

DISPOSITION AND DEVELOPMENT AGREEMENT

by and between the

FAIRFIELD HOUSING AUTHORITY (“FHA”)

and both

AFFORDABLE HOUSING ALLIANCE II, INC.

and

SUTTON PLACE DEVELOPMENT CORP

(collectively, “Developer”)

TABLE OF CONTENTS

	<u>Page</u>
1. DEFINITIONS.....	1
1.1 Definitions.....	1
2. PURCHASE AND SALE OF THE PROPERTY.....	4
2.1 Purchase and Sale	4
2.2 Opening and Closing of Escrow	4
2.3 Condition of Title.....	5
2.4 FHA Conditions to Close of Escrow	6
2.5 Developer Conditions to Close of Escrow.....	7
2.6 Costs.....	7
2.7 Condition of the Property.....	8
2.8 Deposits into Escrow by FHA	10
2.9 Deposits into Escrow by Developer.....	11
2.10 Authorization to Record Documents and Disburse Funds.....	11
2.11 Escrow’s Closing Actions.....	11
3. DEVELOPMENT COVENANTS.....	12
3.1 Development of the Project	12
3.2 FHA’s Right to Review Plans and Specifications	12
3.3 Construction Contract.....	12
3.4 Costs of Entitlement, Development and Construction.....	13
3.5 Rights of Access and Inspection	13
3.6 Local, State and Federal Laws	13
3.7 City and Other Governmental City Permits and Approvals	13
3.8 No Discrimination During Construction.....	13
3.9 Taxes, Assessments, Encumbrances and Liens	13
3.10 No Agency Created.....	13
3.11 Certificate of Completion	13
4. LIMITATIONS ON TRANSFERS AND SECURITY INTERESTS	14
4.1 Restriction on Transfer of Developer’s Rights and Obligations.....	14
4.2 Holders of Deeds of Trust.....	14
4.3 Rights of Holders	14
4.4 Noninterference with Holders.....	15
4.5 Right of FHA to Cure	15
4.6 Right of FHA to Satisfy Other Liens	15
5. DEFAULT, REMEDIES AND TERMINATION.....	15
5.1 Defaults	15
5.2 Remedies.....	16
5.3 No Speculation.....	18

TABLE OF CONTENTS (cont.)

	<u>Page</u>
5.4 No Personal Liability	18
5.5 Rights and Remedies are Cumulative	18
5.6 Inaction Not a Waiver of Default.....	18
5.7 Force Majeure	18
6. INSURANCE.....	19
6.1 Insurance	19
6.2 Indemnity	20
7. REPRESENTATIONS AND WARRANTIES.....	21
7.1 Developer Representations	21
7.2 FHA Representation.....	21
8. GENERAL PROVISIONS	21
8.1 Notices	21
8.2 Construction.....	22
8.3 Interpretation.....	22
8.4 Time of the Essence	22
8.5 Warranty Against Payment of Consideration for Agreement.....	22
8.6 Attorneys' Fees	22
8.7 Entire Agreement	22
8.8 Severability	22
8.9 No Third Party Beneficiaries	23
8.10 Governing Law	23
8.11 Survival	23
8.12 FHA Actions	23
8.13 Counterparts.....	23
8.14 Electronic Delivery	23

TABLE OF EXHIBITS

EXHIBIT "A"	LEGAL DESCRIPTION OF LAND
EXHIBIT "B"	FORM OF GRANT DEED
EXHIBIT "C"	SCHEDULE OF PERFORMANCE
EXHIBIT "D"	SCOPE OF DEVELOPMENT
EXHIBIT "E"	FORM OF CERTIFICATE OF COMPLETION

DISPOSITION AND DEVELOPMENT AGREEMENT

THIS DISPOSITION AND DEVELOPMENT AGREEMENT (the “Agreement”) is dated as of _____, 2020 (the “Effective Date”) and is entered into by and between the FAIRFIELD HOUSING AUTHORITY, a public entity (the “FHA”), and AFFORDABLE HOUSING ALLIANCE II, INC., a Colorado nonprofit corporation, (“Integrity”) and SUTTON PLACE DEVELOPMENT CORP, a California corporation (“Sutton”), and their permitted successors and assigns (Integrity and Sutton are herein collectively, and jointly and severally referred to as, the “Developer”).

RECITALS

A. FHA owns the land described on Exhibit “A” and the improvements thereon (the “Property”).

B. Developer desires to acquire the Property from FHA for the purpose of developing a multi-family residential apartment project consisting of approximately 162 units on the Property (the “Project”).

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals and of the mutual covenants contained in this Agreement, the parties hereto agree as follows:

1. DEFINITIONS.

1.1 Definitions. The following capitalized terms used in this Agreement shall have the meanings set forth below:

1.1.1 “Agreement” means this Disposition and Development Agreement.

1.1.2 “Approved Title Exceptions” is defined in Section 2.3.1.

1.1.3 “Building Permit” means, collectively, any and all permits necessary to grade the Land and construct the Project that would be issued by the City of Fairfield.

1.1.4 “Certificate of Completion” means the certificate described in Section 3.11.

1.1.5 “Close of Escrow” is defined in Section 2.2.

1.1.6 “Construction Contract” is defined in Section 3.3.

1.1.7 “Default” is defined in Section 5.1.

1.1.8 “Deposit” is defined in Section 2.1.3.

1.1.9 “Disapproved Title Exceptions” is defined in Section 2.3.1.

1.1.10 “Escrow” is defined in Section 2.2.

1.1.11 “Escrow Holder” means Placer Title Company at 1300 Olive Road, Fairfield, CA 94533 Attn: Kelly Guglielmo.

1.1.12 “Executive Director” shall mean the Executive Director of the FHA, or his or her designee.

1.1.13 “FIRPTA Affidavit” is defined in Section 2.8.1.3.

1.1.14 “Force Majeure Delay” is defined in Section 5.7.

1.1.15 “General Contractor” is defined in Section 3.3.

1.1.16 “Grant Deed” is defined in Section 2.3.2.

1.1.17 “Hazardous Materials” means any chemical, material or substance now or hereafter defined as or included in the definition of hazardous substances, hazardous wastes, hazardous materials, extremely hazardous waste, restricted hazardous waste, toxic substances, pollutant or contaminant, imminently hazardous chemical substance or mixture, hazardous air pollutant, toxic pollutant, or words of similar import under any local, state or federal law or under the regulations adopted or publications promulgated pursuant thereto applicable to the Land, including, without limitation: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. (“CERCLA”); the Hazardous Materials Transportation Act, as amended, 49 U.S.C. 1801, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251, et seq.; and the Resource Conservation and Recovery Act of 1976, 42 U.S.C. 6901, et seq. (“RCRA”) The term Hazardous Materials shall also include any of the following: any and all toxic or hazardous substances, materials or wastes listed in the United States Department of Transportation Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR. Part 302) and in any and all amendments thereto in effect as of the Close of Escrow Date; oil, petroleum, petroleum products (including, without limitation, crude oil or any fraction thereof), natural gas, natural gas liquids, liquefied natural gas or synthetic gas usable for fuel, not otherwise designated as a hazardous substance under CERCLA; any substance which is toxic, explosive, corrosive, reactive, flammable, infectious or radioactive (including any source, special nuclear or by product material as defined at 42 U.S.C. 2011, et seq.), carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority; asbestos in any form; urea formaldehyde foam insulation; transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls; radon gas; or any other chemical, material or substance (i) which poses a hazard to the Land, to adjacent properties, or to persons on or about the Land, (ii) which causes the Land to be in violation of any of the aforementioned laws or regulations, or (iii) the presence of which on or in the Land requires investigation, reporting or remediation under any such laws or regulations.

1.1.18 “Holder” is defined in Section 4.2.

1.1.19 “Improvements” means all buildings, landscaping, infrastructure, utilities, and other improvements now existing or to be built on the Land, as described in Exhibit “D”.

