

DISPOSITION, DEVELOPMENT AND LOAN AGREEMENT

by and between the

FAIRFIELD HOUSING AUTHORITY

and

MP 1700 SANTA MONICA ASSOCIATES, L.P.,
a California limited partnership

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DISPOSITION, DEVELOPMENT AND LOAN AGREEMENT

THIS DISPOSITION, DEVELOPMENT AND LOAN AGREEMENT (the "Agreement" or "DDLA") is dated as of February 4, 2020 and is entered into by and between the FAIRFIELD HOUSING AUTHORITY (the "FHA"), and MP 1700 SANTA MONICA ASSOCIATES, L.P., a California limited partnership ("Developer").

RECITALS

A. FHA owns the land described on Exhibit "A" (the "Property"), having acquired the Property from the former redevelopment agency as a housing asset. The FHA is the successor to the housing assets of the former redevelopment agency, which initially acquired the Property using low/mod housing set-aside funds.

B. Developer desires to acquire the Property from FHA for the purpose of developing a seventy-two (72) unit apartment complex (the "Project") on the Property.

A material inducement to the FHA to enter into this Agreement is the agreement by Developer to develop the Project as provided herein, and not sell or otherwise convey the Project until the Project is complete.

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 "Affiliated Person" means, when used in reference to a specific person, any person that directly or indirectly controls or is controlled by or under common control with the specified person, any person that is an officer or director of, a trustee of, or a general partner, managing member or operator in, the specified person or of which the specified person is an officer, director, trustee, general partner or managing member.

1.1.2 "Agreement" means this Disposition, Development and Loan Agreement.

1.1.3 "Base Project Financing Summary" means the summary of the Project financing showing current estimated total development cost and FHA financial contribution attached hereto as Exhibit "J".

1.1.4 "Building Permit" means, collectively, any and all permits necessary to grade the Land and construct the Project that would be issued by the City.

1.1.5 "Capital Replacement Reserve" means a reserve fund to be established by the Developer pursuant to Section 3.12 hereof.

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

1.1.7 “City Manager” means the Executive Director of the FHA.

1.1.8 “Close of Escrow” is defined in Section 2.3.

1.1.9 “Construction Contract” is defined in Section 3.3.

1.1.10 “Debt Service” means required debt service payments under the Senior Project Loan (which will not require payments based on Residual Receipts or any similar concept) and reserve deposits, compliance monitoring fees and any mandatory payments (excluding any payments based on Residual Receipts or any similar concept) required by any Lender with a Permitted Security Instrument.

1.1.11 “Default” is defined in Section 5.1.

1.1.12 “Disapproved Title Exceptions” is defined in Section 2.4.1.

1.1.13 “Escrow” is defined in Section 2.3.

1.1.14 “Escrow Holder” means Old Republic Title Company.

1.1.15 “Executive Director” means the Executive Director of FHA (currently, Stefan T. Chatwin).

1.1.16 “FHA” means the Fairfield Housing Authority.

1.1.17 “FIRPTA Affidavit” is defined in Section 2.9.1.3.

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

1.1.19 “General Contractor” is defined in Section 3.3.

1.1.20 “Grant Deed” is defined in Section 2.4.2.

1.1.21 “Gross Revenues” means the sum of: the total rental income and all other revenues or income received by the Developer or its successors or assigns in connection with the Project, including without limitation Housing Rent, laundry charges or consideration received from an entity that contracts to provide laundry services, payments in connection with Section 8 certificates, if any (including payments under such certificates that are in excess of the restricted rents provided for herein), cable income or consideration received from an entity that contracts to provide cable services, and each of (i) amounts paid to Developer on account of Operating Expenses for further disbursement by Developer to a third party or parties; (ii) late charges and interest paid on rentals; (iii) rents and receipts from licenses, concessions, vending machines, coin laundry, and similar sources; (iv) other fees, charges, or payments not denominated as rental but payable to Developer in connection with the rental of office, retail, storage, or other space in the Project; (v) consideration received in whole or in part for the cancellation, modification, extension or renewal of leases; (vi) interest and other investment earnings on security deposits, reserve

accounts and other Project accounts to the extent disbursed and not added to the respective account or, in the case of reserve accounts, used to pay for repairs, capital improvements or to fund operating deficits, (vii) grants, but only to the extent they are used to pay Operating Expenses or Debt Service, and (viii) all other income from the Project, but does not include insurance proceeds applied to reconstruct or repair the Project.

1.1.22 “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.

1.1.23 “Holder” is defined in Section 4.2.

1.1.24 “Housing Rent” means the total of payments by the tenants of the Project for (a) use and occupancy of their rental unit and facilities associated therewith, (b) any separately charged fees or service charges assessed by Developer which are required of all tenants, other than security deposits (until they are applied), and (c) a reasonable allowance for utilities not included in (a) or (b) above, including garbage collection, sewer, water, electricity and gas, provided that the rent charged as to any affordable unit shall not exceed the affordable rent described in the Regulatory Agreements.

1.1.25 “Improvements” means all buildings, landscaping, infrastructure, utilities, and other improvements to be built on the Land, as described in the Scope of Development.

1.1.26 "Institutional Lender" means any reputable, established and creditworthy 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), Federal or State agency or nonprofit lender 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.

1.1.27 "Land" means the land described on Exhibit "A" attached hereto.

1.1.28 "Lender" means the holder of any Security Instrument and such holder's successors and assigns.

