall not be required, to proceed with the Closing prior to the expiration of the Due Diligence Period. Developer represents that except for the representations, warranties and covenants of the Authority contained in this Agreement, it has relied and shall rely solely upon (i) its own expertise and that of Developer's consultants in purchasing the Properties, and (ii) Developer's own knowledge of the Properties based on its investigations and inspections of the Properties. Developer has conducted, or by the Closing will conduct, such inspections and investigations of the Properties as Developer deemed or shall deem necessary, including, but not limited to, the physical and environmental conditions of the Properties and shall rely upon same. Developer acknowledges that the Property Purchase Price reflects the "as is" nature of this sale and any faults, liabilities, defects or other adverse matters that may be associated with the Properties.

During Developer's Due Diligence Period, representatives of Developer shall have the right to access the Property during regular business hours and upon reasonable Notice to the Authority for the purpose of obtaining data and conducting surveys and tests necessary to reasonably assess the suitability of the Property for the Project. Any surveys and tests conducted on the Property by Developer's representatives shall be done at the sole expense of Developer and only after (i) Developer has secured any necessary permits from the appropriate governmental agencies and (ii) Developer has delivered to the Authority a copy of the Right of Entry and License Agreement (Due Diligence) fully executed and acknowledged by Developer and satisfied the conditions precedent to Developer's entry onto the Property set forth therein.

2.3.4 Developer Approval or Disapproval of Condition of Property

(A) Physical Condition of Property. Developer shall approve or disapprove of the physical condition of the Property within Developer's Due Diligence Period. Developer's approval of the physical condition of the Property shall be both the Authority's and Developer's Condition Precedent to the Closing. If Developer, based upon Developer's Soils and Engineering Reports, disapproves of the physical condition of the Property, then Developer may, in Developer's sole discretion, terminate the Escrow and this Agreement by written Notice to the Authority.

(B) Environmental Condition of Property. In addition, Developer shall approve or disapprove of the environmental condition of the Property within Developer's Due Diligence Period. Developer's approval of the environmental condition of the Property shall be both Authority's and Developer's Condition Precedent to the Closing. If Developer disapproves of the environmental condition of the Property, then Developer may terminate the Escrow and this Agreement by written Notice to the Authority.

(C) Notice to Proceed or Terminate. Prior to the termination of Developer's Due Diligence Period, Developer shall deliver to the Authority and Escrow Agent either (i) Notice of Developer's intention to proceed with the acquisition of the Property ("**Developer's Notice to Proceed**"), or (ii) Notice of Developer's intention to terminate Escrow and this Agreement ("**Developer's Notice to Terminate**").

Developer shall be deemed to have accepted the environmental, physical and other conditions of the Property upon the Closing for each Property. In the event that Developer delivers Developer's Notice to Terminate and such termination is based upon the physical or environmental condition of the Property, Escrow for that Property shall terminate.

Section 2.4 Review of Title

Not later than thirty (30) days after the Effective Date, the Authority shall cause Title Company or another title company mutually acceptable to the Parties to deliver to Developer a standard preliminary title report with respect to the Property, together with legible copies of the documents underlying the exceptions (the "**Exceptions**") set forth in the preliminary title report (collectively, the "**Preliminary Title Report**").

Developer shall have until the expiration of the Due Diligence Period to give Notice to the Authority and the Escrow Agent of Developer's approval or disapproval of the Preliminary Title Report, including without limitation any Exceptions. If Developer notifies the Authority of Developer's disapproval of any items with respect to the Preliminary Title Report, the Authority shall have the right, but not the obligation, to remove any disapproved items after receiving Notice of Developer's disapproval or provide assurances reasonably satisfactory to Developer that such items will be removed or remedied on or before the Closing. The Authority shall exercise such right by Notice to Developer within ten (10) days of receipt of Notice from Developer of Developer's disapproval. If the Authority cannot or does not elect to remove any disapproved items, Developer shall have ten (10) days after the expiration of the Authority's ten (10) day election period to either (i) give the Authority Notice that Developer intends to proceed with the Closing subject to the disapproved items or (ii) give the Authority Notice that Developer does not elect to accept the Closing and elects to terminate the Escrow and this Agreement, whereupon any sums deposited by Developer into Escrow and all interest earned thereon shall be returned to Developer.

The Exceptions to title approved by Developer as provided herein shall hereinafter be referred to as the "**Permitted Exceptions**" and/or the "**Condition of Title**." Developer shall have the right to approve or disapprove in the manner provided in this Section any Exception reported by the Title Company or otherwise discovered after Developer has approved the Condition of Title (which are not created by Developer).

Section 2.5 Conveyance of Title and Delivery of Possession

a. Conveyance of title to the Property shall be completed on or prior to the date specified for Closing in the Schedule of Performance, or such later date as mutually agreed to in writing by the Authority and the Developer and communicated in writing to the Escrow Agent. The Authority and the Developer agree to perform all acts necessary to convey title in sufficient time for escrow to be closed in accordance with the foregoing provisions.

b. Possession of the Property shall be delivered to the Developer concurrently with the conveyance of title, except that access and entry may be granted before the Closing, as permitted pursuant to Section 2.13 of this Agreement.

Section 2.6 Form of Deed

The Authority shall convey to the Developer title to the Property in the condition provided in Section 2.5 of this Agreement, by the Authority Grant Deed.

Section 2.7 Condition of Title

The Authority shall convey to the Developer fee simple merchantable title to the Property free and clear of all liens, encumbrances, assessments, easements, leases and taxes, except the Permitted Exceptions.

Section 2.8 Closing Date

Subject to any mutually agreed-upon extension of time, the Parties shall use their best efforts to satisfy all Conditions Precedent to the Closing set forth herein prior to the date specified therefor in the Schedule of Performance. The Authority shall not be obligated to convey the Property to the Developer unless all the conditions precedent to the Closing have been satisfied, and such conditions precedent shall be satisfied on or before the date established for the conveyance of the Property to the Developer in the Schedule of Performance.

Section 2.9 Title Insurance

a. Concurrent with the Closing, the Title Company shall be prepared to issue the following title insurance policies: (i) to the Developer a CLTA Owner's policy (the "**Owner's Title Policy**"), insuring that the title is vested in the Developer in the condition required by Section 2.5 of this Agreement; and (ii) to the Authority an ALTA Lender's policy (the "**Authority's Title Policy**"), insuring the first priority of the Authority Loan Deed of Trust. The Title Company shall provide the Owner's Title Policy in such amount as the Developer may specify, and the Authority's Title Policy in the amount of the Authority Loan.

b. The Authority shall pay the cost of the title insurance premium for the Owner's Title Insurance Policy only to the extent of a standard coverage CLTA title insurance policy on the Property in the amount of the Acquisition Price. The Authority shall also be responsible for paying the premium for the Authority's Title Insurance Policy and any additional title insurance, including any extended coverage or special endorsements which the Authority may require.

Section 2.10 Taxes and Assessments

Ad valorem taxes and assessments, if any, on the Property and taxes upon this Agreement or any rights hereunder levied, assessed, or imposed as to any period prior to the Closing shall be borne by the Authority. All ad valorem taxes and assessments levied or imposed on the Property as to any period after the Closing shall be paid by the Developer.

Section 2.11 Possession of Property

The Authority warrants and agrees that title to the Property shall be conveyed free of any possession and any right of possession except that of the Developer, except as waived by the Developer in writing, and the Permitted Exceptions.

Section 2.12 Condition of Property

a. The Property shall be conveyed in an "as is" condition, with no warranty, express or implied by the Authority as to the condition of the Property or the buildings situated thereon, its soil (or water) conditions, its geology, or the presence of known or unknown seismic faults.

b. The Developer shall have the right and responsibility during the Due Diligence Period to investigate and determine the soil and seismic conditions of the Property and their suitability for the Project. The Developer shall perform all work necessary to grade, clear and prepare the Property and to investigate and determine the soil conditions of the Property and the suitability of the Property for the Project, including, without limitation, flood zones, Alquist-Priolo Earthquake Fault Zoning Act, and similar matters.

Section 2.13 Preliminary Work by Developer

a. Prior to the conveyance of title, representatives of the Developer shall have the right of access to the Property at all reasonable times in accordance with the License Agreement for the purpose of obtaining data, making surveys and tests necessary to carry out this Agreement.

b. The Developer hereby indemnifies and holds the Authority and its members, officers, employees, agents and contractors harmless for any injury or damages arising out of any activity of the Developer, its agents, employees and contractors, performed and conducted on the Property pursuant to the License Agreement and this Section 2.11, except as the same may be due to the gross negligence or willful misconduct of the Authority. The Developer shall have access to all data concerning the condition of the Property in the possession of the Authority.

Section 2.14 Conditions Precedent to Closing

Closing of the conveyance of the Property to Developer is conditioned upon satisfaction of the terms and conditions set forth in this Section.

2.14.1 Authority's Conditions.

Authority's obligation to close Escrow and convey any Property to Developer is conditioned upon the satisfaction or written waiver by Authority of each and every one of the conditions precedent (A) through (O), inclusive, described below ("**Authority's Conditions Precedent to Closing**"), which are solely for the benefit of Authority, and which shall be satisfied or waived by the time periods provided for herein. Authority at its option may terminate this Agreement if any of the conditions precedent set forth below are not satisfied by the Developer or waived in writing by Authority by the Closing Date.

(A) Physical Condition of Property. Prior to the expiration of the Developer's Due Diligence Period, Developer shall not have elected to cancel Escrow and terminate this Agreement due to the physical condition of the Property to be conveyed and shall not have delivered to Authority a written notice not to proceed.

(B) Environmental Condition of Property. Prior to the expiration of the Developer's Due Diligence Period, Developer shall not have elected to cancel Escrow and terminate this Agreement due to the environmental condition of the Property to be conveyed and shall not have delivered to Authority a written notice not to proceed.

(C) Execution of Authority Instruments. This Agreement shall be in full force and effect. Developer shall have executed and delivered into Escrow the Authority Instruments and such other documents as may be reasonably requested by Authority in connection therewith and all of which shall be in a form acceptable to Authority.

(D) Financing. Developer shall have submitted and the Authority Manager shall have approved Developer's Project Budget and evidence of financing.

(E) Schedule of Performance. Developer shall have submitted and Authority shall have approved a Construction Schedule of Performance dated as of Closing.

(F) Construction Budget. A Construction Budget shall have been submitted to and approved by Authority.

(G) Construction Drawings. Authority shall have approved the site plans and final construction drawings for the Property to be conveyed.

(H) General Liability Insurance. Developer, at its cost, shall have procured and be maintaining in full force and effect insurance consistent with the requirements hereof and in the amounts specified therein.

(I) Entitlements. Developer shall have obtained all entitlements necessary to develop the Property with the Project in the manner contemplated by this Agreement (which shall be final and not subject to further appeal), including building permits for the Project, except that this condition shall be deemed satisfied if issuance of all permits necessary for construction of the Project is subject only to payment of permit fees.

(J) Lender Policy. The Title Company shall, upon payment of the Title Company's regularly scheduled premium, be irrevocably committed to issue to Authority the Authority Lender's Policy and all reasonably requested endorsements upon the Closing.

(K) Authority Loan. Developer, Authority and any other necessary third party shall have executed all documents required by Authority in connection with the Authority Loan, all of which shall be in a form acceptable to Authority, and any documents required to be recorded in connection therewith shall have been signed by all parties and deposited into Escrow.

(L) No Litigation. No litigation shall be pending or threatened by any third party which seeks to enjoin the transactions contemplated herein or asserts that either Party or the Parties lack the authority to consummate the transactions contemplated hereby.

(M) No Default. There shall exist no condition, event or act which would constitute an event of default under this Agreement, or which, upon the giving of notice or the passage of time, or both, would constitute an event of default.

(N) Representations and Warranties. All representations and warranties of Developer herein contained and contained in this Agreement shall be true and correct as if made on and as of the date of Closing.

(O) Construction Loan. The Construction Loan shall have been executed by its maker and Developer, and shall be closing concurrently with the Closing.

2.14.2 Developer's Conditions

Developer's obligation to close Escrow on the Property is conditioned upon the satisfaction or written waiver by Developer of each and every one of the conditions precedent (A) through (M), inclusive, described below (the "**Developer's Conditions Precedent to Closing**"), which are solely for the benefit of Developer, and which shall be satisfied or waived by the time periods provided for herein. Developer at its option may terminate this Agreement if any of the conditions precedent set forth below are not satisfied by the Authority or waived in writing by Developer by the Closing Date.

a. Physical Condition of Property. Prior to the expiration of the Developer's Due Diligence Period, Developer shall not have elected to cancel Escrow and terminate this Agreement due to the physical condition of the Property and shall not have delivered a written notice not to proceed to Authority.

b. Environmental Condition of Property. Prior to the expiration of the Developer's Due Diligence Period, Developer shall not have elected to cancel Escrow and terminate this Agreement due to the environmental condition of the Property and shall not have delivered a written notice not to proceed to Authority.

c. Execution of Authority Instruments. This Agreement shall be in full force and effect. Authority shall have executed and delivered into Escrow all Authority Instruments to which Authority is a Party and such other documents as may be reasonably requested by Developer in connection therewith and all of which shall be in a form acceptable to Developer.

d. Construction Drawings. Authority shall have approved the site plans and final construction drawings for the Project.

e. Entitlements. Developer shall have obtained all entitlements necessary to develop the Property with the Project in the manner contemplated by this Agreement (which shall be final and not subject to further appeal), including building permits for the Project, except that this condition shall be deemed satisfied if issuance of all permits necessary for construction of the Project is subject only to payment of permit fees.

f. Review and Approval of Title. Developer shall have reviewed and approved the condition of title, as provided herein.

g. Title Policy. The Title Company shall, upon payment of the Title Company's regularly scheduled premium, be irrevocably committed to issue a Title Policy to Developer including all Additional Endorsements upon the Closing, in accordance with this Agreement.

h. Project Feasibility. No event shall have occurred that results in the Developer determining, in its sole discretion, that the Project is no longer financially feasible.

i. No Litigation. No litigation shall be pending or threatened by any third party which seeks to enjoin the transactions contemplated herein or asserts that either Party or the Parties lack the authority to consummate the transactions contemplated hereby.

j. No Default. There shall exist no condition, event or act which would constitute an event of default under the Agreement, or which, upon the giving of notice or the passage of time, or both, would constitute an event of default.

k. Representations and Warranties. All representations and warranties of Authority herein contained and contained in this Agreement shall be true and correct as if made on and as of the date of Closing.

l. Deposit of Funds. Authority shall have deposited or caused to be deposited into Escrow or the Closing Escrow all funds necessary for the Authority Loan, the Authority Second Mortgage Loans and the Closing.

m. Construction Loan. The Construction Loan shall have been executed by its maker and Developer, and shall be closing concurrently with the Closing.

Section 2.15 Conditions Precedent to Funding of Authority Loan

Authority shall not be obligated to release any proceeds of the Authority Loan escrow until after the Closing has occurred. Subsequent to the Closing, Developer shall submit a written Draw Request to receive disbursement of Authority Loan Proceeds. Authority shall instruct escrow to disburse Loan Proceeds not later than ten (10) Business Days after approval by Authority. Notwithstanding the foregoing, Authority will use commercially reasonable efforts to cause escrow to disburse loan funds as soon as possible after receipt of a Draw Request.

Upon Closing, the amount of the Acquisition Price shall be deemed disbursed from the Authority Loan.

Authority shall instruct escrow to disburse Loan Proceeds for Project cost to or on behalf of Developer only upon satisfaction of the conditions precedent set forth in this Section as reasonably determined by the Authority Manager. No disbursement of the Loan Proceeds shall be made until all of the following conditions precedent have been satisfied or waived as determined by Authority:

2.15.1 Evidence of Expenditure

Developer shall have submitted to Authority evidence of expenditure or incurrence of costs, invoices, receipts, cancelled checks or other written documentation satisfactory to the Authority Manager evidencing Developer's incurrence of Project costs.

2.15.2 No Default

There shall be no condition, event or act which would constitute an Event of Default by Developer under the Authority Instruments, or event which upon the giving of notice or the passage of time, or both, would constitute such an Event of Default.

2.15.3 General Liability Insurance

Developer, at its cost, shall have procured and be maintaining in full force and effect insurance on the Properties consistent with the requirements hereof.

2.15.4 Representations and Warranties

All representations and warranties of Developer herein contained shall be true and correct as if made on and as of the date of the disbursement.

2.15.5 No Stop Notice

No stop notice shall have been served upon or otherwise delivered to Authority in connection with the development of the Project or otherwise in connection with the Authority Loan, unless Developer shall have (or shall be with the proceeds of the requested disbursement) (a) paid and discharged the same, or (b) effected the release thereof by delivering to Authority a surety bond complying with the requirements of applicable Governmental Regulations for such release.

2.15.6 No Liens

No claim of lien, notice and claim of mechanic's lien or other similar document or instrument shall have been recorded against the Property or any portion thereof, unless Developer shall have (or shall with the proceeds of the requested disbursement) (a) paid and discharged the same, (b) effected the release thereof by delivering to Authority a surety bond complying with the requirements of applicable Governmental Regulations for such release, or by insurance over the same, or (c) caused the Title Company to commit in writing to issue a policy of title insurance showing such lien not to be an exception to title.

2.15.7 Applicable Laws

There shall be no condition, event or act of Developer existing in connection with the Project which constitutes, or would, with the passage of time, constitute a violation of any applicable law.

Section 2.16 Relationship of Authority and Developer

Nothing contained in this Agreement or in any other document or instrument made in connection with this Agreement shall be deemed or construed to create a partnership, tenancy in common, joint tenancy, joint venture or co-ownership by or between the Authority and the Developer. The Authority shall not be in any way responsible or liable for the debts, losses, obligations or duties of the Developer with respect to the Property or otherwise, and the Developer shall not be in any way responsible or liable for the debts, losses, obligations or duties of the Authority with respect to the Property or otherwise.