1.1.20 “Institutional Lender” means any bank (State or Federal), savings bank (State or Federal), trust company, insurance company, credit union, pension, welfare or retirement fund or system, real estate investment trust (or an umbrella partnership or other entity of which a real estate investment trust is the majority owner), any federally or state chartered corporation whose business includes making, guaranteeing, or credit enhancing loans or housing revenue bonds Federal or State agency regularly making or guaranteeing mortgage loans, investment bank or Fortune 500 company, or any combination of, any one or more of the entities described above.

1.1.21 “Land” means the land described on Exhibit “A” attached hereto.

1.1.22 “Lender” means the maker of the Senior Project Loan and its successors and assigns.

1.1.23 “Party” means any party to this Agreement, and “Parties” means all parties to this Agreement.

1.1.24 “Permitted Exceptions” is defined in Section 2.3.2.

1.1.25 “Permitted Security Instrument” means any mortgage, deed of trust or similar instrument the purpose of which is to secure the repayment of money or the performance of obligations (a) that encumbers only the Project; (b) a copy of which, together with the related loan documents, is promptly after execution delivered to FHA, and (c) only secures the repayment of Senior Project Loan.

1.1.26 “Plans and Specifications” means all drawings, landscaping and grading plans, engineering drawings, final construction drawings, and any other plans or specifications for construction of the Project and any modifications thereof.

1.1.27 “Project” means the Land and Improvements.

1.1.28 “Project Budget” is defined in Section 2.4.1.

1.1.29 “Purchase Price” is defined in Section 2.1.2.

1.1.30 “Released Parties” is defined in Section 2.7.3.

1.1.31 “Schedule of Performance” means the schedule attached hereto as Exhibit “C”.

1.1.32 “Scope of Development” means the description attached hereto as Exhibit “D”.

1.1.33 “Senior Project Loan” means the loan or loans that Developer obtains as a result of the issuance of Tax Exempt Bonds or from an Institutional Lender in an

amount that is sufficient to pay and the proceeds of which are to be used and applied solely to pay (a) the reasonable costs of obtaining such loan, and (b) a portion of the Total Project Costs. Such loan shall provide for normal and customary disbursement controls for the payment of Total Project Costs as construction of the Project progresses and normal and customary fees and expenses for a loan of similar size and purpose. Such loan may also provide for a portion of the loan to convert to a permanent loan status following completion of the Project.

1.1.34 “Tax Exempt Bonds” means bonds issued by an entity qualified to issue such bonds under any section of the Internal Revenue Code or under applicable State law the interest on which bonds is exempt from Federal income tax, and the proceeds of which bonds are used to fund the Senior Project Loan.

1.1.35 “Title Company” shall mean the Escrow Holder (i.e., the Title Company and the Escrow Holder are the same).

1.1.36 “Total Project Costs” means all hard and soft costs of the construction of the Project, as set forth in the Project Budget.

1.1.37 “Transfer” is defined in Section 4.1.

1.1.38 “Withholding Affidavit” is defined in Section 2.8.1.2.

2. PURCHASE AND SALE OF THE PROPERTY; PURCHASE PRICE; DEPOSIT.

2.1 Purchase and Sale; Purchase Price; Deposit.

2.1.1 Purchase and Sale. In accordance with and subject to the terms and conditions hereinafter set forth, the FHA agrees to sell the Land and Developer agrees to cause the Land to be purchased from the FHA.

2.1.2 Purchase Price. The purchase price for the Land to be paid by Developer (the “Purchase Price”) shall be \$1,420,000 (One Million Four Hundred Twenty Thousand Dollars and No Cents), which is the fair market value of the Land based on an appraisal recently obtained by the FHA from a reputable MAI appraiser at the FHA’s cost. If Developer believes the appraised value is higher than the actual value of the Land, Developer may obtain a separate appraisal from a reputable MAI appraiser at their sole cost and expense (“Developer’s Appraisal”). If the Developer’s Appraisal shows a significant difference in value, the Parties may agree to obtain a written third party appraisal review and split the cost of such review. Based on the appraisal review, the Parties may either: (i) revise the Purchase Price to the new value in the appraisal review, or (ii) Developer or FHA may terminate this Agreement by written notice to other party given within ten (10) business days after delivery to it of the appraisal review and after such termination, provided Developer shall have paid to FHA its share of the appraisal review cost, the Deposit (described in Section 2.1.3 below) shall be returned to Developer.

If Close of Escrow does not occur within six (6) calendar months after the latest fair market value valuation date, the FHA shall obtain an update to the latest appraisal for the Land and shall deliver a copy of the appraisal update to Developer, and if the fair market value therein exceeds the then-existing purchase price (as previously determined), then Developer may

terminate this Agreement by written notice to FHA given within ten (10) business days after such delivery and, provided Developer shall have paid to FHA half of the cost of such appraisal update, the Deposit (described in Section 2.1.3 below) shall be returned to Developer.

Notwithstanding anything to the contrary contained herein, the Close of Escrow shall not occur until such time as the Closing Conditions, described in Sections 2.4 and 2.5 hereof, have been satisfied (or waived in writing by the applicable party benefitted thereby). At the Close of Escrow, the FHA shall convey title to the Land to the Developer by grant deed in the form attached hereto as Exhibit "B" (the "Grant Deed").

2.1.3 Deposit. Within ten (10) calendar days after the Effective Date of this Agreement the Developer shall deposit the sum of TWENTY-FIVE THOUSAND AND NO/100 DOLLARS (\$25,000.00) with Escrow Holder (the "Deposit"). The Deposit shall be held by Escrow Holder in a non-interest bearing account. Upon the Close of Escrow, the Deposit shall be credited against and applied to the Purchase Price. If Developer defaults prior to the Close of Escrow (or fails to close escrow), and the default is not cured under Section 5.1, the Deposit shall be retained by the FHA as liquidated damages for such uncured default. If this Agreement is terminated (a) under Section 2.3.1 or Section 2.7.2, (b) as a result of a failure of any condition to closing under Section 2.4 or Section 2.5, or (c) due to a default by FHA, then the Deposit shall be returned to Developer. DEVELOPER AND FHA AGREE THAT BASED UPON THE CIRCUMSTANCES NOW EXISTING, KNOWN AND UNKNOWN, IT WOULD BE IMPRACTICAL OR EXTREMELY DIFFICULT TO ESTABLISH FHA'S DAMAGES BY REASON OF A DEFAULT BY DEVELOPER PRIOR TO THE CLOSE OF ESCROW. ACCORDINGLY, DEVELOPER AND FHA AGREE THAT IN THE EVENT OF AN UNCURED DEFAULT BY DEVELOPER PRIOR TO THE CLOSE OF ESCROW, FHA SHALL BE ENTITLED TO THE DEPOSIT AS LIQUIDATED DAMAGES.

Developer Initials:



FHA Initials:

2.2 Opening and Closing of Escrow. Within five (5) business days after the Effective Date of this Agreement, FHA and the Developer shall cause an escrow (the "Escrow") to be opened with Escrow Holder for the sale of the Property by the FHA to Developer and for the closing of Senior Project Loan. The Parties shall deposit with Escrow Holder a fully executed duplicate original of this Agreement as the escrow instructions for the Escrow. The FHA and Developer shall provide such additional instructions as shall be necessary and consistent with this Agreement. Escrow shall close (the "Close of Escrow") on or before the date that is one (1) calendar year after the Effective Date. If the Close of Escrow does not occur by such date, any party not then in default may terminate this Agreement by written notice to the other and all the funds and documents deposited with Escrow Holder, not including the Deposit shall be promptly refunded or returned, as the case may be, by Escrow Holder to the depositing party. All escrow and title cancellation fees shall be paid by Developer. The Deposit shall be released to the applicable party as provided in Sections 2.1.3, 2.3.1, or 2.7.