1.1.29 "Operating Expenses" means actual, reasonable and customary costs, fees and expenses directly incurred and for which payment has been made and which are attributable to the operation, maintenance, and management of the Project (but not any capital replacement reserves or other reserves, expenditures or capital), including without limitation the following (to the extent actual, reasonable and customary, and attributable to the operation, maintenance or management of the Project): painting, cleaning, repairs and alterations; landscaping; utilities; rubbish removal; sewer charges; real and personal property taxes and assessments; insurance premiums; security; advertising, promotion and publicity; office, janitorial, cleaning and building supplies; actual and customary salary payable to on-site staff which directly and exclusively benefits residents of the Project; reasonable current and accrued partnership and asset management fees, if required by Developer's partnership agreement, with annual earnings not to exceed \$25,000, increased by 3.5% each January 1st, for the general partner, and with annual earnings not to exceed \$7,500, increased by 3.5% each January 1st, for the duration of the tax credit compliance period, for limited partners; a property management fee ("Management Fee") to a property manager of not to \$62 per unit per month with 3.5% increasing each January 1st, plus \$9.50 per units per month for bookkeeping fees; purchase, repairs, servicing and installation of appliances, equipment, fixtures and furnishings; reasonable and customary fees and expenses of accountants, attorneys, consultants and other professionals as incurred commencing after the completion of the Project (as evidenced by the issuance by City of a certificate of occupancy) in connection with the operation of the Project; deposits to reserves from operating cash, as required by the Developer's partnership agreement or any lender, or as reasonably necessary for the financial sustainability of the Project as determined by the Developer and approved by the FHA or the lender for the Senior Project Loan (such approval may be provided in the form of an approved annual Project Budget); payments of deductibles in connection with casualty insurance claims not normally paid from reserves; resident services, repayment of advances or loans from the general partner or its affiliates used for fund operating costs/deficits; and payment of any tax credit adjuster payments, repayment of loans from the limited partner and deferred developer fees. The Operating Expenses shall not include non-cash expenses, including without limitation, depreciation. Operating Expenses shall also exclude all of the following: (i) salaries of employees of Developer or Developer's general overhead expenses, or expenses, costs and fees paid to an Affiliated Person, except as set forth above; (ii) any amounts paid directly by a tenant of the Project which, if incurred by Developer, would be Operating Expenses; (iii) optional or elective payments with respect to the Senior Project Loan or any other loan; (iv) Debt Service; (v) expenses, expenditures, and charges of any nature whatsoever arising or incurred by Developer prior to

completion of the Project, or any portion thereof, including, without limitation, all predevelopment and preconstruction activities conducted by Developer in connection with the Project, including, without limitation, the preparation of all plans and the performance of any tests, studies, investigations or other work, and the construction of the Project and any on site or off site work in connection therewith; (vi) depreciation, amortization, and accrued principal and interest expense on deferred debt; and (vii) any partnership internal fees except as set forth above. The Operating Expenses shall be reported in the Annual Financial Statement and Residual Receipts Report and shall be described in line-item format and detail.

1.1.30 "Party" means any party to this Agreement, and "Parties" means all parties to this Agreement.

1.1.31 "Permitted Exceptions" is defined in Section 2.4.2.

1.1.32 "Permitted Security Instrument" means any Security Instrument (a) that encumbers only the Project; (b) a copy of which, together with the related loan documents, is promptly after execution delivered to FHA, (c) that is held by a Lender that is an Institutional Lender or by an affiliate of the Developer, and (d) only secures the repayment of money used to pay or reimburse the Total Development Costs or any Refinancing permitted by this Agreement.

1.1.33 "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.

1.1.34 "Project" means the Land and Improvements.

1.1.35 "Project Budget" is defined in Section 2.5.1.

1.1.36 "Purchase Price" is defined in Section 2.1.

1.1.37 "Refinancing" means any loan secured by a Permitted Security Instrument that Developer obtains to pay off all or a portion of an existing loan secured by a Permitted Security Instrument and costs in connection with such a loan.

1.1.38 "Released Parties" is defined in Section 2.8.3.

1.1.39 "Residual Receipts" for a particular Operating Year means Gross Revenues for the corresponding Operating Year less (i) Debt Service payments made during such Operating Year on the Senior Project Loan, or any other mandatory payments or loan fees paid from operating cash flow for other loans secured by a Permitted Security Instrument, in amounts not in excess of the amounts due and payable during such Operating Year (i.e. not including prepayments); and (ii) Operating Expenses. All calculations of Residual Receipts shall be made annually, on or before July 1 for the preceding Operating Year, the components thereof shall be subject to verification and approval, on an annual basis, based upon conformity with the terms of this Agreement and the FHA Loan Promissory Note, by FHA.

1.1.40 "Schedule of Performance" means the schedule attached hereto as Exhibit "E".

1.1.41 "Scope of Development" means the description attached hereto as Exhibit "F".

1.1.42 "Senior Project Loan" means the loan or loans that Developer obtains 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) all or 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. Any refinancing of a Senior Project Loan that either (i) does not exceed the outstanding principal balance of the loan refinanced plus refinancing loan closing costs or (ii) has Debt Service which does not exceed the Debt Service on the loan being refinanced or (iii) constitutes a "takeout" loan at conversion to the permanent phase, shall also be a Senior Project Loan

1.1.43 "Title Company" shall mean the Escrow Holder (i.e., the Title Company and the Escrow Holder are the same).

1.1.44 "Total Project Costs" means all hard and soft costs of the construction of the Project, including land costs and carry costs, as set forth in the Project Budget.

1.1.45 "Transfer" is defined in Section 4.1.

1.1.46 "Transferee" is defined in Section 4.1.

1.1.47 "Withholding Affidavit" is defined in Section 2.9.1.2.

2. CONVEYANCE OF THE PROPERTY.

2.1 Conveyance of Property. In accordance with and subject to the terms and conditions hereinafter set forth, the FHA agrees to convey the Property to Developer, and Developer agrees to acquire the Property from the FHA. There is no purchase price; the consideration for the conveyance by the FHA is Developer's covenants in this DDLA.