Section 2.17 Representations and Warranties

a. As an inducement to the Authority to enter into this Agreement, make the Authority Loan and convey the Property to the Developer, the Developer hereby represents and warrants to the Authority, which representations and warranties are true and correct as of the date of this Agreement and which shall be true as of the Closing:

(1) The Developer has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to satisfy all obligations of the Developer in this Agreement or in any instrument or document referred to herein (referred to collectively as the "**Developer's Obligations**");

(2) This Agreement and all documents required hereby to be executed by the Developer are, and shall be, valid, legally binding obligations of and enforceable against the Developer in accordance with their terms, subject only to applicable bankruptcy, insolvency, reorganization, moratorium laws or similar laws or equitable principles affecting or limiting the rights of contracting parties generally;

(3) There is no charter, bylaw, or capital stock provision of the Developer, and no provision of any indenture, instrument, or agreement, written or oral, to which the Developer is a party or which governs the actions of the Developer or which is otherwise binding upon the Developer or the Developer's property, nor is there any statute, rule or regulation, or any judgment, decree, or order of any court or agency binding on the Developer or the Developer's property which would be contravened by the execution, delivery or performance of any of the Developer's Obligations;

(4) There is no action, suit, or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending, or, to the knowledge of the Developer, threatened against or affecting the Developer, or any properties or rights of the Developer, which, if adversely determined, would materially impair the right of the Developer to execute or perform any of the Developer's Obligations, or would materially adversely affect the financial condition of the Developer;

(5) Neither the execution and delivery of this Agreement and documents referenced herein, nor the incurrence of the Developer's Obligations, nor the consummation of the transactions herein contemplated, nor compliance with the terms of this Agreement and the documents referenced herein conflict with or result in the material breach of

any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, partnership agreement, lease or other agreements or instruments to which the Developer is a party;

(6) No attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings are pending or threatened against the Developer, nor are any of such proceedings contemplated by the Developer;

(7) All reports, documents, instruments, information and forms of evidence delivered to the Authority concerning or required by this Agreement are accurate, correct and sufficiently complete to give the Authority true and accurate knowledge of their subject matter, and do not contain any misrepresentation or omission;

(8) No representation, warranty or statement of the Developer in this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements or facts contained therein not misleading.

b. As an inducement to the Developer to enter into this Agreement and develop the Property as provided herein, the Authority hereby represents and warrants to the Developer, which representations and warranties are true and correct as of the date of this Agreement and which shall survive the Close of Escrow:

(1) The Authority has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, to satisfy all of the obligations of Authority in this Agreement and the instruments referenced herein and to consummate the transactions contemplated hereby;

(2) This Agreement and all documents required hereby to be executed by the Authority are, and shall be, valid, legally binding obligations of and enforceable against the Authority in accordance with their terms, subject only to applicable bankruptcy, insolvency, reorganization, moratorium laws or similar laws or equitable principles affecting or limiting the rights of contracting parties generally;

(3) There is no charter or bylaw of the Authority, and no provision of any indenture, instrument, or agreement, written or oral, to which the Authority is a party or which governs the actions of the Authority or which is otherwise binding upon the Authority or the Authority's property, nor is there any statute, rule or regulation, or any judgment, decree, or order of any court or agency binding on the Authority or the Authority's property which would be contravened by the execution, delivery or performance of this Agreement or any documents required hereby to be executed by the Authority;

(4) There is no action, suit, or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending, or, to the knowledge of

the Authority, threatened against or affecting the Authority, or any properties or rights of the Authority, which, if adversely determined, would materially impair the right of the Authority to execute or perform the Authority Obligations under this Agreement or any documents required hereby to be executed by the Authority, or would materially adversely affect the financial condition of the Authority;

(5) Neither the execution and delivery of this Agreement and documents referenced herein, nor the incurrence of the obligations set forth herein, nor the consummation of the transactions herein contemplated, nor compliance with the terms of this Agreement and the documents referenced herein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, lease or other agreements or instruments to which the Authority is a party;

(6) To the best of the Authority's knowledge, there are no pending, threatened or contemplated actions, suits, arbitrations, claims or proceedings, at law or in equity, affecting the Property or in which the Authority is, or to the best of the Authority's knowledge will be, a party by reason of this Agreement, including, but not limited to, judicial, municipal or administrative proceedings in eminent domain, unlawful detainer or tenant evictions, collections, alleged building code, health and safety or zoning violations, employment discrimination or unfair labor practices, or workers' compensation, personal injuries or property damages;

(7) No attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings are pending or threatened against the Authority, nor are any of such proceedings contemplated by the Authority;

(8) All reports, documents, instruments, information and forms of evidence delivered to the Developer concerning or required by this Agreement are accurate, correct and sufficiently complete to give the Developer true and accurate knowledge of their subject matter, and do not contain any misrepresentation or omission;

(9) No representation, warranty or statement of the Authority in this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements or facts contained therein not misleading;

(10) The Authority is in possession of the funds constituting the Authority Loan and has the legal right, power and authority to commit and disburse those funds to Developer in accordance herewith.

c. Each party's representations and warranties made in this Section 2.14 shall be continuing and shall be true and correct as of the date of the Close of Escrow with the same force and effect as if remade at that time. The truth and accuracy of each party's representations and warranties made herein shall constitute a condition for the benefit of the other party to the performance of such other party's obligations hereunder.

ARTICLE 3 DEVELOPMENT OF PROPERTY

Section 3.1 Scope of Development

The Property shall be developed in accordance with and within the limitations established in the Scope of Development and the schematic plans and specifications attached thereto and subsequent plans approved by the Authority pursuant to this Agreement and permits issued by the City. Developer shall submit to the Authority project finish materials submittals no less than 14 days prior to installation of said materials, for review and approval by the Authority.

Section 3.2 Construction Drawings and Related Documents

a. The Developer shall prepare and submit construction drawings and related documents for the development of the Property to the Authority for review (including, but not limited to, architectural review) and written approval at the times established in the Schedule of Performance. The construction drawings and related documents shall be submitted in two stages, preliminary and final drawings, plans and specifications. Final drawings, plans, and specifications are hereby defined as those in sufficient detail to obtain a building permit. Any items so submitted and approved in writing by the Authority shall not be subject to subsequent disapproval. Authority approval shall not be unreasonably withheld or delayed.

b. Progressively detailed plans shall be approved by the Authority if exterior spaces and areas open to public view do not vary and the plans otherwise do not materially vary from previously approved plans, and if they are a logical evolution of previously approved plans and conform to the provisions of the Scope of Development. In the event of the disapproval by the Authority of any plans submitted by the Developer, the Authority shall promptly communicate in writing to the Developer all reasons for such disapproval and all requirements for subsequent approval of revised plans.

c. During the preparation of all drawings and plans, the Authority staff and the Developer shall hold regular progress meetings to coordinate the preparation of, submission to, and review of construction plans and related documents by the Authority. The Authority staff and the Developer shall communicate and consult informally as frequently as is necessary to insure that the formal submittal of any documents to the Authority can receive prompt and speedy consideration.

d. If any revisions or corrections of plans approved by the Authority shall be required by a governmental official, agency, department or bureau having jurisdiction over the development of the Property, the Developer and the Authority shall cooperate in efforts to obtain waivers of such requirements or to develop a mutually acceptable alternative. Neither the Authority nor the Developer shall unreasonably withhold or delay approval of a mutually acceptable alternative. It is the intention of the parties to this Agreement that the plans for the development of the Property should not be changed in any way that makes the development of the Property economically infeasible. In the event the Authority requires changes to plans which materially adversely change the Developer's reasonable economic assumptions such that the Project is no longer economically feasible, and the Authority and the Developer are unable to obtain a waiver of such requirements or agree on a mutually acceptable alternative, the Developer shall have the right, upon 30 days notice to the Authority, to terminate this Agreement.

Section 3.3 Authority Approval of Plans, Drawings and Related Documents

As provided in Section 3.2 above, the Authority shall have the right of reasonable review (including, but not limited to, architectural review) of all plans, drawings and related documents for the development of the Property, including any proposed changes therein. The Authority shall approve or disapprove such plans, drawings, and related documents referred to in this Agreement (and any proposed changes therein), in writing, within the times established in the Schedule of Performance. Any disapproval shall state, in writing, the reasons for disapproval. The Developer, upon receipt of disapproval shall revise such portions of the plans, drawings or related documents in a manner that satisfies the reasons for disapproval and resubmit such revised portions to the Authority as soon as possible after receipt of the notice of disapproval. The Authority shall approve or disapprove such revised portions in the same manner and within the same times as provided in this Section 3.3 for approval or disapproval of plans, drawings, and related documents initially submitted to the Authority. No matter once approved shall be subsequently disapproved.

Section 3.4 Cost of Construction

The cost of developing the Property and constructing all Improvements thereon shall be the responsibility of the Developer. The Development Costs are set forth in the Project Budget, which shall be subject to change from time-to-time.

Section 3.5 Schedule of Performance

a. The Developer and the Authority shall perform all acts respectively required of such party in the Schedule of Performance and this Agreement within the times provided in the Schedule of Performance, and if no time is provided, within a reasonable time.

b. The Developer shall diligently and continuously prosecute to completion all procedures reasonably necessary for accomplishing the following:

(1) preparation and submission to the Authority of construction drawings for the Project;

(2) application to the Authority for and approval of a comprehensive plan and tentative tract map;

(3) plan check and issuance of all necessary permits;

(4) construction of the Units in accordance with a construction schedule, with time-lines and milestones, submitted to and approved by the Authority; and

(5) marketing and sales of the Units.

c. After the Closing, the Developer shall promptly begin and thereafter diligently prosecute to completion the construction of the Improvements as provided in the Scope of Development. The Developer shall begin and complete all construction and development within the times specified in the Schedule of Performance, with such reasonable extensions of said times as may be granted by the Authority, which such extensions shall not be unreasonably withheld or delayed. The Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing by the Developer and the Authority.

d. During periods of construction, the Developer shall submit to the Authority a written report of the progress of the construction when and as requested by the Authority. The report shall be in such form and detail as may be reasonably required by the Authority and shall include a reasonable number of construction photographs (if requested) taken since the last report by the Developer.

Section 3.6 Local, State, and Federal Laws

a. The Developer shall carry out the construction of the Improvements in conformity with all applicable laws, including all applicable federal and state labor standards (including, without limitation, the requirement to pay state prevailing wages, if applicable).

b. The Developer shall be responsible for obtaining all Permits and land use approvals required by the Authority and/or the City for the construction of the Improvements, ensuring that the use of the Property for the purposes described in this Agreement complies with the zoning and other City land use regulations (including any applicable exemptions and/or exceptions) applicable to the Property at the time of Closing.

c. Prior to or concurrently with the Closing, the Developer shall satisfy all conditions to the issuance of any Permit required for the development of the Property, other than transfer of title and payment of fees to be paid upon the Closing. The Authority shall provide reasonable assistance to the Developer in obtaining these permits.

d. This Agreement is not a "Development Agreement" as provided in Section 65864 *et seq.* of the California Government Code. The Developer shall comply with all applicable conditions of approval required by the City.

e. The Developer agrees to carry out development, construction (as defined by applicable law) and operation of the Improvements on the Property, 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, if applicable, any requirement to pay state prevailing wages). The Project is a self-help housing project in which no fewer than 500 hours of construction work associated with the homes are to be performed by the homebuyers and therefore (except that if any buyers are single parent or disabled households, only 250 "sweat equity" hours will be required), pursuant to Labor Code Section 1720(c)(6)(A), the construction of the Improvements is not a "public works project". The Developer expressly acknowledges and agrees that the Authority has never previously affirmatively represented to the Developer or its contractor(s) for the Improvements 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. The Developer agrees that the Developer shall have the obligation to provide any and all disclosures, representations, statements, rebidding, and/or identifications 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. The Developer agrees that the Developer 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 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. The Developer agrees that the Developer shall have the obligation, at the Developer's sole cost, risk and expense, 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. The Developer shall indemnify, protect, defend and hold harmless the Authority and its elected officers, employees, contractors and agents, with counsel reasonably acceptable to the Authority, 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 connection with the development, construction (as defined by applicable law) and/or operation of the Improvements, including, without limitation, any and all public works (as defined by applicable law), results or arises in any way from any of the following: (i) the noncompliance by the 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); (ii) 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; (iii) failure by the Developer to provide any required disclosure, representation, statement, rebidding 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; (iv) failure by the 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 (v) failure by the 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 development, construction (as defined by applicable law) and operation of the Improvements, including, without limitation, any public work (as defined by applicable law), the Developer shall bear all risks of payment or non-payment of state prevailing wages and/or the implementation of 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 and shall continue after recordation of the Release of Construction Covenants.

Notwithstanding the foregoing, the Parties acknowledge that Developer will utilize a significant amount of volunteer labor to construct the Project.

Section 3.7 Nondiscrimination During Construction

The Developer, for itself and its successors and assigns, agrees that during the construction of the Improvements provided for in this Agreement, the Developer will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.

Section 3.8 Indemnification and Insurance

a. During the period commencing with execution of this Agreement by the Authority, and until the issuance of the Release of Construction Covenants, the Developer agrees to and shall defend, indemnify and hold the Authority and its officers, employees, contractors and agents harmless from and against all claims, liability, loss, damage, costs or expenses (including reasonable attorneys' fees and court costs) arising from or as a result of the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person arising directly or indirectly out of or related to the actions of Developer or its officers, employees, contractors or agents in construction of the Project. The Developer shall not be responsible for (and such indemnity shall not apply to) any acts, errors or omissions of the Authority or its officers, employees, contractors or agents.

b. Other than arising from a dispute between the Developer and the Authority, the Developer shall indemnify, defend, and hold the Authority and its directors, officers, employees, agents, and successors and assigns (collectively, the "**Indemnitees**") harmless from and against all suits and causes of action, claims, costs, and liability, including, without limitation, reasonable attorneys' fees and costs of any litigation, or arbitration or mediation, if any, brought (i) challenging the validity, legality or enforceability of this Agreement (other than an action brought by a third party in connection with Chapter 5, Statutes 2011, First Extraordinary Session (Assembly Bill No. x1 26)) or (ii) seeking damages which may arise directly or indirectly from the negotiation, formation, execution, enforcement or termination of this Agreement, or which are incident to the performance of the activities contemplated in this Agreement (other than an action brought by a third party in connection with Chapter 5, Statutes 2011, First Extraordinary Session (Assembly Bill No. x1 26)). Nothing in this section shall be construed to mean that the Developer shall hold the Indemnitees harmless and/or defend them to the extent of any claims arising from, or alleged to arise from the sole negligence, willful misconduct or illegal acts of any of the Indemnitees or the Culver City Redevelopment Agency (the "**Agency**") and its directors, officers, employees, agents and successors and assigns (collectively the "**Agency Parties**"), the failure of the Authority or the Agency Parties to follow any rule, procedure or law applicable to the Authority or the Agency Parties (including, without limitation Chapter 5, Statutes 2011, First Extraordinary Session (Assembly Bill No. x1 26)), and/or any claims that this Agreement violates any current agreement to which the Authority or the Agency Parties is subject. The Authority agrees that it shall fully cooperate with the Developer in the defense of any matter in which the Developer is defending and/or holding the Indemnitees harmless. The Authority may make all reasonable decisions with respect to its representation in any legal proceeding, including, without limitation, the selection of attorney(s). This indemnity obligation shall survive the termination of this Agreement.

c. Prior to the Closing (and until the issuance of the Release of Construction Covenants), the Developer shall furnish or cause to be furnished to the Authority evidence of the following policies of insurance, naming the Developer as insured and, except as to the insurance described in paragraph (iii), below, the Authority as an additional insured.

(i) Fire Policies: the Developer shall maintain or cause to be maintained a policy or policies of insurance against loss or damage to the Property or the Improvements and all property of an insurable nature located upon the Property, resulting from fire, lightning, vandalism, malicious mischief, riot and civil commotion, and such other perils ordinarily included in extended coverage fire insurance policies. Such insurance shall be maintained in an amount not less than 100% of the full insurable value of the Improvements, as defined herein in paragraph d.

(ii) Liability Insurance: the Developer shall maintain or cause to be maintained public liability insurance, to protect against loss from liability imposed by law for damages on account of bodily injury, including death therefrom, suffered or alleged to be suffered by any person or persons whomsoever on or about the Property and the business of the Developer on the Property, or in connection with the operation thereof, resulting directly or indirectly from any acts or activities of the Developer or its sublessees, or any person acting for the Developer, or under its respective control or direction, and also to protect against loss from liability imposed by law for damages to any property of any person occurring on or about the Property, or in connection with the operation thereof, caused directly or indirectly by or from acts or activities of the Developer or its tenants, or any person acting for the Developer, or under its control or direction. Such property damage and bodily injury insurance shall also provide for and protect the Authority against incurring any legal cost in defending claims for alleged loss. Such bodily injury and property damage insurance shall be maintained in full force and effect during the Term in the following amounts: commercial general liability in a general aggregate amount of not less than $2,000,000; and not less than $1,500,000 of bodily injury and property damage insurance. It is the mutual intent of the parties that the levels of insurance coverage described herein shall be and remain comparable to the level of insurance coverage that is customary with comparable operations in Los Angeles County. At any time during the Term, and from time to time, either party may provide notice to the other party that the level of insurance being maintained by the Developer is no longer comparable to the level of insurance coverage that is customary with comparable operations in Los Angeles County, and request that the minimum limit hereinabove designated shall be changed (either increased or decreased) accordingly. The party receiving such request shall not unreasonably withhold its consent to such change. The Developer agrees that provisions of this paragraph as to maintenance of insurance shall not be construed as limiting in any way the extent to which the Developer may be held responsible for the indemnification of the Authority or the payment of damages to persons or property resulting from the Developer's activities, activities of its tenants or the activities of any other person or persons for which the Developer is otherwise responsible.

(iii) Workers' Compensation Insurance: the Developer shall maintain or cause to be maintained workers' compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure employers against liability for compensation under the workers' compensation laws now in force in California, or any laws hereafter enacted as an amendment or supplement thereto or in lieu thereof. Such workers' compensation insurance shall cover all persons employed by the Developer in connection with the Property and shall cover liability within statutory limits for compensation under any such act aforesaid, based upon death or bodily injury claims made by, for or on behalf of any person incurring or suffering injury or death in connection with the Property or the operation thereof by the Developer. Notwithstanding the foregoing, the Developer may, in compliance with the laws of the State of California and in lieu of maintaining such insurance, self-insure for workers' compensation in which event Developer shall deliver to the Authority evidence that such self-insurance has been approved by the appropriate State authorities.

d. All policies hereunder shall not be subject to cancellation, reduction in coverage, or non-renewal except after notice in writing shall have been sent by registered mail addressed to the Authority, to the extent practicable within 30 days but in any event prior to the effective date thereof. All policies may name the Authority and the Developer as insureds, additional insureds, and/or loss payable parties as their interests may appear.

e. The term "full insurable value" as used in this Section 3.8 shall mean the actual replacement cost (excluding the cost of excavation, foundation and footings below the lowest floor and without deduction for depreciation) of the Improvements on the Property immediately before such casualty or other loss, including the cost of construction, architectural and engineering fees, and inspection and supervision. To ascertain the amount of coverage required, the Developer shall cause the full insurable value to be determined from time to time by appraisal by the insurer, by agreement between the Developer and the Authority or by an appraiser mutually acceptable to the Authority and the Developer.

f. All insurance provided under this Section 3.8 shall be for the benefit of the Developer and the Authority. The Developer agrees to timely pay all premiums for such insurance and, at its sole cost and expense, to comply and secure compliance with all insurance requirements necessary for the maintenance of such insurance. The Developer agrees to submit policies of all insurance required by this Section 3.8, or certificates evidencing the existence thereof, to the Authority within 30 days prior to the Closing, indicating full coverage of the contractual liability imposed hereby. Within 30 days, if practicable, but in any event prior to expiration of any such policy, copies of renewal policies, or certificates evidencing the existence thereof, shall be submitted to the Authority. All insurance herein provided for under this Section 3.8 shall be effected under policies issued by insurers of recognized responsibility, licensed or permitted to do business in the State of California reasonably approved by the Authority. All policies or certificates of insurance shall provide that such policies shall not be canceled or limited in any manner without at least 30 days prior written notice to the Authority.

g. If the Developer fails or refuses to procure or maintain insurance as required by this Agreement, the Authority shall have the right, at the Authority's election, and upon 10 days prior notice to the Developer, to procure and maintain such insurance. The premiums paid by the Authority shall be treated as a loan, due from the Developer, to be paid on the first day of the month following the date on which the premiums were paid. The Authority shall give prompt notice of the payment of such premiums, stating the amounts paid and the name of the insured(s).