2.3 Condition of Title; Title Insurance.

2.3.1 Title Exceptions; Survey. Upon FHA's delivery to Developer of a copy of this Agreement executed by FHA, FHA shall obtain a preliminary title report for the Property (the "PTR") from the Title Company and shall deliver it (or cause it to be delivered to)

Developer at the address listed in Section 8.1 below which shall include hyperlinks to copies of the title exception documents. Developer shall have Sixty (60) calendar days after delivery of the PTR to Developer to review and approve or disapprove any title exceptions in the PTR, and notify FHA in writing of any such title exceptions to which Developer objects. Upon the execution of this Agreement, Developer may cause an ALTA survey (“Survey”) to be performed within thirty (30) calendar days and shall promptly deliver a copy of the Survey to the FHA together with any objections (if any) to any title exceptions shown on the Survey. FHA shall have ten (10) business days after delivery by Developer to FHA of a written objection to a title exception to notify Developer in writing that FHA will: (a) remove one or more of the applicable exception(s) or cause them to be removed by the end of the Due Diligence Period (as defined in Section 2.7.2 below) or reasonably insured over by the Title Company; (b) decline to remove exceptions (or to cause them to be reasonably insured). Failure by FHA to so notify Developer shall be deemed to be FHA’s election not to remove or otherwise address the applicable title exception(s). If FHA notifies Developer that FHA will remove (or cause to be removed) one or more of such title exceptions, then FHA shall do so on or before the Close of Escrow (unless this Agreement is terminated by Developer under this Section or Section 2.7.2 below). If FHA fails to so notify Developer as to any exception, or declines to remove or insure over title exceptions, then Developer may terminate this Agreement by written notice to FHA and the Deposit shall be returned immediately to Developer. If Developer fails to so terminate this Agreement, Developer shall be deemed to have approved and accepted the applicable title exceptions (which, together with any title exceptions approved or created by Developer, are hereinafter referred to as the “Approved Title Exceptions”). As used herein, the term “Disapproved Title Exceptions” shall mean any title exceptions that FHA has agreed to remove, cause to be removed or cause to be “insured over” by endorsement or otherwise.

2.3.2 At the Close of Escrow, the FHA shall convey title to the Land by grant deed in the form attached hereto as Exhibit “B” (the “Grant Deed”). Title to the Land shall be conveyed subject to: (i) non-delinquent current real property taxes and assessments not yet due for the tax year during which the conveyance occurs, (ii) all Approved Title Exceptions, and (iii) the terms of this Agreement and any other covenants included in the Grant Deed (collectively, the “Permitted Exceptions”).

2.4 FHA Conditions to Close of Escrow. The obligation of the FHA to close Escrow shall be subject to the satisfaction (or express written waiver by the Executive Director) of each of the following conditions (collectively, the “FHA Conditions”):

2.4.1 Developer shall have submitted to the Executive Director a project budget, showing estimated expenditures and sources of funds (the “Project Budget”), and a schedule of sources and uses funds, and reasonable evidence demonstrating that the Developer has equity funds to cover the Total Project Costs that will not be paid with loan funds.

2.4.2 The Developer shall have delivered to the FHA a copy of the draft construction loan documents (with construction loan budget), and such construction loan budget must be consistent with the Project Budget and evidence of Developer funding of the Total Project Costs.

2.4.3 The Senior Project Loan shall close concurrently with the Close of Escrow, and the final terms of the Senior Project Loan shall not be materially different from those set forth in the draft loan documents delivered to FHA.

2.4.4 The Developer shall have submitted to the Executive Director a description of the legal, ownership and control structures of the Developer (and its organizational documents), and a copy of the construction contract.

2.4.5 The FHA shall have received reasonable evidence that the construction-related insurance required by Section 6.1 of this Agreement shall be in effect.

2.4.6 All conditions to the issuance of the building permit(s) for the Project, and any and all other governmental permits, consents or authorizations required for the development, construction, operation or use of the Project (excluding certificates of occupancy and the like that cannot be issued until completion) shall have been approved/issued.

2.4.7 The Developer shall have provided the FHA with copies of any payment, performance or other bonds (if any) required by the Lender.

2.5 Developer Conditions to Close of Escrow. The obligations of the Developer to close escrow shall be subject to the satisfaction (or waiver by Developer) of the following conditions (the "Developer Conditions"):

2.5.1 There shall have been no change to the physical condition of the Property and no new title exceptions after the date of the PTR that, in either case, would materially and adversely affect the development, use, or operation of the Project.

2.5.2 FHA's removal (or Title Company's reasonably insuring over) all Disapproved Title Exceptions.

2.5.3 The representation of the FHA contained in Section 7.2 of this Agreement being true and correct.

2.5.4 The delivery by FHA of all documents and funds required to be delivered pursuant to Section 2.8 hereof.

2.5.5 The Title Company shall have committed to issue at the Close of Escrow an owner's title insurance policy, with any extended coverage and endorsements requested by Developer, showing fee simple title to the Land vested in the Developer, subject only to the Permitted Exceptions.

2.5.6 FHA shall have performed, observed and complied with all covenants, agreements and conditions required by this Agreement to be performed, observed and complied with on its part prior to or as of the Close of Escrow.

2.6 Costs; Escrow Holder Settlement Statement.

2.6.1 Developer shall be solely responsible for all costs and expenses related to the Survey, the costs of extended title insurance coverage and any title insurance

endorsements (other than those obtained by FHA to “insure-over” a title exception), and fifty percent (50%) of the Escrow fees. FHA shall be responsible for the other fifty percent (50%) of the Escrow fees, the costs of the standard Owner’s policy of title insurance, documentary transfer taxes, and any endorsements obtained by FHA to “insure-over” title exceptions.

2.6.2 Escrow Holder is authorized on the Close of Escrow to pay and charge the Developer for any fees, charges and costs payable under Section 2.6.1 as set forth on the settlement statements approved by the Parties. Before such payments are made, Escrow Holder shall notify the FHA and Developer of the fees, charges, and costs necessary to close under the Escrow, by delivering draft settlement statements to the Parties for their mutual approval.

2.7 Condition of the Property.

2.7.1 “As-Is” Sale. Developer acknowledges and agrees that, except as expressly set forth herein, Developer is acquiring the Land in its “AS IS” condition, WITH ALL FAULTS, IF ANY, AND, EXCEPT AS EXPRESSLY SET FORTH HEREIN, WITHOUT ANY WARRANTY, EXPRESS OR IMPLIED and neither FHA nor any agents, representatives, officers, or employees of FHA have made any representations or warranties, direct or indirect, oral or written, express or implied, to Developer or any agents, representatives, or employees of Developer with respect to the condition of the Land, its fitness for any particular purpose, or its compliance with any laws, and Developer is not aware of and does not rely upon any such representation to any other party. Except as expressly set forth herein, neither FHA nor any of its representatives is making or shall be deemed to have made any express or implied representation or warranty, of any kind or nature, as to (a) the physical, legal or financial status of the Land, (b) the Land’s compliance with applicable laws, (c) the accuracy or completeness of any information or data provided or to be provided by FHA, or (d) any other matter relating to the Land.

2.7.2 Delivery of Document by FHA; Due Diligence Period; Project Completion Deadlines. Within ten (10) business days after the Effective Date, FHA shall deliver to Developer copies of all material documents in the possession of FHA that pertain to the Property that are not subject to the attorney-client or attorney work-product privileges (the “Documents”). Developer acknowledges that FHA has already provided copies of Phase I and Phase II reports to Developer for review. During the period commencing on the Effective Date of this Agreement and ending ninety (90) calendar days thereafter (the “Due Diligence Period”), Developer and its contractors and consultants who are designated in writing to FHA (“Developer Designee’s”) shall have the right to enter onto the Property for the purpose of performing the Survey, hazardous materials inspections, soils inspections and other physical inspections and investigations; provided, however, that: (a) Developer shall deliver copies of all inspection reports to FHA; (b) no inspections or investigations shall damage the Property or any improvements thereon or shall be “invasive” unless the FHA has received a plan describing the scope of the inspection or investigation and has approved such plan in writing, which approval shall not be unreasonably withheld; (c) Developer shall immediately repair all damage caused by or related to its inspections; and (d) neither Developer nor any of Developer’s Designees shall enter the Property unless Developer has provided FHA reasonable written evidence (such as insurance certificates and/or copies of policies) that the activities of Developer and the Developer Designees are covered by reasonable liability insurance naming FHA as an additional insured. Developer shall defend, indemnify and hold FHA harmless from and against any and all third party claims, liabilities, losses, damages, costs and expenses (including, without limitation, attorneys’ fees and

cost) resulting from the entry onto the Property for such purposes or for purposes of performing the Survey. If Developer disapproves to any condition of the Property or any Document, then Developer may terminate this Agreement by written notice to FHA given on or prior to the end of the Due Diligence Period that describes the basis for the disapproval, and provided FHA shall have approved the scope of work for the applicable inspections in advance (such approval not be unreasonably delayed), FHA shall then reimburse Developer for up to \$40,000 of the costs incurred by Developer for additional environmental inspection reports within ten (10) business days after written request by Developer with reasonable evidence of the costs. If Developer does not timely terminate this Agreement, then Developer shall be deemed to have approved all inspections, inspection reports and Documents.