2.2 FHA Loan; City Deferred Fees; City Fee Credits. FHA shall make a loan to Developer in the amount of Two Million Two Hundred Thousand and no/100 (\$2,200,000.00) (the "FHA Loan"), consisting of a \$1,300,000 predevelopment loan and \$900,000 construction loan which shall be evidenced by the promissory note ("FHA Loan Promissory Note") attached hereto as Exhibit "C".

As of the Close of Escrow, the sums outstanding under the predevelopment loan shall be deemed outstanding under the FHA Loan Promissory Note, and no sums shall thereafter be payable by MidPen Housing Corporation under that certain Predevelopment Loan Agreement and Promissory Note dated December 20, 2018 between FHA and MidPen Housing Corporation.

The FHA Loan Promissory Note shall be secured by a deed of trust on the Project in the form attached hereto as Exhibit "D" ("FHA Loan Deed of Trust"). The FHA shall

reasonably subordinate the FHA Loan Deed of Trust and the Regulatory Agreement (Low/Mod Set Aside Funds) to the deed of trust securing the Senior Project Loan by a reasonable subordination agreement approved by the Executive Director. The FHA loan shall be repaid with Residual Receipts, as described in the FHA Loan Promissory Note.

The remaining \$900,000.00 of undisbursed loan funds available under the FHA Loan Promissory Note shall be disbursed by the FHA upon the Close of Escrow to reimburse Developer for or to pay costs and expenses incurred by Developer for the Project (including the cost of an access easement from the Apostolic Assembly of the Faith in Jesus Christ Church) that are consistent with the Project Budget, subject to reasonable and customary construction loan disbursement conditions, including delivery by Developer of a written draw request (with evidence of costs), appropriate lien releases, and the condition that Developer not be in default under this DDLA.

On or before July 1 of each calendar year commencing in the first year following receipt of a certificate of occupancy for the Project, Developer shall provide the FHA with an annual Residual Receipts report in form and substance reasonably acceptable to FHA that include annual financial statements with respect to the Project that have been reviewed by an independent certified public accountant, together with an express written opinion of such independent certified public accountant that such report presents the financial position, results of operations and cash flows of the Project accurately and in accordance with tax accounting principles ("Annual Financial Report"). In the event the Residual Receipts reported or paid deviate by three percent (3%) or more from that amount determined to be owing upon review of Developer's submittal and an audit (and the FHA shall have the right to audit), Developer shall reimburse FHA for its cost to review and shall pay the amounts owing.

Subject to the approval of the Director of Planning and Development of the City of Fairfield, and as a condition to the Close of Escrow (for the benefit of both FHA and Developer), the City shall provide: (i) an amount not to exceed \$1,000,000 of Fee Credits under Section 5.4.4 of the City of Fairfield Municipal Code; and (ii) up to \$1,500,000 (as increased by adjustments to the area of the Project/Improvements and by increases in fees enacted after the date hereof) of Fee Deferrals under Section 5.4.3 of the City of Fairfield Municipal Code ("Fee Deferral"). The Fee Deferral shall be evidenced by a Fee Deferral Agreement in the form attached hereto as Exhibit "K". The Fee Deferral Agreement shall be recorded at the Close of Escrow prior to the deed of trust securing the Senior Project Loan, and shall not be subordinated to the deed of trust securing the Senior Project Loan.

2.3 Opening and Closing of Escrow. Within ten (10) business days after tax credits are awarded, the FHA and the Developer shall cause an escrow (the "Escrow") to be opened with Escrow Holder for the conveyance 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. Provided that each of the conditions to closing described in Section 2.7 have been satisfied, Escrow shall close (the "Close of Escrow") within seven (7) months after the award of tax credits, but not later than February 4, 2022; provided, however, that if Developer shall not have received an amount of federal tax credits by such fixed date, then the Executive Director of FHA may extend such date in writing for up to two (2) calendar years. If the Close of Escrow does not

occur by such date, as so extended, 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 Agent shall be promptly refunded or returned, as the case may be, by Escrow Agent to the depositing party, except that all escrow and title cancellation fees shall be paid by Developer. Developer shall diligently, reasonably, and in good faith apply for federal tax credits at each time application is permitted under applicable law until sufficient federal tax credits are awarded to Developer for the Project.

2.4 Condition of Title; Title Insurance.

2.4.1 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 which shall include hyperlinks to copies of the title exception documents. Developer shall have forty-five (45) 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 (but shall not be obligated to) cause an ALTA survey ("Survey") to be performed within such period under its right of entry in Section 2.8.2 below and shall promptly deliver a copy of the Survey, if and to the extent a Survey is performed, to the FHA together with any objections (if any) to any title exceptions shown on the Survey. FHA shall have twenty (20) 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 2.8.2 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 2.8.2 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 given within the ten (10) days. If Developer fails to so terminate this Agreement, Developer shall be deemed to have approved and accepted the applicable 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".

2.4.2 At the Close of Escrow, the FHA shall convey title to the Property to Developer by grant deed in the form attached hereto as Exhibit "B" (the "Grant Deed"). Title to the Property 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 DDLA (collectively, the "Permitted Exceptions"). After the date of the PTR, FHA shall not further encumber the Property without Developer's prior written consent.

2.5 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"):

2.5.1 Developer shall have submitted to the Executive Director, and the Executive Director shall have approved, a comprehensive project budget, showing line items for each type of expenditure and the applicable sources of funds (the "Project Budget"), together with a copy of all commitments obtained by the Developer for construction financing, permanent financing, and other financing from external sources (including tax credit equity and deferred Developer fees) to assist in financing the development of the Development, certified by the Developer to be true and correct, and an audited financial statement (or other evidence in a form satisfactory to the FHA) demonstrating that the Developer has sufficient additional capital funds (i.e., "equity") available and is committing such funds (and/or deferring development or other fees) to cover the difference, if any, between costs of development of the Development and the funds available to the Developer to construct the Improvements (the "Project Budget").