Section 3.9 Disclaimer of Responsibility by Authority

The Authority neither undertakes nor assumes nor will have any responsibility, right or duty to the Developer or to any third party to review, inspect, supervise, pass judgment upon or inform the Developer or any third party of any matter in connection with the Property. The Developer and all third parties shall rely upon its or their own judgment regarding such matters, and any review, inspection, supervision, exercise of judgment or information supplied to the Developer or to any third party by the Authority in connection with such matter is for the public purpose of providing affordable housing, and neither the Developer (except for the purposes set forth in this Agreement) nor any third party is entitled to rely thereon.

Section 3.10 Rights of Access

The Authority shall have the right, at its sole risk and expense, to enter the Property or any part thereof at reasonable times and with as little interference as possible, for the purpose of inspecting the Property for purposes of the Developer's compliance with this Agreement. The representatives of the Authority entering the Property shall be identified in writing in advance by the Authority's Executive Director (or his or her designee). Any such entry shall be made only after reasonable notice to the Developer, and the Authority shall indemnify and hold the Developer harmless from any claims or liabilities pertaining to such entry. Any damage or injury to the Property resulting from such entry shall be promptly repaired at the sole expense of the Authority.

Section 3.11 Taxes, Assessments, Encumbrances and Liens

The Developer shall be responsible for paying when due all real estate taxes and assessments, if any, assessed and levied on or against the Property for any period after the Closing. The Developer's obligation to pay taxes and assessments shall terminate as to each Unit upon the sale and conveyance of title of that Unit to its purchaser. Except as set forth herein, the Developer shall not place, or allow to be placed, on the Property or any portion thereof, any mortgage, trust deed, encumbrance (excluding easements not unreasonably interfering with the use of the Property) or lien (excluding mechanic's liens paid prior to foreclosure or liens for current year property taxes not paid). The Developer shall remove, or shall have removed, any levy or attachment made on the Property (or any portion thereof), or shall assure the satisfaction thereof within a reasonable time but in any event prior to foreclosure. Nothing herein contained shall be deemed to prohibit the Developer from contesting the validity or amount of any tax, assessment, encumbrance or lien, nor to limit the remedies available to the Developer in respect thereto. The covenants of the Developer set forth in this Section 3.11 relating to the placement of any unauthorized mortgage, trust deed, encumbrance or lien, shall remain in effect until issuance of the Release of Construction Covenants. Neither the Developer nor any successor owner of the Property shall appeal or challenge any assessment of the fair market value of the Property for property tax purposes; notwithstanding the foregoing, the Developer and successor owners of the Property and improvements located thereon shall be permitted to request that the Los Angeles County Assessor and any appropriate related entity assess property tax on the affordable units based on the affordable housing sales price, or a similar methodology that acknowledges that the units are subject to affordability restrictions.

Section 3.12 Rights to Plans

a. All work product prepared pursuant to this Agreement, including (but not limited to), all Plans, construction documents, soils tests and similar reports, Permits and other entitlements are hereby assigned to the Authority as security for the Developer's obligations hereunder. In the event that this Agreement is terminated prior to Closing, except in the event of a default hereunder by Authority, the Developer shall, within 10 days of such termination, transmit all such work product to the Authority.

b. To effectuate the assignment described in paragraph a., concurrently with executing a contract with the project architect, the Developer shall execute and deliver to the Authority an Assignment of Agreements, Plans, Specifications and Entitlements, granting to the Authority all of the Developer's rights to: (i) the Plans prepared pursuant to this Agreement; (ii) the contract between the Developer and its architect and engineer; (iii) all Permits relating to the Project; and similar rights and property interests.

Section 3.13 Release of Construction Covenants

a. Promptly after completion of the Improvements, as generally and specifically required by this Agreement and in particular the Scope of Development and approval by the Authority of the CC&Rs (as defined in Section 4.1(e) below), the Authority shall furnish the Developer with a Release of Construction Covenants upon written request therefor by the Developer certifying that the Developer has completed its construction obligations hereunder. The Authority shall not unreasonably withhold such Release of Construction Covenants and such Release of Construction Covenants shall be issued so long as the Developer has constructed and developed the Units in accordance with this Agreement, the Authority Grant Deed, and the Plans. 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. The Developer shall not transfer title to any Unit prior to the issuance by the Authority of a Release of Construction Covenants, but shall have the right to enter into a purchase and sale agreement with respect to such Unit prior to the issuance of a Release of Construction Covenants.

b. The Release of Construction Covenants shall be in such form as to permit it to be recorded in the Recorder's Office of Los Angeles County.

c. If the Authority refuses or fails to furnish a Release of Construction Covenants after written request from the Developer, the Authority shall, within 30 days of the written request, provide the Developer with a written statement of the reasons the Authority refused or failed to furnish a Release of Construction Covenants. The statement shall also contain the Authority's opinion of the action the 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 Authority will issue its Release of Construction Covenants upon the posting of a bond by the Developer with the Authority in an amount representing a fair value of the work not yet completed.

d. Such Release of Construction Covenants shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any person. Such Release of Construction Covenants is not notice of completion as referred to in Section 3093 of the California Civil Code.

Section 3.14 Use of Project Images

The Developer hereby consents to the use by the Authority of images of the Project, its models, plans and other graphical representations of the Project and its various elements (collectively, "**Project Images**") in connection with marketing, public relations, and special events, websites, presentations, and other uses required by the Authority in connection with the Project. Such right to use the Project Images shall not be assignable by the Authority to any other party (including, without limitation, any private party) without the prior written consent of the Developer. Use by the Authority of Project Images, the Developer's name or names of its affiliates will be subject to prior Developer approval, which shall not be unreasonably withheld or delayed. For any Project Images provided to the Authority by the Developer, the Developer shall use reasonable efforts to obtain any rights and/or consents from any third parties necessary to provide these Project Image use rights to the Authority.

Section 3.16 LEED

The Project shall be built to the LEED Silver residential standards and will be at least 10% more efficient than Title 24 requirements..

Section 3.17 Consistency with Developer's Proposal

Except to the extent specifically set forth herein, the Project shall be consistent with the description set forth in that certain proposal dated January 12, 2012.

ARTICLE 4 USE OF PROPERTY

Section 4.1 Uses

The Developer covenants and agrees (for itself, its successors, its assigns, and every successor in interest to the Property or any part thereof) that the Developer, its successors and assigns shall use the Property as follows:

a. The Developer, its successors and assigns shall develop the Property exclusively to provide affordable housing for Low Income homebuyers and Moderate Income homebuyers, as provided in this Agreement and the Authority Grant Deed;

b. The Developer shall sell Units only to Purchasers, for an Affordable Purchase Price. This requirement shall be deemed satisfied for each Unit when the Developer has sold that Unit to a Purchaser in accordance with this Agreement.

c. The Developer shall be responsible for obtaining all source documentation evidencing income as required by this Agreement. The Developer shall provide priority in the selection of Purchasers to persons and families who have been displaced as a result of the acquisition of property by the Authority or by other redevelopment activities in the Authority. To the extent permitted by law, the Developer shall provide priority to Purchasers who live or work in the City of Culver City ("**Culver City Residents**"). The Developer shall cooperate with the Authority prior to the initial sale of any Units to effectuate this provision. The Developer must accept any Authority displacee or Culver City Resident who meets the Developer's selection criteria. To implement this provision, the Developer agrees to provide notice to the Authority, in writing, prior to beginning to market Units and shall have received Authority approval of the Marketing and Buyer Selection Plan ("**Marketing Plan**") consistent with the terms and provisions of this Agreement. This requirement shall be deemed satisfied when the Developer has sold all of the Units to qualified Low Income homebuyers and Moderate Income homebuyers in accordance with this Agreement.

d. Prior to initial sale and occupancy of any Unit, the Developer shall prepare and submit to the Authority's Executive Director for approval (i) all documents required to be submitted by the Developer to the California Department of Real Estate; and (ii) all documents required to be submitted pursuant to The Davis-Stirling Common Interest Development Act, including but not limited to articles of incorporation, the by-laws, the condo plan and the Homeowner Association's Covenants, Conditions and Restrictions ("**CC&Rs**"). The CC&Rs shall be recorded against the Property and run with the land and shall incorporate the maintenance obligations set forth in Section 4.2 of this Agreement. Until such time as all the Units are sold to Purchasers, the Property shall be maintained in accordance with the CC&Rs approved by the Authority.

Section 4.2 Maintenance of Property

Until such time as all the Units are sold to Purchasers, Developer covenants and agrees that the Developer and/or the homeowner's association, for so long as Developer is a member of such association, shall maintain the interior and exterior of the improvements and the landscaping on the Property in a manner consistent with community standards which will uphold the value of the Property, in accordance with this Agreement, the Authority Grant Deed and the Culver City Municipal Code (the "**Code**"), as follows:

a. Exterior Maintenance. All exterior, painted surfaces of any structures located on the Property shall be maintained at all times in a clean and presentable manner. Any such defacing marks shall be cleaned or removed within a reasonable time.

b. Front and Side Exteriors. The Developer shall, at all times, maintain the front exterior and any visible side exteriors and yards, if any, in a clean, safe and presentable manner.

c. Graffiti Removal. All graffiti, and defacement of any type, including marks, words and pictures, must be removed from the Property and any necessary painting or repair completed within a reasonable time, but in no event more than 1 week after notice to the Developer from the Authority.

d. Landscaping. All landscaping surrounding the Property shall be maintained in a manner consistent with standards of the Code and any rules, regulations and standards adopted pursuant to the Code. In addition, for example, the yard areas shall not contain the following: (i) lawns with grasses in excess of 9 inches in height; (ii) trees, shrubbery, lawns or other plant life which are dying from a lack of water or other necessary maintenance; (iii) trees and shrubbery grown uncontrolled without proper pruning; (iv) vegetation so overgrown as to be likely to harbor rats or vermin; (v) dead, decayed or diseased trees, weeds and other vegetation; and (vi) inoperative irrigation systems.

e. Maintenance by Developer. Until such time as all the Units are sold to Purchasers, Developer shall, at his, her or their sole cost and expense, maintain and repair the Property and the improvements thereon, keeping the same in good condition and making all repairs as may be required by this Agreement, the Authority Grant Deed and the Code.

f. Damage and Destruction Affecting Property -- Duty to Rebuild. Until a Unit is old by Developer to a Purchaser, all or any portion of the Unit is damaged or destroyed by fire or other casualty, it shall be the duty of the Developer to rebuild, repair or reconstruct the Property in a timely manner to restore it to Code compliance condition.

g. Variance in Exterior Appearance and Design. Until a Unit is old by Developer to a Purchaser, if a Unit is damaged or destroyed by casualty, the Developer may not, without the prior written consent of the Authority, reconstruct, rebuild or repair the Unit in a manner which will provide different exterior appearance and lot design from that which existed prior to the date of the casualty.

h. Time Limitation. In the event of damage or destruction of a Unit prior to sale to a Purchaser due to casualty, the Developer shall be obligated to proceed with all due diligence to commence reconstruction within 2 months after the damage occurs and to complete reconstruction within a reasonable time after damage occurs, unless prevented by causes beyond the reasonable control of the Developer.

i. Inspection. In the event the Authority, in the sole discretion of the Authority's Executive Director, determines that the Developer has failed to maintain any Unit prior to the sale of such Unit to a Purchaser, the Authority, or its designee, on 2-weeks' prior written notice of any noted code violations and maintenance deficiencies (collectively, the "**Deficiencies**"), shall have the right, but not the obligation, to enter the Property, correct any Deficiency, and hold the Developer responsible for the cost thereof. Any cost incurred by Authority to cure any such Deficiency, until paid, shall constitute a lien on the Property pursuant to Civil Code Section 2881.

Upon sale of each of the Units, the Developer shall have be deemed to assign its responsibilities pursuant to this Section 4.2 to the Purchasers of the Units or homeowners association. It is the intention of the parties to this Agreement that the Developer's obligations pursuant to this section shall be transferred to the homeowners association as to common areas, and to each Purchaser of a Unit as to the respective Units.

Section 4.3 Obligation to Refrain from Discrimination

The Developer shall refrain from restricting the rental, sale or lease of the Property or any Unit on the basis of sex, sexual orientation, marital status, race, color, creed, religion, ancestry or national origin of any person. All deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

1. 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."

2. 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."

3. 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."

Section 4.4 Effect and Duration of Covenants

The covenants established in this Agreement shall, without regard to technical classification and designation, be binding on the Developer and any successor in interest to the Property or any part thereof for the benefit and in favor of the Authority, its successors and assigns, and the Authority. The covenants shall remain in effect for the respective time periods set forth in this Agreement and in the Authority Grant Deed, including the Addendum to Purchaser Grant Deed. The covenants against discrimination in Section(s) 3.7 and 4.3 of this Agreement shall remain in effect in perpetuity.

Section 4.5 Effect of Violation of Terms and Provisions of Agreement

The Authority is deemed a beneficiary of the terms and provisions of this Agreement and the covenants herein, both for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, for whose benefit this Agreement and the covenants running with the land have been provided. The Authority shall have the right if the covenants contained in this Agreement are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and covenants are entitled.

Section 4.6 Hazardous Substances

At the Closing, the Developer shall execute and deliver to the Authority an Environmental Indemnity, in such form as is reasonably agreed to by the Parties.

ARTICLE 5 **SALE OF THE UNITS**

5.1 Sales; Proceeds

Developer acknowledges that the purpose of the sale of the Property to Developer and the Authority Loan is to encourage affordable homeownership among Low and Moderate Income households. Pursuant to such purpose, upon the completion of construction of the Units, Developer agrees to make available, hold for sale and sell the Units at fair market value to Purchasers consistent with applicable requirements of this Agreement, the Community Redevelopment Law and all applicable Governmental Regulations at the time of sale of the Units. Notwithstanding that the contract price for the sale of the Units shall be at fair market value, the terms of the financing utilized in the sale of each Unit shall result in an Affordable Housing Cost to the Purchaser of each Unit.

In connection with the sale of each Unit to a Low Income buyer, Developer shall provide the Habitat First Mortgages (as hereinafter defined) and Authority shall provide the Authority Second Mortgage Assistance in the amount of $238,000 per Unit; and, in accordance with the terms set forth herein in connection with the sale of each Unit to a Moderate income Purchaser, the Authority shall provide the Authority Second Mortgage Assistance in the amount of $164,700 per Unit in accordance with the terms set forth herein.

Authority acknowledges and agrees that but for the Authority's commitment to make the Authority Second Mortgage Loans in accordance herewith, Developer would not have agreed to purchase the Property, develop the Project and enter into this Agreement.

5.2 Conversion of Authority Loan

Subject to (i) the satisfaction of all applicable Governmental Regulations, (ii) the satisfaction of the conditions set forth below, and (iii) any additional requirements reasonably imposed by Authority, Authority shall convert the Authority Loan to Authority Second Mortgage Assistance on a unit by unit basis and such conversion shall be a credit against the outstanding Authority Loan amount. Developer shall require that Purchasers utilize the Second Mortgage Assistance. Any Authority Loan amounts remaining after such conversion and repayment of the Authority Loan shall be forgiven, and Developer shall have no further obligation for repayment of the Authority Loan.

5.3 Authority Second Mortgage Assistance

Upon satisfaction of the conditions set forth herein, Authority shall provide to Purchasers of the Units second mortgage loans (collectively **"Authority Second Mortgage Assistance"**) as follows: $238,000 per Unit for each of 5 Units to be sold to Low Income Purchasers, and $164,700 per Unit for each of 5 Units to be sold to Moderate Income Purchasers.

The Authority Second Mortgage Assistance shall be provided to Purchaser of the Units in the form contemplated by the appropriate Authority Second Mortgage Documents and secured by the appropriate Unit. The Developer First Mortgages and Authority Second Mortgages shall be entered into concurrently with the sale of the Units to any Purchaser.

5.4 Second Mortgage Assistance Documents and Terms

Each Purchaser of a Unit who qualifies as a Low or Moderate Income household and receives Authority Second Mortgage Assistance shall be required to execute loan documents as required by Authority, such as a loan agreement, promissory note, agreement of conditions, covenants and restrictions and similar documents as determined by Authority in accordance with all applicable Governmental Regulations. The Second Mortgage Assistance Documents shall document the terms of the Second Mortgage Assistance in accordance with all applicable Governmental Regulations, and shall include, at a minimum, the following terms (unless prohibited by Governmental Regulations): (i) payments shall be deferred during the Restricted Period; (ii) subject to earlier payment due to breach or sale of the Unit, principal shall not be due until the first transfer after the expiration of the Restricted Period; and (iii) the sale of the Unit shall be restricted to sales to a Moderate Income Purchaser at a sales price resulting in an Affordable Housing Cost consistent with the requirements of the Community Redevelopment Law during the Restricted Period.

5.5 Additional Purchaser Requirements

Subject to the requirements of all applicable Governmental Regulations, prior to the purchase and sale of the Units, any proposed Purchaser must (i) demonstrate ability to pay the appropriate down payment specific to the underwriting guidelines of the conventional or governmental loan program applied for; and (ii) have sufficient credit worthiness to qualify for and obtain a first trust deed financing at a fixed rate of interest. The proposed Purchaser must be legally residing in the United States and have appropriate documentation demonstrating such legal residence.

Upon determining that a prospective buyer is a Purchaser, Developer may require such proposed Purchaser to make a good faith deposit towards the purchase in an amount not to exceed $2,000, provided, however, that such good faith deposit shall be fully refunded to such prospective purchaser in the event that: (i) Developer cancels the proposed sale; or (ii) the prospective purchaser cancels the sale later than 60 days prior to the agreed upon close of escrow for such Unit.

5.6 Conditions Precedent to Authority Second Mortgage Assistance

Subject to the terms of this Agreement and all applicable Governmental Regulations at the time of sale of the Unit, Authority agrees to provide to each Purchaser of a

Unit the Second Mortgage Assistance as set forth herein, upon satisfaction of the following conditions:

5.6.1 Purchaser

The buyer(s) of the Unit shall have satisfactorily demonstrated to Developer and Authority his/her/their status as a Low or Moderate Income household in accordance with the terms and conditions of this Agreement and all applicable Governmental Regulations. Authority shall have approved the Purchaser's loan application and the form in which title is to be held by the Purchaser(s).