Prior to the end of Due Diligence Permit, FHA's Executive Director and Developer shall discuss and attempt to agree upon fixed deadlines for the completion of grading, commencement of vertical construction and completion of the Improvements (which shall each be subject to Force Majeure Delays as defined in Section 5.7 below), and shall confirm the agreed deadlines in writing (such as a letter agreement executed by the Executive Director on behalf of the FHA) and such deadlines shall then be deemed to have been added to the Schedule of Performance. If no agreement is reached, either party may terminate the Agreement by written notice to the other, and the Deposit shall then be returned to Developer.

2.7.3 Releases and Waivers. Developer acknowledges and agrees that in the event Developer does not approve of the condition of the Property under Section 2.7.2, Developer's sole right and remedy shall be to terminate this Agreement under and in accordance with Section 2.7.2. Consequently, Developer hereby waives any and all objections to or complaints regarding the Land and its condition, including, but not limited to, federal, state or common law based actions and any private right of action under state and federal law to which the Land is or may be subject, including, but not limited to, CERCLA (as defined in Section 1.1.16), RCRA (as defined in Section 1.1.16), physical characteristics and existing conditions, including, without limitation, structural and geologic conditions, subsurface soil and water conditions and solid and hazardous waste and Hazardous Materials on, under, adjacent to or otherwise affecting the Land. Developer further hereby assumes the risk of changes in applicable laws and regulations relating to past, present and future environmental conditions on the Land and the risk that adverse physical characteristics and conditions, including, without limitation, the presence of Hazardous Materials or other contaminants, may not have been revealed by its investigations.

Developer and anyone claiming by, through or under Developer also hereby waives its right to recover from and fully and irrevocably releases FHA, the City of Fairfield, and its council members, board members, employees, officers, directors, representatives, agents, servants, attorneys, successors and assigns ("Released Parties") from any and all claims, responsibility and/or liability that it may now have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to (i) the condition (including any defects, errors, omissions or other conditions, latent or otherwise, and the presence in the soil, air, structures and surface and subsurface waters of materials or substances that have been or may in the future be determined to be Hazardous Materials or otherwise toxic, hazardous, undesirable or subject to regulation and that may need to be specially treated, handled and/or removed from the Land under current or future federal, state and local laws regulations or guidelines), valuation, salability or utility of the Land, or its suitability

for any purpose whatsoever, and (ii) any information furnished by the Released Parties under or in connection with this Agreement. This release includes claims of which Developer is presently unaware or which Developer does not presently suspect to exist which, if known by Developer, would materially affect Developer's release to FHA. Developer specifically waives the provision of California Civil Code Section 1542, which provides as follows:

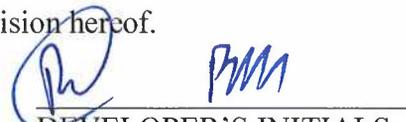
“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR EXPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN TO HIM MUST HAVE MATERIALLY AFFECTED THE SETTLEMENT WITH THE DEBTOR.”

In this connection and to the extent permitted by law, Developer hereby agrees, represents and warrants that Developer realizes and acknowledges that factual matters now unknown to it may have given or may hereafter give rise to causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which are presently unknown, unanticipated and unsuspected, and Developer further agrees, represents and warrants that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that Developer nevertheless hereby intends to release, discharge and acquit Released Parties from any such unknown causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which might in any way be included as a material portion of the consideration given to FHA by Developer in exchange for FHA's performance hereunder.

Developer hereby agrees that, if at any time after the Close of Escrow any third party or any governmental agency seeks to hold Developer responsible for the presence of, or any loss, cost or damage associated with, Hazardous Materials in, on, above or beneath the Land or emanating therefrom, then Developer waives any rights it may have against FHA and the City of Fairfield in connection therewith, including, without limitation, under CERCLA, and Developer agrees that it shall not (i) implead the FHA or City of Fairfield, (ii) bring a contribution action or similar action against FHA or City of Fairfield, or (iii) attempt in any way to hold FHA or the City of Fairfield responsible with respect to any such matter. The provisions of this Section 2.8.3 shall survive the Close of Escrow.

FHA and Developer have each initialed this Section 2.7.3 to further indicate their awareness and acceptance of each and every provision hereof.

FHA'S INITIALS



DEVELOPER'S INITIALS

2.7.4 Environmental Indemnity. From or after the Close of Escrow, Developer shall indemnify, protect, defend and hold harmless the FHA, the City of Fairfield, and their officials, officers, attorneys, employees, consultants, agents and representatives, from and against any and all claims, liabilities, suits, losses, costs, expenses and damages, including but not limited to attorneys' fees and costs, arising directly or indirectly out of any claim for loss or damage to any property, including the Land, injuries to or death of persons, or for the cost of cleaning up the Land and removing Hazardous Materials or toxic substances, materials and waste therefrom, by reason of contamination or adverse effects on the environment, or by reason of any statutes,

ordinances, orders, rules or regulations of any governmental entity or agency requiring the clean-up of any Hazardous Materials caused by or resulting from any Hazardous Material, or toxic substances or waste existing on or under, any portion of the Land acquired by Developer. However, the foregoing shall not relieve FHA of its obligation under Section 2.7.1 above to reimburse Developer up to \$75,000 of the documented costs incurred by Developer to remove underground storage tanks discovered by Developer.

2.8 Deposits into Escrow by FHA.

2.8.1 The FHA hereby covenants and agrees to deliver to Escrow Holder prior to the Close of Escrow the following instruments and documents, the delivery of each of which shall be a condition of the Close of Escrow:

2.8.1.1 A Grant Deed duly executed and acknowledged by the FHA, in the form attached hereto as Exhibit "B".

2.8.1.2 If required by Escrow Holder, the affidavit as contemplated by California Revenue and Taxation Code 590 ("Withholding Affidavit");

2.8.1.3 If required by Escrow Holder, a Certification of Non Foreign Status in accordance with I.R.C. Section 1445 (the "FIRPTA Certificate");

2.8.1.4 Such proof of the FHA's authority and authorization to enter into this transaction as the Title Company may reasonably require in order to issue Developer's policy of title insurance.

2.9 Deposits into Escrow by Developer.

2.9.1 The Developer hereby covenants and agrees to deliver to Escrow Holder prior to the Close of Escrow the following instruments and documents duly executed and acknowledged where appropriate, the delivery of each of which shall be a condition of the Close of Escrow:

2.9.1.1 The Purchase Price less the Deposit plus Developer's share of closing and title insurance costs.

2.9.1.2 Reserved.

2.10 Authorization to Record Documents and Disburse Funds. Escrow Holder is hereby authorized to record the documents and disburse the funds and documents called for hereunder upon the Close of Escrow, provided each of the following conditions has then been fulfilled:

(i) The Title Company can issue in favor of Developer an owner's Policy of Title Insurance, with liability equal to the Purchase Price (or such lesser amount as shall have been requested by Developer), showing the Land vested in the Developer subject only to the Permitted Title Exceptions.

(ii) The FHA and the Developer shall have deposited in Escrow the documents and funds required pursuant to Sections 2.8 and 2.9, and Developer shall have deposited in Escrow the Purchase Price.

(iii) The FHA and Developer have confirmed to Escrow Holder that all FHA Conditions and Developer Conditions have been satisfied or expressly waived in writing by the Party benefited thereby.

Unless otherwise instructed in writing, Escrow Holder is authorized to record at the Close of Escrow any instrument delivered through this Escrow if necessary or proper for issuance of Developer's title insurance policy.