2.5.2 The Developer shall have delivered to the FHA a copy of the construction loan documents for the Senior Project Loan, financial terms of which must be consistent with the Project Budget.

2.5.3 The Senior Project Loan and all other loans necessary to finance construction of the Improvements shall close prior to or concurrently with the Close of Escrow.

2.5.4 The Executive Director shall have approved the executed Construction Contract for the Project, as provided in Section 3.3 hereof.

2.5.5 The Developer shall have submitted to the Executive Director a description of the legal and ownership structure of the Developer and the Executive Director shall have approved such entity and documents.

2.5.6 The FHA shall have received evidence acceptable to the Executive Director that the construction-related insurance required by Section 6.1 of this Agreement shall be in effect.

2.5.7 All conditions to the issuance of the Building Permit shall have been approved/issued and a "permit ready" letter shall have been issued by the City (and any permit fees still payable after any fee credits are applied, shall be paid at or immediately following Close of Escrow).

2.5.8 The Developer shall have provided evidence to the FHA that the Developer's general contractor is experienced, creditworthy and able to construct and complete the Project (pursuant to the Construction Contract) and, unless such bonds are waived (i.e., and not required) by the lender of the Senior Project Loan, evidence that the obligations of Developer's general contractor to construct the Project have been bonded, for the express benefit of Developer and Developer's construction lender. If the bonding requirement applies, Developer shall secure and deposit with the FHA a Performance Bond and a Labor and Material Payment Bond (in the form of AIA form A311 or A312), issued by a surety admitted to issue insurance in the State of California and otherwise acceptable to the Executive Director, securing the faithful performance by the General Contractor of the completion of construction of the Improvements free of all liens and claims, within the time provided in the Schedule of Performance attached hereto. Such bond shall be in an amount equal to one hundred percent (100%) of the stipulated sum or guaranteed maximum price, as applicable. Such construction bond shall be issued by a company acceptable

to the FHA and listed in the current United States Treasury Department circular 570 and otherwise within the underwriting limits specified for that company in such circular. All of the foregoing shall be satisfactory in form and substance to the Executive Director.

2.5.9 Director of Community Development of the City of Fairfield shall have approved an amount not to exceed \$1,000,000 of fee credits under Section 5.4.4 of the City of Fairfield Municipal Code.

2.5.10 The Director of Community Development of the City of Fairfield shall have granted the Fee Deferrals to Developer under Section 5.4.3 of the City of Fairfield Municipal Code, and Developer and FHA will have executed and delivered to escrow the Fee Deferral Agreement.

2.5.11 Developer shall have delivered to FHA, an agreement between Developer and the Church providing for the grant to Developer of an access easement for the Property.

2.5.12 Developer 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 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"):

2.6.1 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.

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

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

2.6.4 The delivery by FHA of all documents and funds required to be delivered pursuant to Section 2.9 hereof.

2.6.5 The Title Company shall have committed to issue at the Close of Escrow an ALTA owner's title insurance policy, with any extended coverage and endorsements requested by Developer, showing fee simple title to the Land vested in Developer (or Developer's assignee as permitted by this Agreement), subject only to the Permitted Exceptions.

2.6.6 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.

2.6.7 Director of Community Development of the City of Fairfield shall have approved \$1,000,000 of fee credits under Section 5.4.4 of the City of Fairfield Municipal Code.

2.6.8 The Director of Community Development of the City of Fairfield shall have granted Fee Deferrals to Developer under Section 5.4.3 of the City of Fairfield Municipal Code, and Developer and FHA will have completed, executed and delivered to escrow the Fee Deferral Agreement executed by the City.

2.6.9 FHA shall have completed, or shall complete substantially concurrently with the Close of Escrow, a lot merger merging the lots bearing Assessor's Parcel Numbers 0037-053-700, 0037-340-190, 0037-340-010 and 0037-053-560.

2.6.10 Developer shall have obtained the access easement from the Church, which will be recorded at or prior to Close of Escrow.

2.6.11 FHA shall have made the FHA Loan to Developer, or such loan will be made concurrently with the Close of Escrow.

2.6.12 Developer shall have obtained the Senior Project Loan, any other loans necessary to finance the Improvements, and the tax credits for the tax credit equity necessary to pay the costs of the Improvements (after deferral of Developer fees).

2.7 Costs; Escrow Holder Settlement Statement.

2.7.1 Developer shall be solely responsible for all costs and expenses related to the Survey, the costs of 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 documentary transfer taxes, and any endorsements obtained by FHA to "insure-over" title exceptions.

2.7.2 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.

2.8 Condition of the Property.

2.8.1 "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 Property, 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 Property, (b) the Property'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 Property.

2.8.2 Delivery of Document by FHA; Inspections by Developer; Due Diligence Period. Within ten (10) business days after the date of this Agreement, FHA shall deliver to Developer copies of all material, non-privileged documents in the possession of FHA that pertain to the Property (the "Documents"). Upon the execution of this Agreement until the date that is 120 days after the date of this Agreement (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 (without disturbing any occupants thereof) 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 claims, liabilities, losses, damages, costs and expenses (including, without limitation, reasonable attorneys' fees and cost) resulting from the entry onto the Property for such purposes or for purposes of performing the Survey, except to the extent any such claims, liabilities, loss, damages, costs or expenses are the result of the gross negligence or willful misconduct of FHA. If Developer disapproves 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.