5.6.2 No Default

There shall exist no condition, event or act which would constitute an Event of Default by Developer hereunder or which, upon the giving of notice or the passage of time, or both, would constitute an Event of Default by Developer under this Agreement.

5.6.3 First Mortgage

The Purchaser shall have qualified (and provided evidence to Authority therefore) for a conventional first mortgage from an institutional lender or a Habitat First Mortgage in an amount not greater than one hundred percent (100%) of the Affordable Housing Cost. The terms of the first mortgage shall comply with all applicable Governmental Regulations and any additional requirements as may be reasonably imposed by Authority. For example, Authority may require that the first mortgage be a thirty (30) year fixed interest rate level payment loan. Authority may allow, in its reasonable discretion, the Purchaser to pay points in connection with the first mortgage. The first mortgage holder and/or Developer must be ready, willing and able to fund the first mortgage loan and/or the Habitat First Mortgage at the proposed time of the closing of the Purchaser's purchase of the Unit. The first mortgage loan and/or the Habitat First Mortgage shall fund concurrently with Authority's funding of the Authority Second Mortgage Assistance and the purchase of the Unit from the Developer.

5.6.4 Down Payment

The Purchaser shall have deposited into escrow any down payment as may be required.

5.6.5 Second Mortgage Assistance Documents

The Purchaser of a Unit shall have signed and delivered to Authority or escrow, as applicable, all applicable Second Mortgage Assistance Documents.

5.6.6 Insurance

The Purchaser shall have provided Authority and Developer, if applicable, with evidence of insurance on the Unit in accordance with the applicable Habitat First Mortgage or Second Mortgage Assistance Documents.

5.6.7 Sales Contract

Authority shall have approved the sales contract between Developer and the Purchaser in the amount of fair market value of the Unit and such sales contract and any other documents required in connection with the sale and purchase of the Unit shall have been executed by the parties thereto.

5.6.8 Fair Market Sales Price; Purchaser

Developer shall have demonstrated to Authority that the Unit is being sold to the Purchaser at fair market value, determined by a comparable sales analysis prepared on behalf of Developer and approved by Authority's financial consultant.

5.6.9 Release of Construction Covenants

A Release of Construction Covenants shall have been recorded against the Unit for which the Second Mortgage Assistance is being requested.

ARTICLE 6 DEFAULTS, REMEDIES AND TERMINATION

Section 6.1 Defaults - General

a. Subject to the Force Majeure Delay, as provided in Section 6.4 below, failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The party who fails or delays must immediately commence to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence.

b. The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default. Except as otherwise expressly provided in this Agreement, any failures or delays by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by either party in asserting any of its rights and remedies shall not deprive either party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

c. If a monetary event of default occurs, prior to exercising any remedies hereunder, the injured party shall give the party in default written notice of such default. The party in default shall have a period of 7 days after such notice is given within which to cure the default prior to exercise of remedies by the injured party.

d. If a non-monetary event of default occurs, prior to exercising any remedies hereunder, the injured party shall give the party in default notice of such default. If the default is reasonably capable of being cured within 30 days, the party in default shall have such period to effect a cure prior to exercise of remedies by the injured party. If the default is such that it is not reasonably capable of being cured within 30 days, and the party in default (i) initiates corrective action within said period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then the party in default shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the injured party. In no event shall the injured party be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within 90 days after the first notice of default is given.

Section 6.2 Institution of Legal Actions

Subject to the notice and cure provisions of Section 6.1 above, in addition to any other rights or remedies (and except as otherwise provided in this Agreement), either party may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Los Angeles, State of California, in any other appropriate court of that county, or in the United States District Court for the Central District of California.

Section 6.3 Applicable Law

The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

Section 6.4 Acceptance of Service of Process

a. In the event that any legal action is commenced by the Developer against the Authority, service of process on the Authority shall be made by personal service upon the Executive Director of the Authority or in such other manner as may be provided by law.

b. In the event that any legal action is commenced by the Authority against the Developer, service of process on the Developer shall be made by personal service upon the Developer (or upon an officer of the Developer) and shall be valid whether made within or without the State of California, or in such manner as may be provided by law.

Section 6.5 Rights and Remedies Are Cumulative

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

Section 6.6 Damages

If either party defaults with regard to any of the provisions of this Agreement, subject to the notice and cure provisions of Section 6.1 above, the defaulting party shall be liable to the non-defaulting party for any damages caused by such default, and the non-defaulting party may, after such notice and opportunity to cure (but not before) commence an action for damages against the defaulting party with respect to such default.

Notwithstanding the foregoing, neither Developer nor Authority shall in any event be entitled to, and each hereby waives, any right to seek loss of profits or any special, incidental or consequential damages of any kind or nature from the other Party arising out of or in connection with this Agreement or the breach or termination hereof, and in connection with such waiver each Party is familiar with and hereby waives the provision of Section 1542 of the California Civil Code which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

Section 6.7 Specific Performance

If either party defaults with regard to any of the provisions of this Agreement, subject to the notice and cure provisions of Section 6.1 above, the non-defaulting party, at its option, may, after such notice and opportunity to cure (but not before) commence an action for specific performance of the terms of this Agreement pertaining to such default.

Section 6.8 Termination

a. Prior to the Close of Escrow, either party shall have the right to terminate this Agreement in the event the other party is in default of any material term or provision of this Agreement, and, following notice, fails to cure such default within the time provided in Section 6.1 above.

b. Prior to the Close of Escrow, the Developer shall have the right to terminate this Agreement as provided in paragraph d. of Section 3.2 above, and, upon 10 days written notice to Authority as follows:

(i) The Developer determines, in its sole and absolute discretion, that (x) the development of the Project is not financially feasible or (y) it is reasonably likely that the Project will not obtain all necessary entitlements and environmental clearances necessary for the development and operation of the Proposed Project; and

(ii) In the course of its investigation of the Site, Developer discovers any currently unknown conditions or circumstances which would materially impact the cost of the Project and/or the use of all or any portion of the Project.

(iii) Failure of Developer to commence and complete predevelopment work on the Project in accordance herewith shall not constitute a breach hereunder if due to a lack of financing of predevelopment costs. In such an instance, Developer shall have the right to terminate this Agreement.

Except as otherwise expressly provided herein, following such termination by Developer prior to conveyance of the Property, neither Authority nor the Developer shall have any further rights against or liability to the other under this Agreement or with respect to the Property or otherwise with respect to the subject matter of this Agreement.

Section 6.9 Termination by Authority after Closing

a. After the Close of Escrow but before Completion, the Authority shall have the additional right to terminate this Agreement and exercise its right of entry pursuant to Section 5.10 below, in the event any of the following defaults shall occur:

(1) The Developer fails to commence construction of the improvements as required by this Agreement for a period of 60 days after written notice from the Authority, provided that the Developer shall not have obtained an extension or postponement to which the Developer may be entitled pursuant to Section 7.4 hereof; or

(2) The Developer abandons or substantially suspends construction of the improvements for a period of 60 days after written notice has been given by the Authority to the Developer, provided the Developer has not obtained an extension or postponement to which the Developer may be entitled to pursuant to Section 7.4 hereof; or

(3) The Developer assigns or attempts to assign this Agreement, or any rights herein, or, transfer (except for sales of Units to Purchasers which shall not close until a Release of Construction Covenants is issued), or suffer any involuntary transfer of the Property, or any part thereof, in violation of this Agreement, and such breach is not cured within 30 days after the date of written notice thereof; or

(4) The Developer otherwise materially breaches this Agreement, and such breach is not cured within the respective times provided in Section 6.1 of this Agreement.

b. The rights to cure established in paragraph a. shall run concurrently with any other rights to cure set forth in this Agreement or any other instrument.

c. The rights established in paragraph a. shall not apply after the Authority has issued a Release of Construction Covenants.

d. In the event the Authority terminates this Agreement pursuant to paragraph a. of this Section 6.9, the Authority shall have the right to exercise all remedies, including foreclosing on the Deed of Trust, notwithstanding the termination of this Agreement.

Section 6.10 Right of Entry for Property

a. Subject to the notice and cure provisions of Section 6.1 above, in the event of an uncured default described in Section 6.1 above, the Authority shall have the additional right, at its option, to enter and take possession of the Property (or any portion of the Property) with all improvements, and the Developer agrees that the Developer shall take such actions and execute such instruments necessary or proper to vest in the Authority fee title to the Property.

b. Such right to enter, possess and vest shall be subject to and be limited by and shall not defeat, render invalid or limit: (i) any bona fide mortgage, deed of trust, or other security instrument of sale and leaseback or other conveyance for financing, provided that such mortgage, deed of trust, security instrument, sale and leaseback or conveyance for financing is permitted by this Agreement; and (ii) any rights or interest provided in this Agreement for the protection of the holder of such bona fide, permitted mortgages, deeds of trust or other security instruments, the lessor under such sale and leaseback, or the grantee under such other conveyance for financing.

c. The Grant Deed shall contain appropriate reference and provision to give effect to the Authority's right, as set forth in this section under specified circumstances prior to Completion, to enter and take possession of the Property, or any part of the Property, with all improvements, and the Developer's obligation to take such actions and execute such instruments necessary or proper to vest in the Authority fee title to the Property.

d. Upon the vesting in the Authority of title to the Property, or any part of the Property, as provided in this Section 6.10, the Authority shall, pursuant to its responsibilities under state law, use its best efforts to resell the Property, or any part of the Property, as soon and in such manner as the Authority shall find feasible and consistent with the objectives of the affordable housing program to a qualified and responsible party or parties (as determined by the Authority) who will assume the obligation of making or completing the improvements, or such other improvements in their stead, as shall be satisfactory to the Authority and in accordance with the uses specified for the Property, or any part of the Property. Upon such resale of the Property, or any part of the Property, the proceeds shall be applied:

(1) First, to reimburse the Authority all costs and expenses reasonably incurred by the Authority, including salaries of personnel engaged in such action, in connection with the recapture and resale of the Property, or any part thereof; all taxes, assessments and water and sewer charges with respect to the Property or any part of the Property; any payments made or necessary to be made to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of the Developer, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the agreed improvements on the Property, or any part of the Property; and any amounts otherwise owing to the Authority by the Developer and its successor or transferee; and

(2) Second, to reimburse the Developer, its successor or transferee, up to the amount equal to the costs incurred for the development of the Property, or any part of the Property, or for the construction of the Units.

e. Any balance remaining after such reimbursements shall be retained by the Authority as its property.

f. To the extent that the right established in this section involves a forfeiture, it must be strictly interpreted against the Authority, the party for whose benefit it is created. The rights established in this section are to be interpreted in light of the fact that the Authority will convey the Property to the Developer for development and not for speculation.

ARTICLE 7 GENERAL PROVISIONS

Section 7.1 Notices, Demands and Communications between Parties

Formal notices, demands and communications between the Authority and the Developer shall be sufficiently given if dispatched by registered or certified mail, postage prepaid, return receipt requested, to the principal offices of the Authority and the Developer, as designated in Sections 1.3 and 1.4 hereof. Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail as provided in this Section 7.1. Any notice that is transmitted by electronic transmission followed by delivery of a "hard" copy, shall be deemed delivered upon its transmission; any notice that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the documented date of receipt by the recipient; and any notice that is sent by registered or certified mail, postage prepaid, return receipt required shall be deemed received on the date of receipt thereof. Notices to the Authority shall also be sent to: Kane, Ballmer & Berkman, Attn: Todd C. Mooney, 515 S. Figueroa Street, Suite 1850, Los Angeles, California 90071-3301. Notices to the Developer shall also be sent to: Leibold McClendon & Mann, PC, Attn: Joy Heuser Otsuki, 23422 Mill Creek Drive, Suite 105, Laguna Hills, California 92653.

Section 7.2 Conflicts of Interest

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

b. The Developer warrants that it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Agreement.

c. The Developer warrants that it has no knowledge of any financial interest of any Authority employee or official in the Developer, directly or indirectly, or in any person or entity affiliated with the Developer, or in any transaction in which the Developer has been involved.

Section 7.3 Nonliability of Authority Officials and Employees

No member, official, employee or consultant of the Authority shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the Authority 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.

Section 7.4 Force Majeure

In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to Force Majeure Events.

Section 7.5 Inspection of Books and Records

The Developer shall maintain complete, accurate, and current records pertaining to the Property for a period of 5 years after the creation of such records, and shall permit any duly authorized representative of the Authority, upon reasonable advance notice, to inspect and copy records, including records pertaining to income and household size of Purchasers of the Units, during regular business hours. Records must be kept accurate and current.

Section 7.6 Approvals

Unless otherwise provided in this Agreement, approvals required of the Authority or the Developer shall not be unreasonably withheld or delayed. In addition, unless otherwise provided in this Agreement, a requirement of Authority approval shall mean the approval of the Authority's Executive Director or designee. The Authority's Executive director shall be permitted to approve and execute amendments and modifications to this Agreement, provided, however, any such amendment or modification may be referred for approval of the governing board of the Authority in the Executive Director of the Authority's reasonable discretion.

Section 7.7 Real Estate Commissions

Neither the Authority nor the Developer shall be liable for any real estate commissions, brokerage fees or finders fees which may arise from the sale of the Property to the Developer. The Authority and the Developer each represent to the other that it has employed no broker, agent, or finder in connection with this transaction.

Section 7.8 Further Assurances

The Developer shall execute any further documents consistent with the terms of this Agreement, including documents in recordable form, as the Authority may from time to time find necessary or appropriate to effectuate its purposes in entering into this Agreement and making the Authority Loan and Authority Second Mortgage Loan, including, without limitation, appropriate controls to regulate the use of the Property (*e.g.*, an Agreement Affecting Real Property, setting forth the Developer's affordable housing obligations).

Section 7.9 No Third Party Beneficiaries

The Authority and the Developer expressly acknowledge and agree they do not intend, by their execution of this Agreement, to benefit any persons or entities not signatory to this Agreement, except as may be expressly provided for herein. No person or entity not a signatory to this Agreement shall have any rights or causes of action against either the Authority or the Developer arising out of or due to the Authority's or the Developer's entry into this Agreement.

Section 7.10 Limitation of Liability

The obligations of the Authority under this Agreement shall be a special limited obligation, payable solely out of funds received by the Authority from the City or the Agency pursuant to a 2011 cooperation agreement, and it is not and shall not be a pledge of or obligation payable through the City's general fund or the Authority's other funds. Accordingly, nothing in this Agreement shall require or be deemed to require the City to expend or commit to expend monies from its general fund (or for the Authority to expend or commit to expend monies from its other funds) in order to satisfy any of the obligations set forth in this Agreement. In the event that the Authority does not have the funds or property to fulfill any obligation under this Agreement, it shall not be considered a default under this Agreement. The Authority shall have no obligation whatsoever to utilize any other source of funds, other than funds received by the Authority from the City or the Agency under such cooperation agreement, to make any payments to the Developer required hereunder, nor shall the City.

Section 7.11 California Public Records Act

All information regarding the Developer's business practice which may be provided to the Authority shall remain confidential to the extent permissible by law including, without limitation, the California Public Records Act. If the Authority at the request of the Developer is required to defend an action under the California Public Records Act with regard to a request for disclosure of any of the documents or reports related to the Project, then the Developer agrees to defend and indemnify the Authority from all costs and expenses of such defense, including, without limitation, reasonable attorneys' fees of the Authority or attorneys' fees awarded by a court arising out of such action.

Section 7.12 Advisory Committee on Redevelopment

The Developer shall meet with the Advisory Committee on Redevelopment as needed to identify and resolve project design and impact issues.

ARTICLE 8 ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

a. This Agreement shall be executed in five duplicate originals each of which is deemed to be an original. This Agreement includes 53 pages and 6 attachments, including all exhibits appended to such attachments, which constitute the entire understanding and agreement of the parties.

b. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the Property, including that certain Exclusive Negotiating Agreement entered into by the parties in 2011.

c. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the Authority or the Developer, and all amendments hereto must be in writing and signed by the appropriate authorities of the Authority and the Developer. This Agreement and any provisions hereof may be amended by mutual written agreement by the Developer and the Authority.

ARTICLE 9 TIME FOR ACCEPTANCE OF AGREEMENT BY AUTHORITY; DATE OF AGREEMENT

This Agreement, when executed by the Developer and delivered to the Authority, shall not be effective until executed by the Authority following a noticed public hearing as required by law. In the event the Authority fails to approve, execute and deliver this Agreement to the Developer within 60 days after this Agreement is signed by the Developer, the Developer shall have the right to withdraw its offer to enter into this Agreement by providing written notice to the Authority. This Agreement shall be dated for reference purposes as of the date set forth in the introductory paragraph hereof, but shall not be effective until executed by the Authority, as indicated below.

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

CULVER CITY HOUSING AUTHORITY,
a public body, corporate and politic

By: ______________________________
John M. Nachbar
Executive Director

APPROVED AS TO CONTENT:
CULVER CITY HOUSING AUTHORITY,
a public body, corporate and politic

By: ____________________________
Sol Blumenfeld, Assistant Executive Director

APPROVED AS TO FORM:
KANE, BALLMER & BERKMAN
Special Counsel

By: _______________________________
Todd C. Mooney

[Signatures Continued on Following Page]

HABITAT FOR HUMANITY OF GREATER LOS ANGELES,
a California non-profit corporation

Dated: ____________________ By: ________________________________
Erin Rank
President and CEO

LEGAL DESCRIPTION

Real property in the City of Culver City, County of Los Angeles, State of California, described as follows:

PARCEL 1:

THAT PORTION OF LOT 470 OF TRACT 6936, IN THE CITY OF CULVER CITY, AS PER MAP RECORDED IN BOOK 79 PAGE 43 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING SOUTHEASTERLY OF A LINE THAT IS PARALLEL WITH AND DISTANT NORTHWESTERLY 94 FEET, MEASURED AT RIGHT ANGLES, FROM THE SOUTHEASTERLY LINE OF LOT 71 OF TRACT 8895, AS PER MAP RECORDED IN BOOK 120 PAGES 69 TO 71 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2:

THE NORTHWESTERLY 50 FEET OF THE SOUTHEAST 94 FEET OF LOT 71 OF TRACT 8895, IN THE CITY OF CULVER CITY, AS PER MAP RECORDED IN BOOK 120 PAGES 69 TO 71 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION OF THE NORTHWESTERLY 50.00 FEET OF THE SOUTHEASTERLY 94.00 FEET OF SAID LOT 71, (BOTH DISTANCES BEING MEASURED NORTHWESTERLY AND AT RIGHT ANGLES FROM THE SOUTHEASTERLY LINE OF SAID LOT) LYING NORTHEASTERLY OF A LINE WHICH BEGINS AT A POINT DISTANT 35.07 FEET SOUTHWESTERLY ALONG THE NORTHWESTERLY LINE OF LOT 470 OF TRACT 6936 AS PER MAP RECORDED IN BOOK 79 PAGE 43 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY FROM THE MOST NORTHERLY CORNER OF SAID LOT AND WHICH ENDS AT A POINT DISTANT 18.81 FEET NORTHWESTERLY ALONG THE NORTHEASTERLY LINE OF LOT 73 OF TRACT 8895 AS PER MAP RECORDED IN BOOK 120 PAGES 69 TO 71 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY FROM THE EASTERLY CORNER OF SAID LOT, AS DEED TO THE STATE OF CALIFORNIA FOR PUBLIC HIGHWAY PURPOSES ON MARCH 24, 1958 AS INSTRUMENT NO. 1359.