2.11 Escrow's Closing Actions. On the Close of Escrow, Escrow Holder shall:

2.11.1 Record the Grant Deed, then the Regulatory Agreement, then the deed of trust securing the Senior Project Loan, in the Official Records of Solano County;

2.11.2 Issue the Title Policy (or cause the Title Company to issue the Title Policy);

2.11.3 Prorate property taxes, assessments and other charges as of the Close of Escrow in accordance with the settlement statements approved by the Parties and pay the costs shown thereon;

2.11.4 From funds deposited by Developer, pay costs payable by Developer as shown on the approved preliminary settlement statement approved by FHA and Developer settlement statement, and return any excess to Developer;

2.11.5 Prepare and deliver to both Developer and the FHA one signed copy of Escrow Holder's final settlement statement showing all receipts and disbursements of the Escrow; and

2.11.6 If applicable, deliver the FIRPTA Certificate and the Withholding Affidavit to Developer.

3. DEVELOPMENT COVENANTS.

3.1 Development of the Project. Developer shall develop the Project in accordance with the Scope of Development, the Schedule of Performance, all requirements of any and all applicable federal, state and local laws, rules and regulations (including any conditions of approval required by the City of Fairfield in its governmental capacity), the Plans and Specifications, and all other terms, conditions and requirements of this Agreement. Developer shall comply with the Schedule of Performance in a timely manner, provided that the deadlines to perform items and obligations of Developer set forth therein which are to be performed after the Close of Escrow shall be delayed to the extent of Force Majeure Delays applicable to the item or obligation. Until a Certificate of Completion is issued, the Developer shall promptly provide the FHA with written, detailed progress reports, as reasonably requested by the FHA, regarding the status of the construction of the Improvements.

3.2 Affordable Housing. It is the intention of the Developer to finance the project through the utilization of tax-exempt bonds. A successful tax-exempt bond structure would yield 20% of the Project's residential units being set aside for households earning at or below 50% of the area median income. It is further acknowledged that the Developer is making no request for funding from the FHA in its efforts to provide this affordability. Such affordability shall be recorded in the form of a Land Use Restriction Agreement (LURA) between the Developer and the bond issuer. Such LURA shall run with the land for the period set forth in the LURA which is anticipated to last at least fifteen (15) years. Due to unforeseen market conditions such as, but not limited to, increase in construction materials costs, increase in labor costs, unusual site conditions uncovered during the projects due diligence period, turbidity in the financing markets, or any other such market force not within the control of the Developer, the final amount of affordable units delivered may be affected, but in no event shall the affordable component be less than 10 residential units rented to tenant at or below 80% of the area median income. FHA shall not record a separate document related to the restriction of the availability of certain of the dwelling units in the Project to tenants whose incomes do not exceed certain levels. FHA accepts that the LURA will be the sole restriction on the Project as to its availability to tenants of certain incomes and FHA shall have no rights or remedies under the LURA.

3.3 Costs of Entitlement, Development and Construction. The Developer agrees that all costs, expenses and fees associated with the development and construction of the Project including the costs for developing and constructing the Improvements thereon (including, but not limited to, the land acquisition costs and governmental permits and approvals) shall be borne by Developer.

3.4 Local, State and Federal Laws. Developer shall carry out the construction of the Improvements on the Land in conformity with all applicable federal, state and local laws, including all applicable federal and state occupation, safety and health standards, and all applicable permits.

3.5 City and Other Governmental City Permits and Approvals. Before commencement of construction or development of any work of improvement on the Land, Developer shall (at Developer's expense) secure, or cause to be secured, any and all permits which may be required by the City of Fairfield or any other governmental agency having jurisdiction over such construction or development.

3.6 No Discrimination During Construction. Developer, for itself and its successors and assigns, agrees that it shall not discriminate against any employee or applicant for employment because of age, sex, marital status, race, handicap, color, religion, creed, ancestry, or national origin in the construction of the Improvements.

3.7 Taxes, Assessments, Encumbrances and Liens. Developer shall pay when due all real property taxes and assessments assessed or levied on portions of the Land from time to time owned by Developer, commencing immediately after closing of the land acquisition.

3.8 No Agency Created. In performing this Agreement, Developer is an independent contractor and not the agent of the FHA. The FHA is not an agent of Developer. The FHA shall not have any responsibility whatsoever for payment to any contractor or supplier of

Developer or its contractors. Developer shall not have any responsibility whatsoever for payment to any contractor or supplier of the FHA.

3.9 Certificate of Completion. Upon Developer's completion of the construction of the Project, Developer will apply to the FHA for a Certificate of Completion (which shall be substantially in the form attached hereto as Exhibit "E"). The FHA's issuance of the Certificate of Completion shall constitute the acknowledgement of the FHA that Developer has complied in all respects with its development obligations (and only the development obligations) set forth in this Article 3. Promptly following the City of Fairfield's issuance of a certificate of occupancy for the entire project, and provided that Developer is then in full compliance with all of its obligations under Article 3 of this Agreement, the Executive Director shall execute, acknowledge and deliver the Certificate of Completion, which shall be recorded in the Official Records of Solano County and shall include, in form reasonably acceptable to Developer, an express termination or reconveyance of the FHA's rights under Section 5.2.2(ii) of this Agreement and the Grant Deed. If the Executive Director believes that the Developer is not in compliance with its obligations under this Article 3, the Executive Director shall promptly specify the nature of such non-compliance by written notice to Developer, and shall execute, acknowledge and deliver the Certificate of Completion promptly after such items of non-compliance shall be corrected.

3.10 Condemnation; Casualty. in the event a governmental entity commences or threatens eminent domain proceedings to take any part of the Property or any adjacent or neighboring real property which would affect access to the Property after the date hereof and prior to the Closing Date then Developer shall have the right to either (i) terminate this Agreement and receive a return of the Deposit, or (ii) proceed with the Closing as scheduled notwithstanding such proceeding; provided, however, that FHA's interest in all awards arising out of such proceedings shall be assigned to Developer as of the date of Closing or credited to Developer if previously received by FHA, and FHA hereby agrees to execute any separate assignment agreement, as Developer may reasonably request, to evidence or effectuate the assignment of such awards. FHA's obligations pursuant to the immediately preceding sentence shall survive the Closing. In the event Developer elects to proceed with Closing despite such proceeding, FHA and Developer shall cooperate with each other in agreeing upon the award amount with the applicable governmental agency.

3.11 If a material adverse change occurs to any portion of the Property or any adjacent or neighboring real property which would affect access to the Property between the date of the Agreement and the close of Escrow, Developer shall have the right, upon written notice to FHA to either (i) terminate this Agreement and receive a return of the Deposit, or (ii) proceed with the Closing as scheduled notwithstanding such changes.

4. LIMITATIONS ON TRANSFERS AND SECURITY INTERESTS.

(a) Prior to issuance of a Certificate of Completion for the Project, Developer shall not, sell, assign, transfer, mortgage, lease, hypothecate, or convey (collectively, a "Transfer") the Project or any part thereof or any of Developer's rights or obligations hereunder, in a single transaction or series of transactions, without the FHA's prior written consent, which consent may be granted or withheld in the FHA's sole and absolute discretion, except for: (i) the execution of

one or more deeds of trust and related instruments securing Developer's construction loan, and a conveyance of the Project resulting from the foreclosure thereof (or a deed in lieu of such a foreclosure); and (ii) assignment of this Agreement to a single-asset entity directly or indirectly controlled by Integrity or Sutton in which Integrity or Sutton retains a material ownership interest, whose organizational documents shall have been delivered to the Executive Director together with a copy of the applicable executed assignment and assumption document. Developer acknowledges that the identity of Developer is of particular concern to the FHA, and it is because of Developer's identity that the FHA has entered into this Agreement with Developer. No voluntary or involuntary successor in interest of Developer shall acquire any rights or powers under this Agreement or the Project prior to the issuance of a Certificate of Completion except as expressly provided above. No transfer or assignment of Developer's interest hereunder without the FHA's prior written approval shall be deemed to release Developer from the obligations of Developer hereunder; and

(b) There shall be no restrictions on transfer following the issuance of the Certificate of Completion.