In addition, if Developer has notice of an environmental condition that first arises after the Due Diligence Period has expired, and the cost to remediate the environmental condition is greater than the FHA's monetary contribution toward such remediation, then Developer may terminate this Agreement by written notice to FHA given within thirty (30) days after Developer obtains or has such notice.

2.8.3 Releases and Waivers. Developer acknowledges and agrees that in the event Developer does not approve of the condition of the Property under Section 2.8.2, Developer's sole right and remedy shall be to terminate this Agreement under and in accordance with Section 2.8.2. Consequently, following Developer's approval of the Property condition pursuant to Section 2.8.2, Developer hereby waives any and all objections to or complaints regarding the Property 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 1.1.19), RCRA (as defined in Section 1.1.19), 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 Property. Developer further hereby assumes, following Close of Escrow, the risk of changes in applicable laws and regulations relating to past, present and future environmental conditions on the Property 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, from and after the Close of Escrow, its right to recover from and fully and irrevocably releases FHA 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 Property 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 Property or emanating therefrom, then Developer waives any rights it may have against FHA in connection

therewith, including, without limitation, under CERCLA (as defined in Section 1.1.19 and Developer agrees that it shall not (i) implead the FHA, (ii) bring a contribution action or similar action against FHA, or (iii) attempt in any way to hold FHA responsible with respect to any such matter. The provisions of this Section 2.8.3 shall survive the Close of Escrow. The foregoing shall not apply to Hazardous Materials on the Property prior to Close of Escrow that were known to FHA, but not known to Developer and not disclosed by FHA to Developer prior to Close of Escrow.

FHA has given Developer material concessions regarding this transaction in exchange for Developer agreeing to the provisions of this Section 2.8.3. FHA and Developer have each initialed this Section 2.8.3 to further indicate their awareness and acceptance of each and every provision hereof.

AGENCY'S INITIALS



DEVELOPER'S INITIALS

The foregoing releases and waivers shall not, however, apply to Hazardous Materials on the Property prior to Close of Escrow known to FHA but not known to Developer and not disclosed by FHA to Developer.

2.8.4 Environmental Indemnity. From and after the Close of Escrow, Developer shall indemnify, protect, defend and hold harmless the FHA, and the FHA's 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 reasonable attorneys' fees and costs, arising directly or indirectly out of any claim for loss or damage to any property, including the Property, 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 Property acquired by Developer or other portion of the Land, provided, however, that the foregoing shall not apply to Hazardous Materials on the Property prior to Close of Escrow that was known to FHA, but not known to Developer and not disclosed by FHA prior to Close of Escrow.

2.9 Deposits into Escrow by FHA.

2.9.1 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:

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

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

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

2.9.1.4 A Subordination Agreement subordinating the FHA Deed of Trust and the Affordability Restrictions and Regulatory Agreement (Low/Mod Set Aside Fund) (but not the Affordability Restrictions and Regulatory Agreement (Density Bonus; Fee Deferral; Fee Credits)) to the Construction Loan deed of trust, in a form reasonably approved by the Executive Director.

2.9.1.5 A counterpart of a Notice of Affordability Restrictions in the form attached hereto as Exhibit "G", executed by FHA and acknowledged (the "Notice").

2.9.1.6 Counterpart of two (2) Affordability Restrictions and Regulatory Agreements in the forms attached hereto as Exhibit "H", duly executed by FHA and acknowledged ("Regulatory Agreements").

2.9.1.7 A Request for Notice, duly executed by the FHA and acknowledged (with respect to the Senior Project Loan deed of trust) (the "Request").

2.9.1.8 A counterpart of the Fee Deferral Agreement in the form attached hereto as part of Exhibit "K", duly executed by City and acknowledged.

2.9.1.9 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.

2.10 Deposits into Escrow by Developer.

2.10.1 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:

2.10.1.1 The FHA Loan Promissory Note and the Fee Deferral Agreement, in the form attached hereto as part of Exhibit "K", executed by Developer.

2.10.1.2 The FHA Loan Deed of Trust in the form attached hereto as Exhibit "D" duly executed by Developer and acknowledged.

2.10.1.3 Counterparts of the Regulatory Agreements, duly executed by Developer and acknowledged.

2.10.1.4 A counterpart of the Notice, duly executed by Developer and acknowledged.

2.10.1.5 A counterpart of the Fee Deferral Agreement duly executed by Developer and acknowledged.

2.11 Authorization to Record Documents and Disburse Funds. Escrow Holder is hereby authorized to deliver the original executed FHA Loan Promissory Note to FHA, and 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 is unconditionally committed to issue in favor of Developer an owner's Policy of Title Insurance with a liability amount approximately equal to the approximate value of the Land, showing the Land vested in 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 2.9 and 2.10.

(iii) The FHA and Developer have confirmed to Escrow Holder that all other 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.

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

2.12.1 Record the Grant Deed, then the Affordability Restrictions and Regulatory Agreement (Density Bonus ; Fee Deferral; Fee Credits), then the Fee Deferral Agreement, then deed of trust securing the Senior Project Loan, then the Affordability Restrictions and Regulatory Agreement (Low/Mod Set Aside Fund); then the FHA Loan Deed of Trust, then the Notice; then the Request, and finally the Subordination Agreement in the Official Records of Solano County;

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

2.12.3 Prorate assessments, rents, 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;

2.12.4 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;

2.12.5 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

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

2.13 Termination by the Developer. If a condition in Section 2.5 or 2.6 is not timely satisfied (or expressly waived in writing by the benefitted party), then the party for whose benefit the condition exists (i.e., FHA for the conditions of 2.5 and Developer for the conditions in Section 2.6) may terminate this Agreement by written notice to the other party, the FHA Loan will be forgiven, and thereafter neither party shall have any further rights or liability against the other under this Agreement, and the Developer shall deliver to FHA an executed assignment in a form reasonably acceptable to FHA of the Developer's rights to use all plans, blueprints, drawings, sketches, specifications, tentative or final subdivision maps, landscape plans, utilities plans, soils reports, noise studies, environmental assessment reports, grading plans and any other materials relating to the construction of the Project (the "Plans"), together with copies of all of the Plans, as have been prepared for the development of the Project to date of the termination. Developer shall promptly use its best efforts to obtain any necessary consents from any architect, engineer, contractor or third party for the effectiveness of such assignments and deliver them to FHA (but they may be conditioned upon such termination of this Agreement). FHA's acquisition or use of the Plans or any of them shall be without any representation or warranty by Developer as to the accuracy or completeness of any such Plans, and FHA shall assume all risks in the use of the Plans.