APN: 4233-033-003

LEGAL DESCRIPTION

Real property in the City of Culver City, County of Los Angeles, State of California, described as follows:

The Southeasterly 44 feet of Lot 71 of Tract 8895, in the city of Culver City, as per map recorded in Book 120 Pages 69 to 71 inclusive of Maps, in the office of the county recorder of said county.

EXCEPT therefrom that portion described as Parcel 11 for freeway purposes, in the Final Decree of Condemnation recorded March 11, 1959 as Instrument No. 4679, in the office of the county recorder of said county, which lies Northeasterly of the following described line:

Beginning at a point in the Northwesterly line of Lot 470 of Tract 6936, as per map recorded in Book 79 Page 43 of Maps, in the office of the county recorder of said county, distant along said line 35.07 feet Southwesterly from the most Northerly corner of said Lot 470; thence Southeasterly, in a direct line to a point in the Northeasterly line of Lot 73 of said first mentioned tract, distant along said Northeasterly line 18.81 feet Northwesterly, from the most Easterly corner of said Lot 73.

EXCEPT therefrom all oil, gas, minerals and other hydrocarbon substances in and under said land lying below a depth of 100 feet from the surface thereof; but with no right of surface entry, as provided in the deed recorded March 11, 1959 as Instrument No. 4679.

APN: 4233-033-004

LEGAL DESCRIPTION

Real property in the City of Culver City, County of Los Angeles, State of California, described as follows:

LOT 72 OF TRACT 8895, IN THE CITY OF CULVER CITY, AS PER MAP RECORDED IN BOOK 120 PAGES 69 TO 71 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION OF SAID LAND AS DEED TO THE STATE OF CALIFORNIA FOR FREEWAY PURPOSES BY DEED RECORDED NOVEMBER 8, 1957 IN BOOK 56033 PAGE 227 OFFICIAL RECORDS.

APN: 4233-033-005

LEGAL DESCRIPTION

Real property in the City of Culver City, County of Los Angeles, State of California, described as follows:

Lot 73 of Tract 8895, in the city of Culver City, as per map recorded in Book 120 Pages 69 to 71 inclusive of Maps, in the office of the county recorder of said county.

EXCEPT therefrom that portion of said Lot 73 lying Northeasterly of line which begins at a point distant 35.07 feet Southwesterly along the Northwesterly line of Lot 470 of Tract 6936, in Book 79 Page 43 of Maps, from the most Northerly corner of said Lot and which ends at point distant 18.81 feet Northwesterly along the Northeasterly line of Lot 73 of said first mentioned tract from most Easterly corner of said Lot.

APN: 4233-033-006

LEGAL DESCRIPTION

Real property in the City of Culver City, County of Los Angeles, State of California, described as follows:

LOT 74 OF TRACT 8895, IN THE CITY OF CULVER CITY, AS PER MAP RECORDED IN BOOK 120 PAGES 69 TO 71 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 4233-033-007

LEGAL DESCRIPTION

Real property in the City of Culver City, County of Los Angeles, State of California, described as follows:

LOT 75 OF TRACT 8895, IN THE CITY OF CULVER CITY, AS PER MAP RECORDED IN BOOK 120, PAGES 69 TO 71 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

SAID LAND IS ALSO SHOWN ON RECORD OF SURVEY RECORDED SEPTEMBER 9, 1993 IN BOOK 137 PAGE 18 OF RECORD OF SURVEYS.

APN: 4233-033-008

LEGAL DESCRIPTION

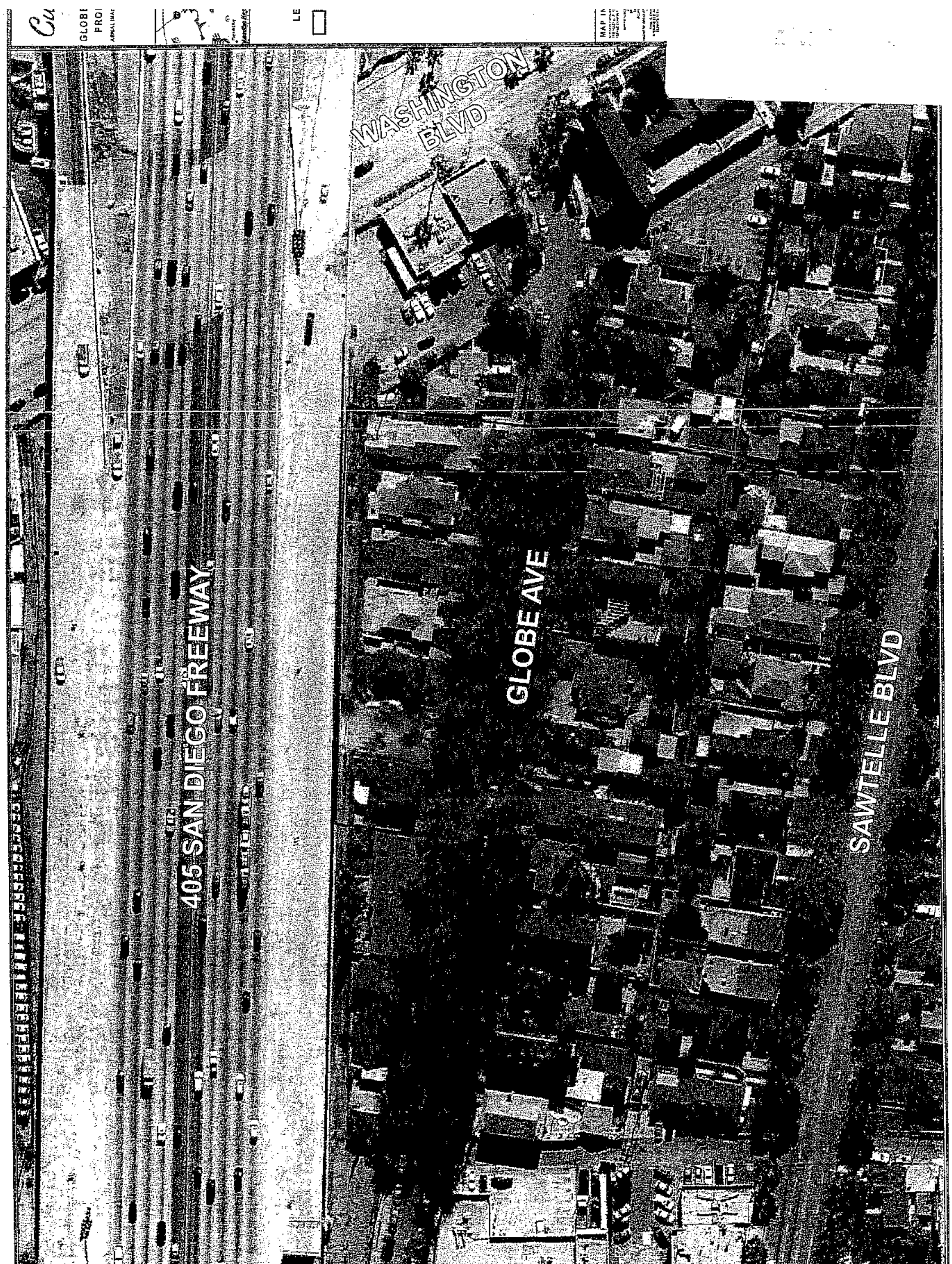
Real property in the City of Culver City, County of Los Angeles, State of California, described as follows:

THAT PORTION OF LOTS 469 AND 470 OF TRACT 6936, IN THE CITY OF CULVER CITY, AS PER MAP RECORDED IN BOOK 79 PAGE 43 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, TOGETHER WITH THAT PORTION OF LOT 71 OF TRACT 8895, AS PER MAP RECORDED 120 PAGES 69 TO 71 INCLUSIVE OF MAPS, DESCRIBED AS A WHOLE AS FOLLOWS:

BEGINNING AT THE MOST WESTERLY CORNER OF LOT 465 OF SAID TRACT 6936, THENCE NORTH 54° 08' 08" EAST, ALONG THE NORTHWESTERLY LINE OF SAID LOT 465, A DISTANCE OF 30.05 FEET; THENCE SOUTH 33° 14' 34" EAST 243.87 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 64° 46' 27" EAST 29.90 FEET; THENCE SOUTH 34°37'07" EAST 55.56 FEET TO A POINT IN THE SOUTHEASTERLY LINE OF THAT CERTAIN PARCEL OF LAND DESCRIBED IN DEED RECORDED IN BOOK 53099 PAGE 192, OFFICIAL RECORDS, DISTANT NORTHEASTERLY ALONG SAID SOUTHEASTERLY LINE 102.52 FEET FROM THE MOST SOUTHERLY CORNER OF SAID CERTAIN PARCEL SO DESCRIBED; THENCE ALONG THE SOUTHEASTERLY LINE OF SAID LAST MENTIONED PARCEL SO DESCRIBED SOUTH 64° 46' 27" WEST 102.52 FEET; THENCE NORTH 25° 13' 33" WEST 50.00 FEET; THENCE NORTH 64° 46' 27" EAST 64.22 FEET; THENCE NORTH 33° 14' 34" WEST 4.86 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT THEREFROM ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES LYING BELOW THE SURFACE OF SAID LAND; BUT WITH NO RIGHT OF SURFACE ENTRY THERETO, AS PROVIDED IN THE DEED RECORDED APRIL 18, 1963 AS INSTRUMENT NO. 4009.

APN: 4233-033-014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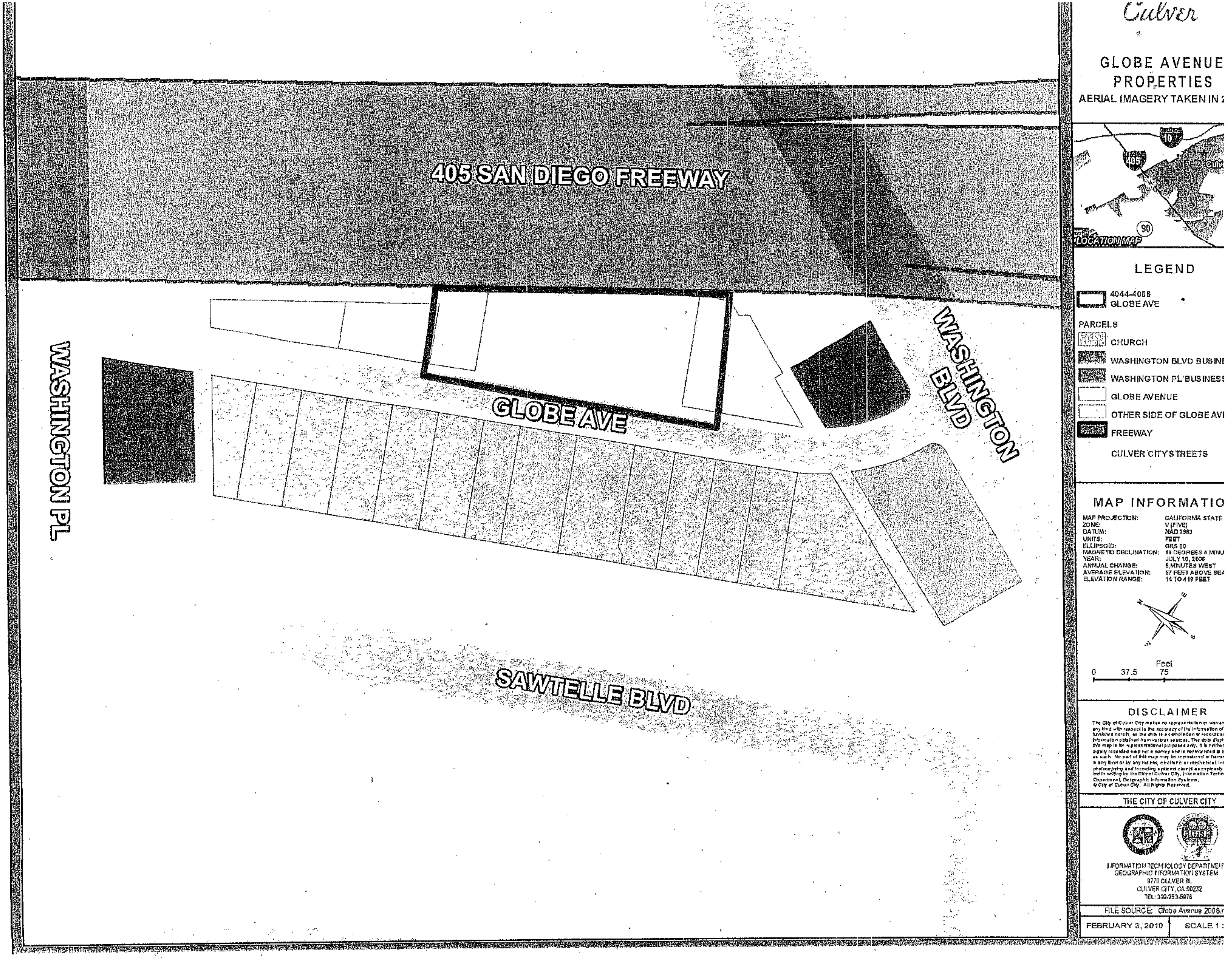
405 SAN DIEGO FREEWAY
GLOBE AVE
SAWTELLE BLVD
WASHINGTON PL


Culver
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4044-4058 GLOBE AVE
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GLOBE AVENUE
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FREEWAY
CULVER CITY STREETS
MAP INFORMATIO
MAP PROJECTION: CALIFORNIA STATE
ZONE: V (FIVE)
DATUM: NAD 1983
UNITS: FEET
ELLIPSOID: GRS 80
MAGNETIC DECLINATION: 13 DEGREES & MINU
YEAR: JULY 10, 2006
ANNUAL CHANGE: 5 MINUTES WEST
AVERAGE ELEVATION: 57 FEET ABOVE SEA
ELEVATION RANGE: 14 TO 419 FEET
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75
DISCLAIMER
THE CITY OF CULVER CITY
INFORMATION TECHNOLOGY DEPARTMENT
GEOGRAPHIC INFORMATION SYSTEM
9770 CULVER BL
CULVER CITY, CA 90232
TEL: 310-253-5976
FILE SOURCE: Globe Avenue 2008
FEBRUARY 3, 2010
SCALE 1:
405 SAN DIEGO FREEWAY
WASHINGTON BLVD
GLOBE AVE
WASHINGTON PL
SAWTELLE BLVD

LICENSE AGREEMENT
BY AND BETWEEN
CULVER CITY HOUSING AUTHORITY AND
HABITAT FOR HUMANITY OF GREATER LOS ANGELES

(4044-4068 Globe Avenue)

THIS LICENSE AGREEMENT is entered into by and between the CULVER CITY HOUSING AUTHORITY, a public body, corporate and politic (the "Authority") and HABITAT FOR HUMANITY OF GREATER LOS ANGELES, a California non-profit corporation (the "Developer"). The Authority and Developer agree as follows:

RECITALS

A. The Authority holds fee title to certain real properties hereinafter defined as the "Site" and Developer desires to acquire the Site from the Authority for the construction and operation on the Site of the improvements (the "Project") described in the Disposition, Development and Loan Agreement between the Authority and the Developer dated as of January 30, 2012 (the "DDA").

B. The Authority and Developer desire that Developer have an opportunity to conduct due diligence on the Site, which may include performing physical tests on the Site, prior to the parties entering into a written agreement to convey the Site to the Developer.

NOW THEREFORE, the Parties agree as follows:

1. Parties to the Agreement.

(a) The Authority is a public body, corporate and politic, exercising municipal functions and powers. The principal office of the Authority is located at 9770 Culver Boulevard, Culver City, California 90232-0507 or such other location of which notice is given pursuant to this Agreement. "Authority" as used in this Agreement includes any assignee of or successor to its rights, powers and responsibilities.

(b) The Developer is Habitat for Humanity of Greater Los Angeles, a California non-profit corporation. The principal office of the Developer is located at 17700 S. Figueroa Street, Gardena, California 90248 or such other location of which notice is given pursuant to this Agreement.

2. Description of Site.

The Authority is the owner of certain real properties located at 4044-4068 Globe Avenue in the City of Culver City, Los Angeles County, California, and more particularly described in Exhibit A and illustrated by the site map in Exhibit B, which are attached to this Agreement and hereby incorporated by reference (the "Site").

3. Grant of License.

(a) Subject to and conditioned upon the terms and conditions of this Agreement, the Authority grants to Developer and its authorized agents a license (the "License") to perform the following acts on the Site: (1) obtain soil samples and make such other surveys, investigations and tests reasonably necessary to determine the suitability of the Site for the development, financing and/or construction of the Project; and (2) conduct reasonable investigations on and beneath the Site and all improvements thereon to determine the presence of Hazardous Materials and/or other soil conditions. As used herein, the phrase "Hazardous Materials" shall have the same meaning given to it in the DDA.

(b) Developer may not use the Site for any other purpose without obtaining the Authority's prior written consent.

4. Term.

This License shall commence on the Effective Date of the DDA and shall automatically expire, without need for further notice of any kind, upon Closing of the conveyance of the Site in accordance with the DDA, unless otherwise mutually extended beforehand by the parties in writing or earlier terminated in accordance with its terms (the "Term").

5. Compliance With Laws.

Developer, at its expense, shall comply in all material respects with all applicable federal, state and local laws, ordinances, regulations, rules and orders with respect to the Site, including all applicable federal and state labor laws. Developer, its agents, contractors, licensees, employees or invitees shall not permit to be placed upon the Site any Hazardous Materials, except for *de minimis* quantities used in compliance with all applicable environmental laws and required in connection with Developer's permitted activities under this License. Developer shall conduct all of its operations on the Site at its sole cost and expense.

6. Reports and Studies.

In consideration of the Authority's granting of this License, Developer shall promptly provide the Authority without representation or warranty with a copy of all reports and test results arising from this License which are not legally privileged.

7. License Nonassignable.

This License is personal to Developer and shall not be assigned. Any attempt to assign the License shall automatically terminate it, without need for notice of any kind. No legal title or interest in the Site is created or vested in Developer by the grant of this License.