5. DEFAULTS; REMEDIES.

5.1 Defaults and Remedies Prior to the Close of Escrow. Upon a default by Developer prior to the Close of Escrow that is not cured within ten (10) days after written notice from the FHA, the FHA shall have the right to terminate this Agreement by delivering written notice thereof to Developer and FHA may receive and retain the Deposit as liquidated damages (as described in Section 2.1.3 above). Upon a default by FHA prior to the close of escrow that is not cured within ten (10) days after written notice from Developer, Developer may seek against FHA any available remedies at law or equity, including but not limited to, the right to receive damages (excluding damages for lost profits) or to pursue an action for specific performance.

5.2 Developer Default and FHA Remedies After the Close of Escrow. FHA shall have a power of termination as described in the California Civil Code Section 885.010, consisting of the following. In the event Developer, after the Close of Escrow, and prior to the issuance of a Certificate of Completion, fails to timely complete grading, timely commence vertical construction, or timely complete the Improvements as required by the Schedule of Performance (as extended by Force Majeure Delays), then the FHA shall be entitled to unilaterally record a notice of exercise of power of termination in the Official Records of Contra Costa County, and reenter and take possession of the Land and all Improvements thereon, and the Developer shall upon written demand by FHA promptly execute a recordable quitclaim deed in favor of FHA, cause it to be duly acknowledged and deliver it to the FHA in order to convey title to the Land and Improvements to the FHA, and execute and deliver (and cause to be acknowledged), all documents necessary to remove all liens except for the deed of trust securing the Senior Project Loan, and FHA may take any and all actions necessary to enforce such rights and obligations (including specific performance),

However, the Executive Director shall execute a recordable, reasonable subordination agreement, if required by the lender of the Senior Project Loan, in order to subordinate FHA's rights described herein to the deed of trust securing the Senior Project Loan.

Upon in the FHA acquiring title to the Land and Improvements as provided in this Section, the FHA shall use good faith efforts to resell the same pursuant to another disposition and

development agreement, and upon such resale, the proceeds thereof shall be applied as follows:

1. First, to reimburse the FHA for any payment made by FHA to the Senior Project Lender any other holder of a lien on the Project or any parties thereof or interest therein to cause such lien to be released or reconveyed.

2. Second, to reimburse the FHA for all costs and expenses incurred by the FHA, including but not limited to salaries of personnel and legal fees incurred in connection with the recapture, management, and resale of the Land and Improvements and (but less any income derived by the FHA from any part of the Land in connection with such management); all taxes, installments of assessments payable prior to resale, and applicable water and sewer charges with respect to the Land and Improvements or any portion thereof; and any amounts otherwise owed to the FHA by the Developer.

3. Third, to reimburse the Developer for the cost of the improvements the Developer has placed on the Land or applicable portion thereof at the Developer's cost (i.e., using equity funds, and not loan funds);

4. Fourth, any balance remaining after such reimbursements shall be retained by the FHA.

5.3 No Speculation. The rights established in this Article are to be interpreted in light of the fact that the FHA will convey the Land to Developer for development and operation of the Project thereon and not for speculation in undeveloped land or for construction of different improvements.

5.4 No Personal Liability.

5.4.1 No representative, agent, attorney, consultant, or employee of the FHA or the City of Fairfield shall personally be liable to the Developer or any successor in interest of Developer, in the event of any Default or breach by the FHA, or for any amount which may become due to Developer or any successor in interest, on any obligation under the terms of this Agreement.

5.4.2 Neither Developer nor its officers, directors, members, managers, partners, purchasers, agents, representatives, employees, or contractors shall have any personal liability under this Agreement, and the FHA's sole remedies for any breach or default under any provision of this Agreement shall be limited to: (i) the Deposit (if the Developer default occurs prior to the Close of Escrow), (ii) to the remedy and rights set forth in Section 5.2 above (if the circumstance described in Section 5.2 occur), or (iii) if applicable, enforcement of (and/or damages for breach of) Section 6.

5.5 Rights and Remedies are Cumulative. The rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same default or any other default by the non-defaulting Party; provided, however, that

liquidated damages specified herein shall constitute the sole damages recoverable for the default giving rise to such liquidated damages.

5.6 Inaction Not a Waiver of Default. Any failures or delays by either Party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies, or deprive either such Party of its rights to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies. The acceptance by a Party of less than the full amount due from the other party shall not constitute a waiver of such Party's right to demand and receive the full amount due, unless such Party executes a specific accord and satisfaction.

5.7 Force Majeure. Following the Close of Escrow, and notwithstanding anything to the contrary in this Agreement, nonperformance shall be excused when performance is prevented or delayed by reason of any of the following forces reasonably beyond the control of such party (a "Force Majeure Delay"): (i) failure to perform by Developer attributable to any strike, lockout or other labor or industrial disturbance (whether or not on the part of the employees of either party hereto), civil disturbance, future order claiming jurisdiction, acts of a public enemy, war, acts of terrorism, riot, sabotage, blockade, embargo, inability to secure customary materials, supplies or labor through ordinary sources by reason of regulation or order of any government or regulatory body; and (ii) delay attributable to severe weather, lightning, earthquake, fire, storm, hurricane, tornado, flood, washout, explosion, or any other similar cause beyond the reasonable control of the party from whom performance is required. Any prevention, delay or stoppage due to any Force Majeure Delay shall excuse the performance of the party affected for a period of time equal to any such prevention, delay or stoppage (except the obligations of either party to pay money to the other party or to close escrow) provided that the Party claiming the Force Majeure Delay notifies the other Party of the Force Majeure Delay within a reasonable time (not to exceed ten (10) business days) after the commencement of the Force Majeure Delay.

6. INSURANCE; INDEMNITY.

6.1 Insurance.

6.1.1 From and after the Close of Escrow, during construction of the Project, and until the earlier of (a) conveyance of title to the Land to the FHA under Section 5.2 above, or (b) issuance of the Certificate of Completion, Developer shall obtain and maintain at no cost or expense to the FHA, with a reputable and financially responsible insurance company reasonably acceptable to the FHA, maintain in force until completion of such work (i) "all risk" builder's risk insurance, including coverage for vandalism and malicious mischief, in a form and amount and with a company reasonably acceptable to the FHA, and (ii) workers' compensation insurance covering all persons employed by Developer in connection with work on the Project, or any portion thereof. During the construction of Improvements on any portion of the Land by Developer, such builder's risk insurance shall cover improvements in place and all material and equipment at the job site furnished under contract, but shall exclude contractors', subcontractors', and construction managers' tools and equipment and property owned by contractors' and subcontractors' employees.

6.1.2 Developer shall also furnish or cause to be furnished to the FHA evidence satisfactory to the FHA that any contractor with whom it has contracted for the

performance of work on the Land or otherwise pursuant to this Agreement carries workers' compensation insurance as required by law.

6.1.3 With respect to each policy of insurance required above, Developer and each of Developer's general contractors, engineers and architects shall furnish to the FHA a certificate on the insurance carrier's form setting forth the general provisions of the insurance coverage promptly after written request by FHA showing the additional insureds. The certificate shall also be furnished by Developer prior to commencement of construction of any Improvements.

6.1.4 All such policies required by this Section shall contain (i) language to the effect that the policies cannot be cancelled or materially changed except after thirty (30) calendar days' written notice by the insurer to the FHA, and (ii) a waiver of the insurer of all rights of subrogation against the FHA and the other additional insureds. All such insurance shall have deductibility limits which shall be commercially reasonable.

6.2 Indemnity. Developer hereby agrees to indemnify, defend, protect, and hold harmless the FHA and the City of Fairfield (as a third party beneficiary) and any and all agents, employees, representatives, council members, board members, consultants, and officers of the FHA and City of Fairfield, from and against all losses, liabilities, claims, damages (including foreseeable or unforeseeable consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out of pocket litigation costs and reasonable attorneys' fees) and demands of any nature whatsoever, related directly or indirectly to, or arising out of or in connection with the development or construction by Developer of the Improvements on the Land.