3. DEVELOPMENT COVENANTS.

3.1 Environmental Review. Environmental analyses required under the California Environmental Quality Act (Pub. Res. Code § 21000 et seq.) ("CEQA") has been completed. The parties acknowledge that the City of Fairfield, acting as the lead agency, has determined that the Project is exempt from CEQA pursuant to Public Resources Code Section 21159.23 and CEQA Guidelines Section 15194 and has filed a Notice of Exemption on January 9, 2020. The parties acknowledge that no development of the Property will occur unless and until environmental analyses required under the National Environmental Policy Act (42 U.S.C. § 4321 et seq.) ("NEPA") has been completed to inform the parties of the potential environmental effects of development, and alternatives and mitigation measures therefore. The parties further acknowledge that the parties retain the discretion to modify Project as may be necessary to comply with NEPA, select other feasible alternatives to avoid significant environmental effects identified during the NEPA processes, balance the benefits of any proposed development against any significant environmental effects prior to taking final action if such significant effects cannot otherwise be avoided, and/or determine not to proceed with any proposed development. Developer shall not take any action to construct or install anything for or in relation to the Project until NEPA review has been completed. The City of Fairfield has also prepared an Environmental Assessment and Finding of No Significant Impact pursuant to NEPA published for public comment from January 17, 2020 to January 31, 2020. Developer acknowledges that approval or disapproval of the Project following completion of the environmental review process is within the sole, complete, unfettered, and absolute discretion of the City and the FHA without limitation by or consideration of the terms of this Agreement; and that the FHA makes no representation regarding the ability or willingness of the City and the FHA to provide environmental clearance. The parties recognize that, as a result of the environmental review process, FHA has the absolute discretion and right to terminate this Agreement, and no cost shall be incurred by FHA as a result of such. In addition, Developer acknowledges that any required approvals by any other local, state or federal agency may require additional environmental review, and that any approval by the City and the FHA shall not bind any other local, state or federal agency to approve the Project pursuant to the City and the FHA's environmental review. Developer has the right to terminate this Agreement if the City or

the FHA disproves of the Project following completion of the environmental review process; or, Developer determines that implementation of any required environmental measure or alternative would cause the Project to become economically infeasible.

3.2 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, 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 obligations of Developer set forth therein which are to be performed after the Close of Escrow shall be delayed by Force Majeure Delays, if applicable. 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.

3.3 FHA's Right to Review Plans and Specifications. In connection with construction of the Project, Developer shall comply in all material respects with Plans and Specifications approved by the FHA. Developer shall deliver the Plans and Specifications for the Improvements to the FHA, in its proprietary capacity (*i.e.*, its capacity as a party to this contract, as opposed to its governmental capacity) for its review ten (10) days prior to their submission to the City to ensure that the Improvements are constructed in accordance with the Scope of Development and the other applicable provisions of this Agreement. Following such ten (10) day period, Developer may submit the Plans and Specifications to the City.

3.4 Construction Contract. Developer shall retain one or more reputable and financially responsible general contractors (each, a "General Contractor") to undertake the construction of the Project. Each General Contractor shall be acceptable to and approved in writing by the Executive Director (in the exercise of his reasonable discretion), licensed in California, shall have any other licenses required by the FHA, and shall be experienced in constructing the type of improvements constituting the Improvements. The General Contractor shall be deemed to have been approved if the Executive Director fails to approve or disapprove of the General Contractor within five (5) business days after receipt of all requested information relating to the General Contractor. FHA acknowledges and agrees that the Executive Director has approved Deacon Construction, LLC as General Contractor. On or before the date set forth in the Schedule of Performance, Developer shall enter into a written contract, in form and substance reasonably acceptable to the Executive Director (the "Construction Contract"), with the General Contractor(s) for performing the work constituting the construction of all of the Project. Each such Construction Contract shall be a guaranteed maximum cost contract or stipulated sum insuring construction of the improvements for a fixed or maximum price, and shall obligate the General Contractor to commence and complete such construction in accordance with this Agreement and all applicable federal, state and local laws, rules and regulations. Each such Construction Contract shall provide for retention of at least ten percent (10%) (reduced to 5% retainage following 50% Project completion) from each progress payment (except there shall be no retention for any items excused from retention as specified in the Construction Contract) until the final payment, and said final payment shall not be paid to the General Contractor until the portion of the Project covered by such Construction Contract shall have been completed to Developer's satisfaction, and Developer shall have obtained all appropriate lien waivers from the General Contractor and its subcontractors,

or bonds acceptable to Developer in form and amount, insuring against loss arising from any mechanics', laborers', materialmen's or similar liens filed against the Project.

3.5 Costs of Entitlement, Development and Construction; Prevailing Wages.

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.

Developer shall pay and cause its contractors to any prevailing wages for construction of the Improvements and shall otherwise comply (and cause its contractors to comply) with California Labor Code Sections 1720 et seq. (including all reporting requirements) and all federal laws regarding prevailing wages that may apply (due to project-based "Section 8" vouchers or otherwise).