8. Nonexclusive License.

This License is nonexclusive. Nothing contained herein shall be construed to restrict or prevent the entry onto and use of the Site during the Term of the License by the Authority or its agents, consultants, assigns and other licensees.

9. Surrender.

On or before the termination date for the License, Developer shall remove all of its personal property from the Site and shall (except as prohibited by any local State or Federal agency) fill any excavations made by Developer to return the Site to its previous condition and shall surrender possession of the Site to the Authority in good order and repair to the satisfaction of the Authority, normal wear and tear excepted.

10. Release and Indemnity.

Developer, as a material part of the consideration to be rendered to the Authority for the granting of this License, for itself and its successors and assigns, hereby agrees:

(a) to indemnify, defend, protect and hold the Authority and the City of Culver City (the "City"), their directors, officers, employees, agents, and successors and assigns (the "Indemnified Parties"), free and harmless against all suits and causes of action, claims, costs, and liability, including, but not limited to, reasonable attorney's fees and costs of any litigation, or arbitration or mediation, if any, arising from the exercise of the License, including, but not limited to:

(1) any and all risks of or exposure to any loss or liability arising from activities conducted by Developer on the Site under this License;

(2) any and all claims arising from or relating to the transportation, storage, handling or use of any material taken from the Site pursuant to the License, or from any substance, known or unknown, emanating or derived therefrom; and

(3) any and all claims for damage to the Site, any improvements thereon, or to the property or person of any third party, alleged to have been caused by, or in any way connected with the activities conducted by Developer on the Site under this License or any material taken from the Site pursuant to the License.

Nothing in this Section shall be construed to mean that Developer shall hold the Indemnified Parties harmless and/or defend them to the extent of any claims arising from, or alleged to arise from the sole negligence or willful misconduct of any of the Indemnified Parties. The Authority and the City agree that they shall fully cooperate with Developer in the defense of any matter in which Developer is defending and/or holding the Indemnified Parties harmless. The Authority and the City may make all reasonable decisions with respect to their representation in any legal proceeding, including, but not limited to, the selection of attorney(s). This indemnity obligation shall survive the termination of this Agreement. Notwithstanding the foregoing, Developer shall have no obligation to indemnify an Indemnified Party for loss, liability, claims, damages and expenses arising solely from Developer's discovery of Hazardous Materials already present on the Site prior to the commencement of this License, so long as Developer has not materially contributed to the placement, release or migration of such pre-existing Hazardous Materials.

(b) To fully and finally release the Indemnified Parties from any and all claims, demands, actions, or suits of any kind or nature arising out of any liability, known or unknown, present or future, including, but not limited to, rights or claims for implied contribution or indemnity, or any claim or liability based or asserted pursuant to any law or ordinance which seeks to impose any liability or damage whatsoever upon any Indemnified Party arising from the execution and/or performance of this License Agreement, or from any of its terms.

In connection with the foregoing release, Developer hereby acknowledges that it has been advised by legal counsel and is familiar with the provisions of California Civil Code, section 1542, which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

Developer, being aware of such code section, agrees to expressly waive any rights it may have thereunder, as well as under any other statute or common law principles of similar effect.

_______________ _________________
Authority's Initials Developer's Initials

11. Insurance.

(a) Developer shall maintain or cause to be maintained Commercial General liability insurance, to protect against loss from liability imposed by law for damages on account of bodily injury, including death therefrom, suffered or alleged to be suffered by any person or persons whomsoever on or about the Site, resulting directly or indirectly from any acts or activities of Developer, or any person acting for Developer, or under its respective control or direction, and also to protect against loss from liability imposed by law for damages to any property of any person occurring on or about the Site, or in connection with Developer's activities thereon, caused directly or indirectly by or from acts or activities of Developer, or any person acting for Developer, or under its control or direction. Such property damage and personal injury insurance shall also provide for and protect the Authority against incurring any legal cost in defending claims for alleged loss. Such personal injury and property damage insurance shall be maintained in full force and effect during the Term in the following amounts: commercial general liability in a general aggregate amount of not less than Two Million Dollars ($2,000,000); and a per occurrence limit not less than One Million Dollars ($1,000,000) of bodily injury and property damage insurance. Developer agrees that provisions of this paragraph as to maintenance of insurance shall not be construed as limiting in any way the extent to which Developer may be held responsible for the indemnification of Authority or the payment of damages to persons or property resulting from Developer's activities, or the activities of any other person or persons for which Developer is otherwise responsible.

(b) Developer shall maintain or cause to be maintained workers' compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure employers against liability for compensation under the workers' compensation laws now in force in California, or any laws hereafter enacted as an amendment or supplement thereto or in lieu thereof. Such workers' compensation insurance shall cover all persons employed by Developer in connection with the Site and shall cover liability within statutory limits for compensation under any such act aforesaid, based upon death or bodily injury claims made by, for or on behalf of any employee of Developer incurring or suffering injury or death in connection with the Site or the operation thereof by Developer. Notwithstanding the foregoing, Developer may, in compliance with the laws of the State of California and in lieu of maintaining such insurance, self-insure for workers' compensation in which event Developer shall deliver to Authority evidence that such self-insurance has been approved by the appropriate State authorities.

(c) All policies shall name the Authority and the City as additional insureds.

(d) All insurance provided under this section shall be for the benefit of Developer, Authority and the City. Developer agrees to timely pay all premiums for such insurance and, at its sole cost and expense, to comply and secure compliance with all insurance requirements necessary for the maintenance of such insurance. Developer agrees to submit policies of all insurance required by this section, or certificates evidencing the existence thereof, and additional insured endorsements to Authority not less than 15 days prior to its commencement of any activities on the Site, indicating full coverage of the contractual liability imposed hereby. "Full coverage" for contractual liability in this section (d) is defined as the coverage grant under the ISO CG 0001 policy form definition of an "insured contract." All insurance herein provided for shall be effected under policies issued by insurers of recognized responsibility, licensed and admitted to do business in the State of California (or if not admitted in California shall have a "General Policyholders Rating" of at least "A-" as set forth in the most current issue of "Best's Key Rating Guide"), reasonably approved by Authority. All policies or certificates of insurance shall provide that such policies shall not be canceled or limited in any manner without at least thirty (30) days prior written notice to Authority.

(e) The evidence of insurance required hereunder is a condition precedent to Developer's right to enter upon the Site. If Developer fails or refuses to procure or maintain the insurance required by this Agreement, the License granted by this Agreement shall automatically terminate and be of no further force or effect.

12. <u>Authority's Authorized Representative</u>.

Unless otherwise specified or the context requires otherwise, all references to the Authority in this Agreement and its attachments shall mean the Executive Director of the Authority or any officer or employee of the Authority to whom the governing board of the Authority delegates authority to perform, carry out and/or enforce this Agreement. Unless otherwise specified or the context requires otherwise, all references to the Executive Director of the Authority shall mean the Executive Director of the Authority or his or her designee.

13. <u>Notices, Demands And Communications Between The Parties</u>.

Formal notices, demands and communications between the Authority and Developer shall be sufficiently given if dispatched by registered or certified mail, postage prepaid, return receipt requested, to the principal offices of the Authority and the Developer. Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail. Any notice that is transmitted by electronic facsimile transmission followed by delivery of a “hard” copy, shall be deemed delivered upon its transmission; any notice that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the documented date of receipt by the recipient; and any notice that is sent by registered or certified mail, postage prepaid, return receipt required shall be deemed received on the date of receipt thereof.

14. Conflict of Interest.

To the extent prohibited by law, no member, official or employee of the Authority shall have any personal interest, direct or indirect, in this Agreement nor shall any such member, official or employee participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested.

Developer warrants that it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Agreement.

15. Non-liability of Officials and Employees.

(a) No member, official or employee of the Authority or the City shall be personally liable to Developer, or any successor in interest, in the event of any default or breach by the Authority or for any amount which may become due to Developer or on any obligations under the terms of this Agreement. This release shall not apply in the event of fraud by the Authority or the City or any member, officer or employee thereof.

(b) No member, official or employee of Developer shall be personally liable to the Authority, or any successor in interest, in the event of any default or breach by Developer or for any amount which may become due to the Authority or its successor or on any obligations under the terms of this Agreement. This release shall not apply in the event of fraud by Developer or any member, official, or employee of Developer.

16. Interpretation of Agreement; Terminology; Application of Law.

This Agreement has been negotiated at arm’s length and between persons sophisticated and knowledgeable in the matters addressed herein. In addition, each Party has been given the opportunity to consult with experienced and knowledgeable legal counsel. Accordingly, any rule of law (including Civil Code section 1654) or legal decision that would require interpretation of any ambiguities in this Agreement against the Party that has drafted it is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effectuate the purpose and intent of the parties to this Agreement. This Agreement shall be construed and enforced in accordance with the internal laws of California and not the law regarding conflict of laws, except to the extent that Federal law preempts State law

When the context so requires when used in this Agreement, the masculine gender shall be deemed to include the feminine and neuter gender and the neuter gender shall be deemed to include the masculine and feminine gender. When the context so requires when used in this Agreement, the singular shall be deemed to include the plural. The paragraph and section headings have been used for convenience only, and shall not be used in the interpretation hereof.

17. Waivers.

A waiver by the Authority 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. All waivers must be in writing and signed by the appropriate representatives of the Authority or Developer.

18. Time of the Essence.

Time is of the essence in this Agreement and each and all of its provisions in which performance is a factor.

19. Attorneys' Fees and Costs.

If any action or proceeding is brought by any Party against any other Party under this Agreement, whether for interpretation, enforcement or otherwise, the prevailing Party shall be entitled to recover all costs and expenses, including the reasonable fees of its attorney and any expert witnesses in such action or proceeding. This provision shall also apply to any post-judgment action by either Party, including without limitation efforts to enforce a judgment.

20. Severability.

Any provision of this Agreement that shall prove to be invalid, void, or illegal shall in no way affect, impair, or invalidate any other provision hereof and such other provisions shall remain in full force and effect.

21. Entire Understanding Of The Parties; Amendments.

This Agreement, including any document or instrument incorporated herein by reference, contains a complete and final expression of the agreement between the Authority and Developer relating to this License, and there are no promises, representations, agreements, warranties, or inducements either express or implied other than as are set forth in this Agreement. Any and all previous discussions or agreements between the Authority and Developer with respect to this License, whether oral or written, are superseded by this Agreement. No amendment, change, or addition to, or waiver of termination of, this Agreement or any part hereof shall be valid unless in writing and signed by the Authority and Developer.

22. No Third Party Beneficiaries.

The parties to this Agreement acknowledge and agree that the provisions of this Agreement are for the sole benefit of the Authority and the Developer, and not for the benefit, directly or indirectly, of any other person or entity, except as otherwise expressly provided herein.

23. Further Assurances.

Each of the parties hereto shall execute and deliver any and all additional papers, documents and other assurances, and shall do any and all necessary acts and things in connection with the performance of their obligations hereunder and to carry out the intent and agreements of the parties.

24. Execution in Counterparts.

This Agreement may be executed in several counterparts and all such executed counterparts shall constitute one agreement, binding on all of the parties hereto, notwithstanding that all of the parties hereto are not signatories to the original or to the same counterpart. This Agreement shall not be binding unless and until all parties hereto have executed this Agreement.

25. Authority to Sign.

The Developer represents and warrants that it has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and to bind each respective Party.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date first written above.

CULVER CITY HOUSING AUTHORITY

Dated: _______________

By: ___________________________
John M. Nachbar
Executive Director

APPROVED AS TO FORM:
KANE, BALLMER & BERKMAN

By: ________________________________
Todd C. Mooney
Special Counsel

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, a California non-profit corporation

Dated: ___________________

By: _____________________________
Erin Rank
President and CEO

EXHIBIT A

LEGAL DESCRIPTION OF SITE

THAT REAL PROPERTY LOCATED IN THE CITY OF CULVER CITY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

EXHIBIT "B"

SITE MAP

ATTACHMENT NO. 3

SCHEDULE OF PERFORMANCE

	Deadline for Performance	Days from Effective Date (Step 1)
1. Authority approves DDA	January 30, 2012	
2. Authority Deposits Loan Funds into Escrow	January 31, 2012	1
3. Developer conducts first community meeting.	[Completed]	
4. Developer conducts second community meeting	February 9, 2012	10
5. Developer submits financial pro forma, including proposed sources and uses and cash flow projections	March 13, 2012	43
6. Developer submits Conceptual Plans to Planning staff for Preliminary Plan Review	March 13, 2012	43
7. Authority opens Escrow for sale of the Property	March 29, 2012	59
8. Authority delivers preliminary title report, Due Diligence and Environmental Reports to Developer	April 10, 2012	71
9. Authority staff determines whether Conceptual Plans are complete to submit for a Preliminary Plan Review (PPR) and submits draft of Authority Grant Deed, Addendum to Purchaser Grant Deed, Authority Note, Authority Deed of Trust, Environmental Indemnity, Notice of Affordability Restrictions, Assignment of Agreements and any other documents to be executed by Developer prior to Closing to	May 30, 2012	121

Developer		
10. Developer provides comments on draft grant deed, deed of trust, promissory note, second mortgage documents and other attachments to DDA	May 31, 2012	122
11. Submittal of Comprehensive Plan and Tentative Tract Map	October 31, 2012	275
12. Developer conducts third community meeting	In lieu of a 3rd meeting, Developer gets credit for the ACOR Meetings in January and March of 2009.	
13. Authority delivers Phase I Environmental Report to Developer	March 23, 2012	53
14. Authority approves or disapproves Conceptual Plans	July 7, 2012	159
15. Council Hearing – Comprehensive Plan	February 28, 2013	395
16. Submit to Plan Check	April 30, 2013	456
17. Expiration of Due Diligence Period	March 15, 2013	410
18. Authority and Developer finalize Authority Instruments and other documents necessary for closing	January 31, 2013	367
19. Developer submits final Project Budget, Construction Budget and evidence of financing	June 30, 2013	517
20. Authority delivers Closing Escrow Instructions and updated title report	July 1, 2013	518
21. All documents required for closing delivered to Closing Escrow	July 8, 2013	525
22. Closing of conveyance of Property to Developer, Authority Loan and related transactions under DDLA	July 22, 2013	539

23. Permits Issued	July 28, 2013	545
24. Construction Commenced	August 15, 2013	563
25. Developer submits Marketing Plan	March 1, 2013	396
26. Construction Completed	February 20, 2015	1117

ESCROW AGREEMENT

THIS ESCROW AGREEMENT dated as of January 30, 2012 (this "**Agreement**") by and among CULVER CITY HOUSING AUTHORITY, a public body, corporate and politic, duly organized and existing under the laws of the state of California **("Party A")**; HABITAT FOR HUMANITY OF GREATER LOS ANGELES, a non-profit corporation, duly organized and existing under the laws of the state of California **("Party B")**; and ________ Bank, N.A., a national banking association (hereinafter referred to as "**Escrow Agent**").

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto, intending to be legally bound, do hereby covenant and agree as follows:

Section 1. <u>Appointment of Escrow Agent</u>. Party A and Party B hereby appoint Escrow Agent to act as escrow agent in accordance with the terms and conditions set forth herein, and Escrow Agent hereby accepts such appointment.

Section 2. <u>Establishment of Escrow Account</u>. Escrow Agent shall open and maintain an escrow account on the terms and conditions set forth herein (the "**Escrow Account**"). The Escrow Funds (as defined below) held in the Escrow Account shall not bear interest independently of the interest, dividends and other distributions and payments that may arise from Permitted Investments (as defined below) made pursuant to Section 5 hereof.

Section 3. <u>Wire Instructions</u>. Wire transfer instructions for sending the Escrow Funds, as hereinafter defined, to Escrow Agent are as follows:

_________ Bank, N.A.
ABA: _____________
Account: ________________
Account Name: _________________
For Further Credit: [to be provided]
Attention: [________________]

Section 4. <u>Deposits into the Escrow Account</u>. Party A simultaneously with or within one Business Day after the execution and delivery of this Agreement will make a deposit with Escrow Agent in the sum of $1,262,500 in immediately available funds (the "**Escrow Funds**"), which Escrow Funds shall be held by Escrow Agent under the terms and conditions hereinafter set forth. The Escrow Funds, plus all interest, dividends and other distributions and payments thereon received by Escrow Agent from time to time, less any property distributed and/or disbursed in accordance with this Agreement, from time to time are collectively referred to hereinafter as the "Escrow Property". Escrow Agent shall have no duty to solicit delivery of the Escrow Funds. For purposes of this Agreement "Business Day" shall mean any day _________ Bank, N.A. is open for business at the address set forth herein, excluding Saturdays and Sundays.

Section 5. Investment of the Escrow Property.

(a) As soon as practicable after the receipt thereof, Escrow Agent shall cause the Escrow Property to be invested in such Permitted Investments as defined below as Party A may specify in writing from time to time. During the term of this Agreement, Party A shall bear and retain the sole responsibility for the selection of the investments of the Escrow Property and all risks from any such investments.

(b) "Permitted Investments" shall be one or more of the following:

i. direct obligations of, or obligations fully guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof, provided such obligations are backed by the full faith and credit of the United States, including but not limited to, [the HighMark Funds U.S. Government Money Market Fund]; or

ii. a deposit account of Escrow Agent insured by the Federal Deposit Insurance Corporation, provided, however, that such deposit account shall not exceed $250,000.

(c) In the absence of written instructions, Escrow Agent will invest the Escrow Property in the _________ Bank, N.A. Institutional Trust Deposit Account l (an interest bearing deposit account of Escrow Agent). Escrow Agent shall have no obligation to invest the Escrow Property if deposited with Escrow Agent after 11:00 a.m. (P.T.) on the day of deposit. Instructions received after 11:00 a.m. (P.T.) will be treated as if received on the following Business Day. Escrow Agent shall have no responsibility for any investment losses resulting from the investment, reinvestment or liquidation of the Escrow Property. Any interest or other income received on such investment and reinvestment of the Escrow Property shall become part of the Escrow Property and losses incurred on such investment and reinvestment of the Escrow Property shall be reflected in the value of the Escrow Property from time to time. Notwithstanding the foregoing, Escrow Agent shall have the power to sell or liquidate the foregoing investments whenever Escrow Agent shall be required to release all or any portion of the Escrow Property pursuant to this Agreement. In no event shall Escrow Agent be deemed an investment manager or adviser in respect of any selection of investments hereunder.