The provisions of this Section shall survive the Close of Escrow or the termination of this Agreement, if applicable.

7. REPRESENTATIONS AND WARRANTIES.

7.1 Developer Representations. Developer represents and warrants to the FHA as of the date of this Agreement and as of the Close of Escrow that:

(i) Each of the entities comprising Developer is a corporation validly existing and in good standing under the laws of the State of California.

(ii) Developer has duly authorized the execution and performance of this Agreement and the execution and performance of all of the closing documents set forth herein.

(iii) Developer's execution and performance of this Agreement and the closing documents will not violate any provision of the Developer's operating/LLC agreement or any deed of trust, lease, contract, agreement, instrument, order, judgment or decree by which Developer is bound.

(iv) The Developer has not engaged a broker with respect to the purchase of the Land contemplated herein.

7.2 FHA Representation. The FHA hereby represents and warrants to the Developer that the FHA has not engaged a broker with respect to the purchase of the Land as contemplated herein.

8. GENERAL PROVISIONS.

8.1 Notices. All notices and demands shall be given in writing by certified mail, postage prepaid, and return receipt requested, or by reputable overnight messenger. Notices shall be considered given upon the earlier of (a) one business day following deposit or delivery with a nationally recognized overnight courier delivery charges prepaid, or (b) upon delivery or attempted delivery as shown on the return receipt if sent by certified mail. Notices shall be addressed as provided below for the respective Party; provided that if any Party gives notice in writing of a change of name or address, notices to such Party shall thereafter be given as demanded in that notice:

FHA: Fairfield Housing Authority
1000 Webster Street
Fairfield, CA 94533
Attn: Executive Director

Developer: Affordable Housing Alliance II, Inc.
4 Venture, Suite 295
Irvine, CA 92618
Attn: Philip Wood

with a copy to: Sutton Place Development Corp
4 Woodgrove
Irvine, CA 92604
Attn: Patrick Morrill

8.2 Construction. The Parties agree that each Party and its counsel have reviewed and revised this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not apply in the interpretation of this Agreement or any amendments or exhibits thereto. This Agreement shall be construed as a whole according to its fair language and common meaning to achieve the objectives and purposes of the Parties.

8.3 Interpretation. In this Agreement the neuter gender includes the feminine and masculine, and singular number includes the plural, and the words "person" and "party" include corporation, partnership, firm, trust, or association where ever the context so requires. Unless otherwise required by a specific provision of this Agreement, time hereunder is to be computed by excluding the first day and including the last day. If the date for performance falls on a Saturday, Sunday, or legal holiday, the date for performance shall be extended to the next business day. All references in this Agreement to a number of days in which either party shall have to consent approve or perform shall mean calendar days unless specifically stated to be business days.

8.4 Time of the Essence. Time is of the essence of this Agreement.

8.5 Warranty Against Payment of Consideration for Agreement. Developer warrants that it has not paid or given, and will not pay or give, to any third person, any money or other consideration for obtaining this Agreement, other than normal costs of conducting business and costs of professional services such as architects, engineers and attorneys.

8.6 Attorneys' Fees. If any Party brings an action to enforce the terms hereof or declare its rights hereunder, the prevailing Party in any such action shall be entitled to its reasonable attorneys' fees to be paid by the losing Party as fixed by the court. If the FHA or the City is made a party to any litigation instituted by or against Developer or to any litigation attacking the validity of this Agreement, then Developer shall indemnify and defend the FHA and the City of Fairfield against, and save them harmless from, all costs, expenses (including reasonable attorneys' fees), claims, liabilities, damages and losses incurred by the FHA in connection with such litigation provided, however, that in no event shall the Developer be obligated to pay any damages awarded to any person or entity that result from the gross negligence or willful misconduct of the FHA.

8.7 Entire Agreement. This Agreement, together with all attachments and exhibits hereto, and all agreements executed pursuant hereto, constitutes the entire understanding and agreement of the Parties. 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 the subject matter hereof.

8.8 Severability. Each and every provision of this Agreement is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Agreement or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected hereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

8.9 No Third Party Beneficiaries. This Agreement is made and entered into for the sole benefit of the Parties, and there are no third-party beneficiaries of this Agreement. No other person shall have any right of action based upon any provision of this Agreement.

8.10 Governing Law; Jurisdiction; Service of Process. This Agreement and the rights of the Parties shall be governed by California law. The Parties consent to the exclusive jurisdiction of the California Superior Court for the County of Solano. If any legal action is commenced by Developer against the FHA, or by FHA against Developer, service of process on the FHA shall be made by personal service upon the Executive Director or secretary of the FHA, or in such other manner as may be provided by law. If any legal action is commenced by FHA against Developer, service of process on Developer shall be made by personal service on Phillip Wood or Patrick Morrill, or in such other manner as may be provided by law.

8.11 Survival. The provisions hereof shall not merge into, but rather shall survive, any conveyance hereunder (including, without limitation, the delivery and recordation of the Grant Deed) and the delivery of all consideration.

8.12 FHA Actions. In addition to any provisions of this Agreement that gives the Executive Director the authority to make decisions and grant approvals, the FHA hereby authorizes the Executive Director to deliver such approvals, consents as are contemplated by this Agreement, waive requirements under this Agreement, extend any deadline or timeline, and modify this Agreement, on behalf of the FHA provided that the applicable approval, consent, waiver or modification is not substantial (*i.e.*, does not change the fundamental business transaction between the Developer and the FHA, as determined by the Executive Director in his reasonable discretion).

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

8.14 Electronic Delivery. This executed Agreement may be delivered electronically by email/PDF to jrice@fairfield.ca.gov for the FHA and to pm@suttonplaceproperties.com and phil@integrityhousing.org for the Developer.

8.15 Successors and Assigns. FHA shall not assign this Agreement without the prior written consent of Developer. Subject to Section 4 above, this Agreement shall be binding upon, and inure to the benefit of, Developer and its successors, heirs, administrators and permitted

assigns.

IN WITNESS WHEREOF, the Parties hereto have entered into this Agreement as of the day and year first above written.

DEVELOPER:

AFFORDABLE HOUSING ALLIANCE II,
INC.

By:



Philip Wood
President

FHA:

FAIRFIELD HOUSING AUTHORITY

By:

Sean P. Quinn
Interim Executive Director

SUTTON PLACE DEVELOPMENT CORP

By:



Patrick Morrill
President

APPROVED AS TO FORM:

By:



Bruce Galloway of Richards,
Watson & Gershon, counsel to FHA

EXHIBIT "A"

LEGAL DESCRIPTION OF LAND

Beginning at the Southeast corner of land owned by John T. Gonsalves and Mary Enos Gonsalves, being the same premises conveyed by Christian Nielsen and Marie E. Nielsen to John T. Gonsalves and Mary Enos Gonsalves, by deed dated January 7, 1929, and recorded same date in Book 25 of Deeds, Page 224, Solano County Records; running thence Southerly 353 feet to a post; thence Westerly 595 feet to a post; running thence Northerly 353 feet to a post; and then running thence Easterly 595 feet to the place of beginning. the same being a portion of the South one-half of Section 26, Township 5 North, Range 2 West, M.B.M.

EXHIBIT "B"

FORM OF GRANT DEED

RECORDING REQUESTED BY AND WHEN RECORDED RETURN TO,
AND MAIL TAX STATEMENTS TO:

APN: 0031-201-030

(Space above for Recorder's Use) Exempt From Recording Fee Per Government Code Section 27383

Documentary transfer tax is \$ _____, based on the full value of the property conveyed.

GRANT DEED

The undersigned grantor(s) declare(s):

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the FAIRFIELD HOUSING AUTHORITY ("Grantor") hereby GRANTS to _____ ("Grantee") the land (the "Land") located in the City of Fairfield, County of Solano, State of California described on Exhibit "A".

SUBJECT TO, all matters of record and all matters visible upon inspection.

1. This grant of the Land is subject to the terms of a Disposition and Development Agreement entered into by and between Grantor and Grantee dated as of _____, 20__ (the "Agreement") the terms of which are incorporated herein by reference (and which include maintenance covenants, as well as the matters described in Section 2 and 3 below). A copy of the Agreement is available for public inspection at the offices of the Grantor at 1000 Webster Street, 2nd Floor, Fairfield, CA 94533.