3.6 Rights of Access and Inspection. In addition to those rights of access to and across the Land to which the FHA and the FHA may be entitled by law, members of the staffs of the FHA and the FHA shall have a reasonable right of access to the Land, without charge or fee, during normal construction hours, upon 48 hours' notice to Developer (which may be telephonic notice to Sarah McIntire at 510-379-4145) to inspect the work being performed at the Land in connection with the initial development of the Project but shall not be obligated to do so and FHA shall not be liable for any failure to disclose any information discovered by FHA (or that could or should have been discovered by any FHA inspection). The FHA shall also have the right at all reasonable times upon reasonable notice to inspect and copy the books, records and all other documentation of the Developer pertaining to its obligations under this Agreement. FHA shall defend, indemnify and hold Developer harmless from and against any and all claims, liabilities, losses, damages, costs and expenses (including, without limitation, reasonable attorneys' fees and cost) resulting from the entry onto the Property for such purposes, except to the extent any such claims, liabilities, loss, damages, costs or expenses are the result of the negligence or willful misconduct of Developer.

3.7 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.

3.8 Governmental 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, the Building Permit, and any other required governmental permits and approvals.

3.9 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.

3.10 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.

3.11 No Agency Created. In performing this Agreement, Developer is 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.

3.12 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 "I"). 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'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. 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.

3.13 Capital Replacement Reserve. Upon completion of the Project, Developer shall annually set aside \$500 per unit or such greater amount as may be required or approved by the Senior Project Loan documents delivered to FHA, from the gross rents received by the Project into a separate Capital Replacement Reserve account identified in writing to FHA. Funds in the Capital Replacement Reserve shall be used only for capital repairs, improvements and replacements to the accepted accounting principles. The non-availability of funds in the Capital Replacement Reserve does not in any manner relieve or lessen Developer's obligations to undertake any and all necessary capital repairs, improvements or replacements and to continue to maintain the Project in the manner prescribed in this Agreement or the Regulatory Agreements. Notwithstanding the foregoing, this Section 3.12 shall not apply to the Senior Project Lender or any foreclosure transferee following a foreclosure or deed in lieu of foreclosure of the Senior Project Loan.

4. LIMITATIONS ON TRANSFERS AND SECURITY INTERESTS.

4.1 Restrictions on Transfer of Developer's Rights and Obligations. Prior to issuance of a Certificate of Completion for the Project, Developer shall not sell, assign, transfer, mortgage, lease (except for leases/rental agreements that comply with the Regulatory Agreements, hypothecate, or convey (collectively, a "Transfer") the Project or any part thereof or any of Developer's rights or obligations hereunder, or agree to do so, or change the general partner of Developer (except for cause and in accordance with the limited partnership agreement of Developer, which shall not require FHA's consent) or transfer fifty percent (50%) or more of the ownership interests in Developer 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 that the FHA's consent shall not be required for: (i) the admission of one or more tax credit limited partner(s) or subsequent transfer of limited partner interests, or (ii) execution of one or more deeds of trust and related instruments securing Developer's construction and permanent financing (provided a copy is given to FHA), or (iii) a conveyance of the Project resulting from the foreclosure thereof (or a deed in lieu of such a foreclosure), or (iv)

the grant, exercise and subsequent transfer of the Property pursuant to an option or right of first refusal to Developer's general partner or an affiliate thereof in accordance with Developer's partnership documents and Section 42 of the Internal Revenue Code (each of the foregoing in this clause (iv) shall be referred to herein as a "Permitted Transferee"). 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. Except for any Transferee approved by the FHA pursuant to this Section 4.1, any Permitted Transferee and except for any Holder (defined in Section 4.2), no voluntary or involuntary successor in interest of Developer shall acquire any rights or powers under this Agreement prior to the issuance of a Certificate of Completion. Except with respect to a transfer to a Permitted Transferee, no transfer or assignment of Developer's interest hereunder without the FHA's prior written approval shall release Developer from the obligations of Developer hereunder.

4.2 Holders of Deeds of Trust. Notwithstanding any provisions of Section 4.1 to the contrary, Developer shall have the right to hypothecate its interest in the Land and the Project pursuant to one or more deeds of trust from an Institutional Lender, for the purpose of securing loans of funds to be used for financing the direct and indirect costs of the Project (including land development costs, reasonable and customary developer fees, loan fees and costs, and other normal and customary project costs), or for refinancing the construction financing with permanent financing. Any Institutional Lender of record holding any such deed of trust, whose name and address shall have been provided by Developer to FHA referred to herein as a "Holder."

4.3 Rights of Holders. The FHA shall deliver a copy of any notice or demand to Developer concerning any breach or default by Developer under this Agreement to each Holder who has previously made a written request to the FHA for special notice hereunder. Any notice of breach or default by Developer shall not be effective against any such Holder unless given to such Holder. Such Holder shall have the right, but not the obligation, at its option to cure or remedy any such default and to add the cost thereof to the secured debt and the lien of its security interest. If such breach or default can only be remedied or cured by such Holder upon obtaining possession, such Holder may remedy or cure such breach or default within a reasonable period of time after obtaining possession, provided such Holder seeks possession with diligence through a receiver or foreclosure. Such Holder shall not be obligated to undertake or continue the construction or completion of the Improvements beyond the extent necessary to conserve or protect the Improvements already constructed. Any Holder completing the Improvements must assume all rights and obligations of Developer under this Agreement and shall then be entitled, upon written request made to the FHA, to a Certificate of Completion from the FHA.

4.4 In any case where the applicable Holder, having first exercised its option to construct, has not proceeded diligently with the completion of construction after first exercising such option, FHA shall be afforded those rights against such Holder it would otherwise have against the Developer under this Agreement.