Section 6. Distribution of the Escrow Property. Escrow Agent shall hold the Escrow Property in its possession and disburse the Escrow Property or any specified portion thereof only as follows:

(a) Three Business Days prior to any requested disbursement from the Escrow Account, (i) Party A may deliver a written notice signed by an authorized person set forth on Schedule I attached hereto ("**Authorized Representative**") of Party A to disburse all or a portion of the Escrow Property to Party B, (ii) Party A may deliver a written notice signed by an Authorized Representative of Party A and Party B to disburse all or part of the Escrow Property to Party A or such other party so specified therein, or (iii) if required to comply with any applicable law, on or prior to June 1, 2012, Party A may deliver a written notice signed by an Authorized Representative of Party A only to disburse all or part of the Escrow Property to Party A or such other party so specified therein (the "**Disbursement Instruction**"). A Disbursement Instruction must be signed by the proper party's Authorized Representative and delivered pursuant to Section 11 below. Escrow Agent shall and is hereby authorized to withdraw and pay said disbursement as specified in a Disbursement Instruction. Escrow Agent may act upon a Disbursement Instruction received pursuant to Section 11 hereunder and may rely upon the signature(s) thereon of an Authorized Representative regardless of by whom or by what means the actual or purported signature(s) thereon may have been affixed thereto if such signature(s) resemble the specimen on Schedule I attached hereto or as provided to Escrow Agent from time to time. Escrow Agent shall incur no liability to Party A or Party B or otherwise for having acted in accordance with instructions on which it is authorized to rely pursuant to the provisions hereof.

All payments of the Escrow Property requested by Party A will be effected by wire transfer in immediately available funds.

Section 7. Compensation of Escrow Agent. Escrow Agent shall be entitled to receive payment from Party A for fees, costs and expenses for all services rendered by it hereunder in accordance with Schedule II to this Agreement. Party A shall reimburse Escrow Agent on demand for all losses, liabilities, damages, disbursements, advances or expenses paid or incurred by it in the administration of its duties hereunder, including, but not limited to, all counsel, advisor and agent fees and disbursements. At all times, Escrow Agent will have a right of set off and first lien upon the Escrow Account for payment of customary fees, costs and expenses and all such losses, liabilities, damages or expenses from time to time. Such fees, costs and expenses shall be paid from the Escrow Property to the extent not otherwise paid hereunder and Escrow Agent may sell, convey or otherwise dispose of any Escrow Property for such purpose. The obligations contained in this Section shall survive the termination of this Agreement and the resignation or removal of Escrow Agent.

Section 8. Resignation or Removal of Escrow Agent. Escrow Agent may resign and be discharged from its duties hereunder at any time by giving written notice thirty calendar days prior to such resignation to Party A and Party B as provided in this Section. Party A and Party B may remove Escrow Agent at any time by giving written notice signed by the proper party's Authorized Representative at least thirty calendar days prior to such removal to Escrow Agent. Following such resignation or removal, a successor Escrow Agent shall be appointed by Party A and Party B, who shall provide written notice of such to the resigning or removed Escrow Agent. Such successor Escrow Agent shall become Escrow Agent hereunder, and all Escrow Property shall be transferred to it upon the resignation or removal date specified in such notice. If Party A is unable to appoint a successor Escrow Agent within thirty calendar days after such notice, Escrow Agent may, in its sole discretion, deliver the Escrow Property to Party B at the address provided herein or may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent or for other appropriate relief. The costs and expenses (including but not limited to its attorney fees and expenses) incurred by Escrow Agent in connection with such proceeding shall be paid by Party A. On the resignation/removal date and after receipt of the identity of the successor Escrow Agent, Escrow Agent shall either deliver and/or disburse the Escrow Property then held hereunder to the successor Escrow Agent, less Escrow Agent's fees, costs and expenses or other obligations owed to Escrow Agent. Upon its resignation or removal and delivery and/or disbursement of the Escrow Property in its entirety as set forth in this Section, Escrow Agent shall be discharged of and from any and all future obligations arising in connection with the Escrow Property or this Agreement.

Section 9. Indemnification of Escrow Agent. Party A agrees to indemnify and hold Escrow Agent harmless with respect to any acts Escrow Agent takes in accordance with the terms and conditions of this Agreement. Party A agrees to indemnify and hold Escrow Agent harmless against any and all liabilities, losses, claims, damages or expenses, including reasonable attorney's fees, that Escrow Agent may incur by reason of or based upon its actions under this Agreement other than as a result of the gross negligence or willful misconduct of Escrow Agent. This indemnification obligation shall survive the termination of this Agreement and the resignation or removal of the Escrow Agent.

Section 10. Rights, Duties and Immunities of Escrow Agent. Acceptance by Escrow Agent of its duties under this Agreement is subject to the following terms and conditions, which all parties to this Agreement hereby agree shall govern and control the rights, duties and immunities of Escrow Agent.

(a) The duties and obligations of Escrow Agent shall be determined solely by the express provisions of this Agreement and no duties, responsibilities, or obligations shall be inferred or implied. Escrow Agent shall not be liable except for the performance of such duties and obligations as are expressly and specifically set out in this Agreement. Escrow Agent shall not be liable for the accuracy of any calculations or the sufficiency of any funds for any purpose.

(b) Escrow Agent shall not be required to expend or risk any of its own funds or otherwise incur any liability, financial or otherwise, in the performance of any of its duties hereunder.

(c) Escrow Agent shall not be required to inquire as to the performance or observation of any obligation, term or condition under any other agreements or arrangements between Party A and Party B.

(d) Escrow Agent shall not have any responsibility to determine the authenticity or validity of any notice, direction, instruction, instrument, document or other items delivered to it by any party, or for the identity, authority or rights of persons executing or delivering any such notice, direction, instruction, instrument, document, or other items delivered to it by such party or parties. Escrow Agent is authorized to comply with and rely upon any notice, direction, instruction or other communication believed by it to have been sent or given by Party A and/or Party B and shall be fully protected in acting in accordance with such written direction or instructions given to it under, or pursuant to, this Agreement.

(e) Escrow Agent is not a party to, and is not bound by, or required to comply with any agreement or other document out of which this Agreement may arise. Escrow Agent shall be under no liability to any party hereto by reason of any failure on the part of Party A, Party B or any maker, guarantor, endorser or other signatory of any document or any other third party to perform, such party's obligations under any such document. Except for amendments to this Agreement referred to herein, and except for notifications or instructions to Escrow Agent under this Agreement, Escrow Agent shall not be obliged to recognize or be chargeable with knowledge of any of the terms or conditions of any agreement between Party A and Party B, notwithstanding that references thereto may be made herein and whether or not it has knowledge thereof.

(f) Escrow Agent shall not be bound by any waiver, modification, termination or rescission of this Agreement or any of the terms hereof, unless evidenced in writing and delivered to Escrow Agent signed by the proper party's Authorized Representative and, if the duties or rights of Escrow Agent are affected, unless it shall give its prior written consent thereto. No person, firm or corporation will be recognized by Escrow Agent as a successor or assignee of Party A or Party B until there shall be presented to Escrow Agent evidence satisfactory to it of such succession or assignment. This Agreement shall not be deemed to create a fiduciary relationship among the parties hereto under state or federal law.

(g) If at any time Escrow Agent is served with any judicial or administrative order, judgment, decree, writ or other form of judicial or administrative process which in any way affects the Escrow Property (including but not limited to orders of attachment or any other forms of levies or injunctions or stays relating to the transfer of the Escrow Property), Escrow Agent is authorized to comply therewith in any manner as it or its legal counsel of its own choosing deems appropriate; and if Escrow Agent complies with any such judicial or administrative order, judgment, decree, writ or other form of judicial or administrative process, Escrow Agent shall not be liable to any of the parties hereto or to any other person or entity even though such order, judgment, decree, writ or process may be subsequently modified or vacated or otherwise determined to have been without legal force or effect.

(h) Escrow Agent shall not be liable for any action taken or omitted or for any loss or damage resulting from its actions or its performance of its duties hereunder in the absence of gross negligence or willful misconduct on its part. In no event shall Escrow Agent be liable (i) for acting in accordance with or relying upon any instruction, notice, demand, certificate or document from Party A and/or Party B**,** or any entity acting on behalf of either, (ii) for any consequential, punitive or special damages, (iii) for the acts or omissions of its nominees, designees, subagents or subcustodians, or (iv) for an amount in excess of the value of the Escrow Property, valued as of the date of loss.

(i) In the event of any ambiguity or uncertainty hereunder or in any notice or other communication received by Escrow Agent hereunder, Escrow Agent is hereby authorized by Party A and Party B to refrain from taking any action other than to retain possession of the Escrow Property, unless Escrow Agent receives written instructions, signed by an Authorized Representative of both Party A and Party B which eliminates such ambiguity or uncertainty.

(j) Escrow Agent may consult with legal counsel of its own choosing, at the expense of Party A, as to any matter relating to this Agreement and Escrow Agent shall incur no liability and shall be fully protected in respect of any action taken, omitted or suffered by it in good faith in accordance with the advice or opinion of such counsel.

(k) In the event of any dispute or conflicting claim with respect to the payment, ownership or right of possession of the Escrow Account or the Escrow Property, Escrow Agent shall be entitled, in its sole discretion, to refuse to comply with any and all claims, demands or instructions. Escrow Agent is authorized and directed to retain in its possession, without liability to anyone, except for its own gross negligence or willful misconduct, all or any part of the Escrow Property until such dispute shall have been settled either by mutual agreement of the parties concerned or by final order, decree or judgment of a court or other tribunal of competent jurisdiction in the United States of America (as notified to Escrow Agent in writing by the parties to the dispute or their authorized representatives and setting forth the resolution of the dispute). Escrow Agent shall be under no duty whatsoever to institute, defend or partake in such proceedings. The rights of Escrow Agent under this paragraph are in addition to all other rights which it may have by law or otherwise including, without limitation, the right to file an action in interpleader.

(l) Escrow Agent shall not incur liability for not performing any act or not fulfilling any duty, obligation or responsibility hereunder by reason of any occurrence beyond the control of Escrow Agent (including but not limited to any act or provision of any present or future law or regulation or governmental authority, any act of God or war, terrorism or the unavailability of the Federal Reserve Bank or other wire or communication facility).

(m) When Escrow Agent acts on any communication (including, but not limited to, communication with respect to the delivery of securities or the wire transfer of funds) sent by electronic transmission, Escrow Agent, absent gross negligence or willful misconduct, shall not be responsible or liable in the event such communication is not an authorized or authentic communication of the party involved or is not in the form the party involved sent or intended to send (whether due to fraud, distortion or otherwise). The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. Party A or Party B, as the case may be, agrees to assume all risks arising out of the use of such electronic transmission to submit instructions and directions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized instructions, and the risk or interception and misuse by third parties.

(n) Escrow Agent will provide to Party A and Party B monthly statements identifying transactions, transfers or holdings of Escrow Property and each such statement will be deemed to be correct and final upon receipt thereof by Party A and Party B unless Party A or Party B notifies Escrow Agent in writing to the contrary within thirty Business Days of the date of such statement.

(o) The Escrow Agent will not be under any duty to give the Escrow Property held by it hereunder any greater degree of care than it gives its own similar property and will not be required to invest any funds held hereunder except as directed in this Escrow Agreement. Uninvested funds held hereunder will not earn or accrue interest.

Section 11. Notices. All notices, consents, requests, instructions, approvals and other communications provided for in this Agreement shall be in writing, signed by the proper party's Authorized Representative and sent by: (i) personal delivery, overnight delivery by a recognized courier or delivery service, (ii) mailed by registered or certified mail, return receipt requested, postage prepaid, or (iii) electronic transmission, which includes fax machine, email with an imaged or scanned attachment (such as a .pdf) or other similar electronic transmission, (receipt confirmed); and shall become effective when delivered to the addresses noted below or such other address as may be substituted therefor by written notification by the proper party's Authorized Representative. Notices to Escrow Agent shall be deemed to be effective when actually received by Escrow Agent's Corporate Trust Department.

If to Party A, to:

Culver City Housing Authority
9770 Culver Boulevard
Culver City, California 90232-0507
Attention: Executive Director
Email: _________

With a Copy to:

Kane, Ballmer & Berkman
515 S. Figueroa Street, Suite 1850
Los Angeles, California 90071-3301
Attn: Todd C. Mooney
Email: _________

If to Party B, to:

Habitat for Humanity of
Greater Los Angeles, Inc.
17700 S. Figueroa Street
Gardena, CA 90248
Attention: Robert Dwelle
Email: _________

Copy to:

Leibold McClendon & Mann, P.C.
23422 Mill Creek Drive, Suite 105
Laguna Hills, California 92653
Attention: Joy Heuser Otsuki
Email: _________

If to Escrow Agent, to:

_________ Bank, N.A.
____

Attn: Corporate Trust Dept.

Email:

Section 12. Wiring Instructions. In the event fund transfer instructions are given other than as set forth on Schedule III attached hereto, such instructions must be communicated to the Escrow Agent in writing delivered pursuant to Section 11. Escrow Agent shall seek confirmation of such instructions by telephone call-back to an Authorized Representative, and Escrow Agent may rely upon the confirmations of anyone purporting to be the Authorized Representative so designated. Escrow Agent and the beneficiary's bank in any funds transfer may rely solely upon any account numbers or similar identifying numbers provided by Party A and Party B to identify (i) the beneficiary, (ii) the beneficiary's bank, or (iii) an intermediary bank. Escrow Agent may apply any of the Escrow Funds for any payment order it executes using any such identifying number, even when its use may result in a person other than the beneficiary being paid, or the transfer of funds to a bank other than the beneficiary's bank or an intermediary bank designated. The parties to this Agreement acknowledge that such security procedure is commercially reasonable.

Section 13. Termination. This Agreement shall terminate when all the Escrow Property has been disbursed or returned pursuant to Section 6 or Section 8 of this Agreement.

Section 14. Continuing Obligations. The obligations under Sections 6, 7, 8, 9 and 10 hereof shall survive the resignation or removal of Escrow Agent, the termination of this Agreement and the payment of all amounts hereunder.

Section 15. Inconsistent Provisions. Party A and Party B agree that to the extent that the provisions of any other agreement relating to the Escrow Property are inconsistent with the terms of this Agreement, the terms of this Agreement shall control. The English language version of this Agreement shall control in the event of any inconsistencies between the English language version and any foreign language translation.

Section 16. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 17. Counterparts. This Agreement may be executed in any number of counterparts each of which shall be deemed to be an original, and all of which together shall constitute but one and the same instrument. Executed copies of this Agreement delivered pursuant to Section 11 above shall be as effective as an original to bind the parties.

Section 18. Severability. The invalidity, illegality or unenforceability of any provision of this Agreement shall in no way affect the validity, legality or enforceability of any other provision; and if any provision is held to be unenforceable as a matter of law, the other provisions shall not be affected thereby and shall remain in full force and effect.

Section 19. Authorized Representative. Each of Party A and Party B hereby identify to Escrow Agent the officers, employees or agents designated on Schedule I attached hereto as an Authorized Representative with respect to any notice, certificate, instrument, demand, request, direction, instruction, waiver, receipt, consent or other document or communication required or permitted to be furnished to Escrow Agent. Such Schedule I may be amended and updated by written notice to Escrow Agent with a copy to the other party to this Agreement provided that failure to furnish such copy shall not affect the validity of such notice to Escrow Agent. Escrow Agent shall be entitled to rely on such original or amended Schedule I with respect to any party until a new Schedule I is furnished by such party to Escrow Agent.

Section 20. Jurisdiction. Each of the parties hereto hereby irrevocably agrees that any action, suit or proceedings against any of them by any of the other aforementioned parties with respect to this Agreement shall be brought before the jurisdiction of any federal or state court of competent jurisdiction located in Los Angeles, California. Each party hereto further irrevocably consents to the service of any complaint, summons, notice or other process relating to any such action or proceeding by delivery thereof to it by hand or by registered or certified mail, return receipt requested, in the manner provided for herein. Each party hereto hereby expressly and irrevocably waives any claim or defense in any such action or proceeding based on improper venue or *forum non conveniens* or any similar basis. To the extent permitted by law, in connection with any claim, cause of action, proceeding or other dispute concerning this Agreement (each a "Claim"), the parties to this Agreement expressly, intentionally, and deliberately waive any right each may otherwise have to trial by jury. In the event that the waiver of jury trial set forth in the previous sentence is not enforceable under the law applicable to this Agreement, the parties to this Agreement agree that any Claim, including any question of law or fact relating thereto, shall, at the written request of any party, be determined by judicial reference pursuant to California law. The parties shall select a single neutral referee, who shall be a retired state or federal judge. In the event that the parties cannot agree upon a referee, the court shall appoint the referee. The referee shall report a statement of decision to the court. Nothing in this paragraph shall limit the right of any party at any time to exercise self-help remedies, foreclose against collateral or obtain provisional remedies. The parties shall bear the fees and expenses of the referee equally, unless the referee orders otherwise. The referee shall also determine all issues relating to the applicability, interpretation, and enforceability of this paragraph. The parties acknowledge that if a referee is selected to determine the Claims, then the Claims will not be decided by a jury.

Section 21. Tax Matters.

(a) Withholding Forms. The Escrow Agent does not have any interest in the Escrow Property deposited hereunder but is serving as escrow holder only and having only possession thereof. Party A and Party B will pay or reimburse the Escrow Agent upon request for any transfer taxes or other taxes relating to the Escrow Property incurred in connection herewith and will indemnify and hold harmless the Escrow Agent from any amounts that it is obligated to pay in the way of such taxes. Any payments of income from this Escrow Account will be subject to withholding regulations then in force with respect to United States taxes. Due to the requirement that all escrow accounts have Taxpayer Identification Numbers documented by appropriate W-8 or W-9 forms, Party A and Party B shall return the appropriate form to Escrow Agent, duly completed and signed by the proper party's Authorized Representative. Party A and Party B acknowledge that failure to provide such forms may prevent or delay disbursement of the Escrow Funds hereunder.

(b) Tax Reporting. Escrow Agent will report payments of income from the Escrow Account as required by law, by providing IRS Form 1099-B or other applicable form reporting the aggregate amount of income received by any person from the Escrow Account.

Section 22. USA PATRIOT Act. Party A and Party B shall provide to Escrow Agent such information as Escrow Agent may reasonably require to permit Escrow Agent to comply with its obligations under the federal USA PATRIOT Act (Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001). Escrow Agent shall not credit any amount of interest or investment proceeds earned on the Escrow Fund, or make any payment of all or a portion of the Escrow Fund, to any person unless and until such person has provided to Escrow Agent such documents as Escrow Agent may require to permit Escrow Agent to comply with its obligations under such Act. Further, each of the parties represents and warrants to the Escrow Agent that it is not a hedge fund. If any of the parties is a hedge fund that is not sponsored by a registered investment advisor, such party agrees to enter into the form of Due Diligence Agreement provided by the Escrow Agent.

Section 23. Miscellaneous.

(a) The rights and remedies conferred upon the parties hereto shall be cumulative, and the exercise or waiver of any such right or remedy shall not preclude or inhibit the exercise of any additional rights or remedies. The waiver of any right or remedy hereunder shall not preclude the subsequent exercise of such right or remedy.