2. As provided in Section 5.2 of the Agreement, Grantor shall have a power of termination and, subject to the provisions contained said Section 5.2, the Grantor shall have the right, at its option, to reenter and take possession of the Land hereby conveyed, with all improvements thereon and to terminate and revert in Grantor the Land hereby conveyed to the Grantee (or its successors in interest), and in connection therewith, Grantee and its successors and assigns shall comply therewith, subject to any recorded subordination agreement executed by the Executive Director of Grantor in favor of any lender with a recorded deed of trust secured by the Land whose loan is used for costs of the Improvements (as defined in the Agreement).

3. The Grantee covenants, for itself and its successors and assigns, that there shall be no sale, transfer, assignment, conveyance, lease, pledge or encumbrance of the DDA, or the Land and the Improvements thereon or any part thereof, or of ownership interests in the Grantee in

violation of the DDA, which contains restrictions on the assignment of the DDA and the transfer of interests in the Land.

4. All covenants contained in this Grant Deed shall be covenants running with the land.

IN WITNESS WHEREOF, the undersigned has executed this Grant Deed as of the date set forth below.

Dated: _____, 201__

FAIRFIELD HOUSING AUTHORITY

By: _____

Print Name: _____

Title: _____

ATTEST:

_____, Secretary

CALIFORNIA ALL PURPOSE ACKNOWLEDGEMENT

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

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

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

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

WITNESS my hand and official seal.

Place Notary Seal Above

Signature of Notary Public

EXHIBIT A TO GRANT DEED

Beginning at the Southeast corner of land owned by John T. Gonsalves and Mary Enos Gonsalves, being the same premises conveyed by Christian Nielsen and Marie E. Nielsen to John T. Gonsalves and Mary Enos Gonsalves, by deed dated January 7, 1929, and recorded same date in Book 25 of Deeds, Page 224, Solano County Records; running thence Southerly 353 feet to a post; thence Westerly 595 feet to a post; running thence Northerly 353 feet to a post; and then running thence Easterly 595 feet to the place of beginning. the same being a portion of the South one-half of Section 26, Township 5 North, Range 2 West, M.B.M.

EXHIBIT "C"

SCHEDULE OF PERFORMANCE

This Schedule of Performance requires the submission of plans or other documents at specific times. Some of the submissions are not described in the text of the Agreement. Such plans or other documents, as submitted, must be complete and adequate for review by the FHA and the City of Fairfield or other applicable governmental entity when submitted. Prior to the time set forth for each particular submission, the Developer shall consult with FHA staff informally as necessary concerning such submission in order to assure that such submission will be complete and in a proper form within the time for submission set forth herein.

<u>Action</u>	<u>Date / Deadline</u>
Items 1 – 10 Relate to Developer Actions and Requirements Prior to or through/at the Close of Escrow	
1. <u>Opening of Escrow</u> . The Parties shall deliver a copy of this executed Agreement to, and open escrow with, the Escrow Holder.	Within five (5) business days after the Effective Date
2. <u>Preliminary Project Budget Sources and Uses</u> ; The Developer shall submit a preliminary Project Budget for the Improvements and a schedule of sources and uses of funds, with reasonable evidence of required equity.	Not later than 180 days after Effective Date
3. <u>Preliminary Plans</u> . Developer shall submit preliminary Plans and Specifications to the City of Fairfield.	Not later than 180 days after the Effective Date
4. <u>Design Development Plans</u> . Developer shall submit interim "design development" Plans and Specifications to the City of Fairfield.	Not later than ninety (90) following the receipt of the City of Fairfield's comments to the Preliminary Plans.
5. <u>Final Plans and Specifications</u> . The Developer shall submit the Final Plans and Specifications for City of Fairfield approval.	Prior and as a condition to the Close of Escrow.
6. <u>Building Permits</u> . The-Building Permits for the construction of the Improvements are capable of being issued, subject to postponement of fees (that must be paid at the Close of Escrow through escrow if not paid earlier).	Condition to the Close of Escrow.

<u>Action</u>	<u>Date / Deadline</u>
7. <u>Performance and Payment Bonds.</u> The Developer shall deliver to the FHA copies of any required performance and payment bonds per Section 2.4.6.	Prior and as a condition to the Close of Escrow.
8. <u>Insurance.</u> The Developer shall submit evidence of insurance to the FHA.	Prior and as a condition to the Close of Escrow.
9.	
Items 11 – 15 Relate to the Conveyance of the Land and Developer Actions and Requirements After the Close of Escrow	
10. <u>Close of Escrow.</u> The Developer shall purchase the Land from the FHA.	On or before the date that is twelve (12) months after the Effective Date.
11. Completion of Grading	To be determined under Section 2.7.2.
12. Commencement of vertical construction.	To be determined under Section 2.7.2.
13. Completion of Improvements.	To be determined under Section 2.7.2.

EXHIBIT "D"

SCOPE OF DEVELOPMENT

162 rental units, 3-story building(s) with, property management office, swimming pool, fitness center, indoor and outdoor community space, tot lot, fire pits, outdoor dining area, bike kitchen, and community gardens.

EXHIBIT "E"

FORM OF CERTIFICATE OF COMPLETION

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

APN: _____

(Space Above for Recorder's Use Only)

This document is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

CERTIFICATE OF COMPLETION

THIS CERTIFICATE OF COMPLETION (the "Certificate") is made by the FAIRFIELD HOUSING AUTHORITY (the "FHA"), in favor of _____
_____.

RECITALS

A. FHA and Affordable Housing Alliance II, Inc. and Sutton Place Development Corporation have entered into that certain unrecorded Disposition and Development Agreement (the "DDA") dated as of _____, 2019 concerning the development of certain real property situated in the City of Fairfield, California, described in Exhibit "A" attached hereto (the "Site").

B. As referenced in Section 3.11 of the DDA, FHA is required to furnish a Certificate of Completion ("Certificate") upon completion of construction of the "Project" (as defined in the DDA), which Certificate is required to be in such form as to permit it to be recorded in the Recorder's Office of Solano County. This Certificate is conclusive determination of satisfactory completion of the construction and development required by the DDA.

C. FHA has conclusively determined that the construction and development of the Project has been satisfactorily completed per the terms of the DDA.

NOW, THEREFORE, FHA hereby certifies as follows:

1. FHA does hereby certify that the Project to be constructed under the DDA has been fully and satisfactorily completed in full conformance with the DDA.

2. This Certificate shall not constitute evidence of compliance with or satisfaction of any obligation to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance construction work on the Site, or any part thereof.

3. This Certificate shall not constitute evidence of compliance with (i) those covenants in the DDA that survive the issuance of this Certificate, or (ii) applicable laws, including building codes.

4. This Certificate is not a Notice of Completion as referred to in California Civil Code Section 3093 or a Certificate of Occupancy.

5. Nothing contained in this instrument shall modify in any other way any other provisions of the DDA (including without limitation the attachments thereto).

IN WITNESS WHEREOF, FHA has executed this Certificate of Completion this ___ day of _____, 201__.

FAIRFIELD HOUSING AUTHORITY

By:

Print

Name:

Title:

ATTEST:

_____, Secretary

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

State of California)
County of _____)

On _____, before me,

,
Notary Public, (insert name and title of the officer) personally appeared

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

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

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT "A"

LEGAL DESCRIPTION

Beginning at the Southeast corner of land owned by John T. Gonsalves and Mary Enos Gonsalves, being the same premises conveyed by Christian Nielsen and Marie E. Nielsen to John T. Gonsalves and Mary Enos Gonsalves, by deed dated January 7, 1929, and recorded same date in Book 25 of Deeds, Page 224, Solano County Records; running thence Southerly 353 feet to a post; thence Westerly 595 feet to a post; running thence Northerly 353 feet to a post; and then running thence Easterly 595 feet to the place of beginning. the same being a portion of the South one-half of Section 26, Township 5 North, Range 2 West, M.B.M.