(b) This Agreement is for the exclusive benefit of the parties hereto and their respective successors hereunder, and shall not be deemed to give, either express or implied, any legal or equitable right, remedy, or claim to any other entity or person whatsoever.

(c) Each party hereby represents and warrants (i) that this Agreement has been duly authorized, executed and delivered on its behalf and constitutes its legal, valid and binding obligation and (ii) that the execution, delivery and performance of this Agreement by the parties hereto does not and will not violate any applicable law or regulation.

(d) The headings contained in this Agreement are for convenience of reference only and shall have no effect on the interpretation or operation hereof.

(e) Except as otherwise permitted herein, this Escrow Agreement may be modified only by a written amendment signed by the proper party's Authorized Representative and the Escrow Agent, and no waiver of any provision hereof will be effective unless expressed in a writing signed by the proper party's Authorized Representative and the Escrow Agent.

(f) No party may assign any of its rights or obligations under this Escrow Agreement without the written consent of the other parties.

(g) Any corporation into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Escrow Agent will be a party, or any corporation succeeding to all or substantially all the business of the Escrow Agent will be the successor of the Escrow Agent hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

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

"**Party A**"

CULVER CITY HOUSING AUTHORITY,
a public body, corporate and politic

Dated: ________________

By: ___________________________________
John M. Nachbar
Executive Director

APPROVED AS TO CONTENT:
CULVER CITY HOUSING AUTHORITY,
a public body, corporate and politic

By: ____________________________
Sol Blumenfeld, Assistant Executive Director

APPROVED AS TO FORM:
KANE, BALLMER & BERKMAN
Special Counsel

By: _______________________________
Todd C. Mooney

[Signature Page 1 of 2 to Escrow Agreement]

“**Party B”**

HABITAT FOR HUMANITY OF GREATER LOS ANGELES, INC., a California nonprofit corporation

By: ____
Erin Rank, President

“Escrow Agent”

_________ BANK, N.A.
as Escrow Agent

By: ____
Name:
Title:

[Signature Page 2 of 2 to Escrow Agreement]

SCHEDULE I

Authorized Representatives of Party A

Signature: ____________________________
Print:
Title: Executive Director
Phone:
Email:

Signature: ____________________________
Print:
Title:
Phone:
Fax:
Email:

Signature: ____________________________
Print:
Title:
Phone:
Fax:
Email:

Signature: ____________________________
Print:
Title:
Phone:
Fax:
Email:

Authorized Representatives of Party B

Signature: ___________________________
Print:
Title:
Phone:
Email:

Signature: ___________________________
Print:
Title: President
Phone:
Email:

SCHEDULE II

ESCROW AGENT COMPENSATION

SCHEDULE III

Wire Instructions:

If to Party A**:**

ABA No.:
Bank Name:
Account No.:
Account Name: ______________
Reference:

If to Party B

ABA No.:
Bank Name: _________
Account No.:
Account Name: ______________
Reference: Please notify recipient upon receipt of wire.
Contact person:
Tel. #:

Date: ______________________________

ATTACHMENT NO. 5

SCOPE OF WORK

The Project will consist of 10 units of affordable housing. Five of the units will be sold to low income (50%-80% of Area Median Income) buyers, and 5 units will be sold to moderate income (less than 120% of Area Median Income) buyers.

Five of the units will be detached, two-story units with 3 bedrooms and 2 bathrooms, with approximately 1,300 sq feet. These units will have a covered parking area behind the unit for 2 vehicles.

One of the units will be a detached, two-story unit with 3 bedrooms, 2 bathrooms, and a den. The unit will be approximately 1,450 sq feet. The first floor will be handicapped accessible with a bedroom and full bathroom located on the first floor.

The remaining four units will be two-story units with 3 bedroom and 2 bathrooms. The units will be approximately 1,350 sq feet. These units will have attached 2 car garages. These 4 units will be built in 2 pairs. The units in each pair will be built with one unit located behind the front unit. A common driveway and motor court will be located between the pairs and will serve all four units.

The location of the low- and moderate-income units will be mixed throughout the development.

All homes will incorporate energy saving appliances and will be constructed using sustainable material environmentally-friendly building practices, and solar panels.

The homes will be built to the Leadership in Energy and Environmental Design (LEED) Silver residential standard and will be at least 10% more efficient than Title 24 Requirements.

The Project shall maintain the existing street trees to the extent possible; the written consent of the City‘s Community Development Director shall be required prior to removal of any trees.

Total - Development Costs - 10 units

I.	**Land Assemblage Cost**						
	Land (in Kind)	32,290	Sf/Land	$0.00	/Sf Land	$0	
	Closing Costs		Allowance			$21,000	
	Total Land Assemblage	**10**	**Units**	**$2,100**	**/Unit**		**$21,000**
II.	**Direct Costs**						
	Construction Management	12%	Costs			$238,200	
	10 units[1]	13,500	number	$97.5	/Sq ft	$1,316,250	
	Mod. Income upgrades[4]	5	Units	$7,750	/Unit	$38,750	
	General Conditions	10	Units	$5,000	/Unit	$50,000	
	Off-site Improvements[2]		Allowance			$150,000	
	On-site Improvements[3]	10	Unit	$48,000	/Unit	$480,000	
	Contingency	10%	Costs			$227,320	
	Total Direct Costs	**10**	**Units**	**$250,052**	**/Unit**		**$2,500,520**
III.	**Indirect Costs**						
	Fees and permits	10	Units	$20,000	/Unit	$200,000	
	Tax and Legal, Accounting	2%	Direct Cost			$60,000	
	Insurance	10	Units		/Unit	$100,000	
	Architect (including structural)	approx 4%	Direct Cost			$75,000	
	Engineering	approx 2%	Direct Cost			$45,000	
	Other Consultants, Printing		Allowance			$22,852	
	Contingency	4.0%	Indirect+Fin			$22,554	
	Total Indirect Costs	**10**	**Units**	**$52,541**	**/Unit**		**$525,406**
IV.	**Financing Costs**						
	Const Interest	5	units	$0	/Unit	$50,000	
	End Closing Costs/sales	10	Units	$6,100	/Unit	$61,000	
	Total Financing Costs	**10**	**Units**	**$11,100**	**/Unit**		**$111,000**
	Developer's Fee	**8%**	**dir+indir**	**$24,207**	**/Unit**		**$242,074**
V.	**Total Development Costs**	**10**	**Units**	**$340,000**	**/Unit**		**$3,400,000**

[1] The construction price per square foot is an average of the low and moderate income units. Moderate Income units will not utilize volunteer labor. 1350 sq feet per unit. Based on no solar system.

[2] Includes sidewalk, curb and gutter, utilities, and landscaping

[3] Includes earthwork, utilities, landscaping, driveways, foundations

[4] It is anticipated that the moderate income units will require upgrades over our normal product.

Total Development Costs (Sources and Uses)- 10 units

Uses	Cost	Source					
		Sales Revenue	Culver City		Corporate Sponsor	In kind	WISH
Land Assemblage Cost							
Land (in Kind)	$0						
Closing Costs	$21,000						
Total Land Assemblage	**$21,000**		$21,000				
Direct Costs							
Construction Management	$238,200		$238,200				
10 units1	$1,316,250	$680,250			$600,000	$36,000	
Mod. Income upgrades4	$38,750	$38,750					
General Conditions	$50,000	$5,000					$45,000
Off-site Improvements2	$150,000	$150,000					
On-site Improvements3	$480,000	$480,000					
Contingency	$227,320	$72,500	$154,820				
Total Direct Costs	**$2,500,520**						
Indirect Costs							
Fees and permits	$200,000		$200,000				
Tax and Legal, Accounting	$60,000		$60,000				
Insurance	$100,000		$100,000				
Architect (including structural)	$75,000		$75,000				
Engineering	$45,000		$45,000				
Other Consultants, Printing	$22,852		$22,852				
Contingency	$22,554		$22,554				
Total Indirect Costs	**$525,406**						
Financing Costs							
Const Interest	$50,000		$50,000				
End Closing Costs/sales	$61,000		$31,000				$30,000
Total Financing Cost	**$111,000**						
Developer's Fee	**$242,074**		$242,074				
Totals	**$3,400,000**	**$1,426,500**	**$1,262,500**	**$0**	**$600,000**	**$36,000**	**$75,000**
Per unit	**$340,000**	**$285,300**	**$126,250**	**$0**	**$120,000**	**$3,000**	**$15,000**

Habitat for Humanity - of Greater Los Angeles

A SUMMARY REPORT
PURSUANT TO SECTION 33433 OF THE
CALIFORNIA HEALTH AND SAFETY CODE
FOR THE SALE OF PROPERTIES
LOCATED 4044 THROUGH 4068 GLOBE AVENUE
IN CULVER CITY, CALIFORNIA

The following Summary Report has been prepared pursuant to California Health and Safety Code Section 33433 (Section 33433). The report sets forth certain details of the proposed Disposition, Development and Loan Agreement (Agreement) between the Culver City Housing Authority (Authority) and Habitat for Humanity of Greater Los Angeles (Developer). The purpose of the Agreement is to create affordable housing pursuant to Sections 33071 and 33334.2(a) of the California Health and Safety Code (California Redevelopment Law).

The Agreement requires the Authority to convey the properties located at 4044 through 4068 Globe Avenue, Culver City, California (Site), to the Developer for the subsequent development of 10 three-bedroom single-family homes (Project). The Site includes 32,361 square feet of land area, and is zoned R-2.

The Agreement requires the Developer to sell the units to low- and moderate-income households at an affordable housing cost. The affordable housing cost requirements are based on the California Health and Safety Code Section 50052.5 definition. The income covenants require all 10 units to be restricted to moderate income households as defined by California Health and Safety Code Section 50093. In addition, the Agreement requires the following restrictions to be applied to five of the units:

1. Five units must initially be sold to low income households as defined by California Health and Safety Code Section 50079.5. The Developer must provide first trust deed mortgages to these home buyers at a 0% interest rate and a 30-year repayment term.

2. The Agreement allows the low income home buyers to resell their homes to qualified moderate income buyers at the then current affordable housing cost. The Developer is not required to provide mortgage financing to any of the homes when they are resold.

I. COST OF THE AGREEMENT TO THE AUTHORITY

The proposed Agreement requires the Authority to sell the Site to the Developer for a sale price of $751,000, with the payment to be provided in the form a loan between the Authority and the Developer. The Site was acquired by the Culver

City Redevelopment Agency (Agency) in 2005 from the State of California using Property Tax Increment Housing Set-Aside (Set-Aside) funds. Subsequently, all improvements on the Site were demolished and the Site was transferred to the Authority. The Agency did not fund any costs with bond proceeds.

To date the Agency/Authority has spent $3,256,462 in Set Aside funds to implement the Project. Based on an analysis conducted by the Authority's financial consultant, Keyser Marston and Associates (KMA), it was determined that the Project requires $1,262,500 in public financial assistance to achieve financial feasibility. This $1,262,500 in direct financial assistance, plus $751,000 in land costs, will be treated as a $2.01 million loan to the Developer.

These Agency/Authority costs are detailed in the following table:

Land acquisition cost	$3,103,000
Demolition and hazardous materials abatement (clearance)	68,962
Relocation	0
Consultant costs	40,678
Property management	40,210
Utilities	3,612
Total Costs Previously Incurred by the Agency/Authority	$3,256,462
Plus: Direct Financial Assistance to the Developer	1,262,500
Total Agency/Authority Costs	$4,518,962

The $2,013,500 loan from the Authority to the Developer will be converted into second trust deed mortgages to the home buyers as the units are sold. The second trust deed mortgages are being imposed to protect the income and affordability covenants being imposed on the Project. These mortgages will not be subject to any interest or principal payment obligations until the home is resold. The amounts of the second trust deed mortgages are set as follows:

1. Low Income Units: $238,000 per unit; and

2. Moderate Income Units: $164,700 per unit.

The repayment of principal, and interest, if any, will be based upon the date of resale for each of the 10 units. Therefore, it is not possible to accurately predict the amount of repayment the Authority will ultimately receive. As such, the repayment amount and timing are too speculative to project as part of this analysis.

II. ESTIMATED VALUE OF THE INTERESTS TO BE CONVEYED DETERMINED AT THE HIGHEST USE PERMITTED BY THE REDEVELOPMENT PLAN

Section 33433 requires this report to identify the value of the interests being conveyed at the highest use allowed by the Redevelopment Plan. The valuation must be based on the assumption that the property is vacant, and that near-term development is required; the valuation does not take into consideration any extraordinary restrictions being imposed on the development.

The Site is not located within a redevelopment project area, and therefore, the value must be estimated based on the highest use allowed by the Site's zoning. Keyser Marston Associates, Inc. (KMA), the Authority's financial consultant reviewed land sales for residential sites and estimated the fair market value of the Site at $1.14 million. This equates to $35 per square foot of land area.

III. ESTIMATED REUSE VALUE OF THE INTERESTS TO BE CONVEYED

The Agreement requires that the homes initially be sold to five low income households and five moderate income households. KMA prepared a reuse valuation analysis of the Project based on the financial terms and conditions imposed by the Agreement. The KMA analysis concluded that the fair reuse value of the Site is negative $1.26 million.

IV. CONSIDERATION RECEIVED AND COMPARISON WITH THE ESTABLISHED VALUE

The Agreement imposes extraordinary controls on the Project. Specific requirements include the following:

1. The Developer must impose long-term income and affordability restrictions on all 10 units.

2. The Developer must provide interest free first trust deed mortgages to the five low income households purchasing units in the Project.

3. The income and affordability covenants will be enforceable for a period of 45 years.

The impacts created by the reuse requirements reduce the $1.14 million value of the Site at the highest use allowed by the Redevelopment Plan, to the established fair reuse value of negative $1.26 million. The Agreement provides the Project with $1.26 million in assistance to fill the financial gap associated with the Project. It therefore can be concluded that the Authority is receiving fair compensation for the interests being conveyed.

The Agreement encumbers the Project with a $2,013,500 loan that is comprised of the $751,000 purchase price plus the $1,262,500 million in direct financial assistance being provided to the Project. This loan will be converted into $2,013,500 in second trust deed mortgages as the units are sold to low and moderate income home buyers. The revenues generated by the repayment of these mortgages will accrue to the Authority's benefit.

V. ELIMINATION OF BLIGHT/COMPLIANCE WITH THE AB 1290 IMPLEMENTATION PLAN

The Site was selected for redevelopment when Caltrans offered it to local public agencies as a site for affordable housing. Caltrans has a mandate to first offer its surplus properties to affordable housing agencies. In the Comprehensive Strategy adopted by the Agency Board in March 2008, the Site was identified as a location for an affordable housing development within the following two years.

Development of the Site as proposed will comport with the mandate to spend Set Aside funds to create affordable housing. In addition, Section 33433 indicates that the provision of affordable housing is a blight elimination activity.

The Agency's objectives in acquiring the Site for redevelopment were to convert nonconforming land uses into a use of the Site that fulfills the Agency's policy objectives. The redevelopment of the Site is intended to enhance the area by removing blighted property and improving it with new affordable housing. The Site will be redeveloped with land uses that are more attractive, compatible and safer for the area, and help in achieving affordable housing goals, consistent with the implementation plan adopted pursuant to California Health and Safety Code Section 33490.

ATTACHMENT 5

PROOF OF PUBLICATION (2015.5 C.C.P.)

STATE OF CALIFORNIA,
COUNTY OF LOS ANGELES

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above-entitled matter.

I am the principal clerk of the printer of the

Culver City News

a newspaper of general circulation, printed and published weekly in the City of Culver City, County of Los Angeles, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Los Angeles, State of California, under the date of April 24, 1980 , Case Number 315458 ; that the notice, of which the annexed is a printed copy (set in type not smaller than nonpareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

Publish
January 12 and January 19, 2012
all in the year **2012**

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Dated at Los Angeles, California,

Signature

Culver City News
4351 Sepulveda Blvd.
Culver City, CA 90230
(310) 437-4401 ext. 230 Fax (310) 391-9068

NOTICE OF CITY COUNCIL PUBLIC HEARING FOR CONSIDERATION OF: APPROVAL OF THE SALE OF PROPERTY PURCHASED WITH TAX INCREMENT FUNDS TO HABITAT FOR HUMANITY OF GREATER LOS ANGELES, PURSUANT TO SECTIONS 33431 AND 33433 OF THE CALIFORNIA HEALTH AND SAFETY CODE, AND APPROVAL OF A DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN THE CITY OF CULVER CITY AND HABITAT FOR HUMANITY OF GREATER LOS ANGLES FOR THE SALE OF THE PROPERTY AND THE PRELIMINARY DEVELOPMENT PLANS FOR THE CONSTRUCTION OF TEN UNITS OF HOUSING LOCATED AT 4044-4068 GLOBE AVENUE IN THE CITY OF CULVER CITY FOR SALE TO MODERATE- OR LOW-INCOME RESIDENTS.

YOU ARE INVITED to learn more about, and participate in, the January 30, 2012, City Council public hearing concerning the following:

The City of Culver City (the "City") owns 4044 through 4068 Globe Avenue, Culver City, California (the "Site"). In 2004, the Site was offered for sale by the California Department of Transportation, ("Caltrans") for the purpose of providing affordable housing, and was purchased by the Culver City Redevelopment Agency in the following year using its' Low- and Moderate-Income Housing Funds. The Site was subsequently transferred to the City. The City and Habitat for Humanity of Greater Los Angeles (the "Developer") have developed plans and negotiated a pending transaction to convey the Site from the City to the Developer and for Developer to construct ten residential units for sale to low- and moderate-income households.

The January 30, 2012, public hearing will convene at 7:00 PM in the Mike Balkman Council Chambers at City Hall, 9770 Culver Boulevard. The Council Chambers are accessible to disabled persons and public parking is available in the City Hall parking structure from Duquesne Avenue. City Hall is served by the Culver CityBus. If more information regarding the bus schedule is needed, you may call (310) 253-6500. Other items may precede this item on the agenda.

Initial review of the project by staff determined that the project is categorically exempt pursuant to Sections 15192 and 15194 of the CEQA Guidelines (affordable housing and residential infill exemptions).

A copy of the proposed Disposition and Development Agreement between the City and the Developer, and a copy of the report pursuant to Section 33433 of the California Health and Safety Code, is available for public review at the Redevelopment Division's public counter, Third Floor, at City Hall.

For more information, to review the project documents or to submit written comments on either the Disposition and Development Agreement or the pending sale of the property, please write or call John Fisanotti, Redevelopment Project Manager, Culver City Redevelopment Division, Post Office Box 507, Culver City, California 90232, (310) 253-5767.

It is advisable to call prior to visiting City Hall to be certain that appropriate staff will be available. City Hall business hours are 7:30 AM to 5:30 PM, Monday through Friday, except alternate Fridays and holidays. City Hall will be closed on Monday, January 16, 2012 (Martin Luther King holiday) and on Friday, January 13 and 27, 2012.

Published in the Culver City News on January 12 and January 19, 2012.

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