4.5 Noninterference with Holders. The provisions of this Agreement do not limit the right of Holders (a) to foreclose or otherwise enforce any mortgage, deed of trust, or other security instrument encumbering all or any portion of the Project, (b) to pursue any remedies for the enforcement of any pledge or lien encumbering such portions of the Project, or (c) to accept, or cause its nominee to accept, a deed or other conveyance in lieu of foreclosure or other realization. No Holder is obligated by, or to perform, any of the Developer's obligations under this

Agreement, including, without limitation, to construct or complete any improvements or to guarantee such construction or completion; nor shall any covenant or any other provision in conveyances from FHA to the Developer evidencing the realty comprising the Property or any part thereof be construed so to obligate such Holder. However, nothing in this Agreement shall be deemed to permit or authorize any Holder to devote the Property or any portion thereof to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement. The FHA agrees to execute such further documentation regarding the rights of any Holder as is customary with respect to construction or permanent financing, as the case may be, to the extent that such documentation is reasonably requested by any Holder and is reasonably approved by the Executive Director.

4.6 Right of FHA to Cure. In the event of a default or breach by the Developer of a loan by a Holder prior to the completion of the Improvements, the FHA may, upon prior written notice to the Developer, cure the default, prior to the completion of any foreclosure. In such event the FHA shall be entitled to reimbursement from the Developer of all costs and expenses incurred by the FHA in curing the default. The FHA shall also be entitled to a lien upon the Project or any portion thereof to the extent of such costs and disbursements. The FHA agrees that such lien shall be subordinate to any lien in favor of a Holder, and the FHA shall execute from time to time any and all documentation reasonably requested by the Developer to effect such subordination.

4.7 Right of FHA to Satisfy Other Liens. After the Close of Escrow and after the Developer has had a reasonable time (not exceeding 30 days) to challenge, cure, or satisfy any liens or encumbrances on the Project or any portion thereof, and has failed to do so within thirty (30) days, in whole or in part, the FHA shall, upon prior written notice to the Developer, have the right to satisfy any such lien or encumbrances; however, nothing in this Agreement shall require the Developer to pay or make provision for the payment of any tax, assessment, lien or charge so long as the Developer in good faith shall contest the validity or amount therein and so long as such delay in payment shall not subject the Land or any portion thereof to forfeiture or sale.

5. DEFAULT, REMEDIES AND TERMINATION.

5.1 Defaults. The occurrence of any or all of the following shall constitute a default ("Default") under this Agreement:

5.1.1 Developer's failure to timely comply with the Schedule of Performance, subject to Section 5.7;

5.1.2 Any breach of this Agreement by any Party involving the payment of money, and the continuance of such breach for a period of ten (10) days after the non defaulting Party has given written notice to the defaulting Party;

5.1.3 Except as otherwise provided in Section 5.1.1 hereof, a breach of any other term of this Agreement by any Party not involving the payment of money, and failure of such Party to cure such breach within thirty (30) days after the non defaulting Party has given written notice to the defaulting Party; provided, however, if such breach is not reasonably curable within such thirty (30) day period, then such Party shall be deemed in Default only if such Party

does not commence to cure such breach within such thirty (30) day period and thereafter fails to diligently prosecute such cure to completion;

5.1.4 Developer's violation of Section 4.1;

5.1.5 Developer's failure or refusal to keep in force and effect any material permit or approval with respect to construction of the Project, and Developer's failure to cure such breach within thirty (30) calendar days after notice from the FHA of Developer's breach; provided, however, if such breach is not reasonably curable within such thirty (30) day period, then Developer shall be deemed in Default only if Developer does not commence to cure such breach within such thirty (30) day period and thereafter fails to diligently prosecute such cure to completion; or

5.1.6 Filing of a petition in bankruptcy by or against any Party or appointment of a receiver or trustee of any property of any Party, or an assignment by any Party for the benefit of creditors, or adjudication that such Party is insolvent by a court, and the failure of such Party to cause such petition, appointment, or assignment to be removed or discharged within 180 days.

5.1.7 The failure to comply with any of the requirements of Section 6 below;

5.1.8 If applicable under Section 2.5.8, the failure to maintain, or the cancellation of, any of the bonds described in Section 2.5.8 prior to the issuance of a Certificate of Completion.

5.1.9 The failure of Developer to reasonably apply for federal tax credits in all possible tax credit rounds until awarded, or the failure to deliver to FHA evidence of an application for tax credits after the application is submitted or amount granted within ten (10) days after written request from FHA.

5.2 Remedies.

5.2.1 Remedies Prior to the Close of Escrow. In the event of a Default by any Party prior to the Close of Escrow, the non defaulting Party shall have the right to terminate this Agreement (provided it is not in Default of its obligation under this Agreement), by delivering written notice thereof to the defaulting Party. Such Party may seek against the defaulting Party 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.

5.2.2 Remedies for Default After the Close of Escrow. In the event of a Default by any Party after the Close of Escrow, a non defaulting party shall be entitled to the following remedies, as applicable:

A defaulting Party shall be liable to the non defaulting Party for all damages, costs and losses incurred by the non defaulting Party, and the non defaulting Party may seek against the defaulting Party any available remedies at law or equity, including but not limited to the right to receive damages or to pursue an action for specific performance, and the City shall have its rights

and remedies under the Fee Deferral Agreement and the FHA shall have its rights and remedies under the FHA Loan Promissory Note and the deed of trust securing it.

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

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, act of the public enemy, war, 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; or (ii) delay attributable to severe weather, lightning, earthquake, fire, storm, hurricane, tornado, flood, washout, explosion, or any other cause beyond the reasonable control of the party from whom performance is required, or any of its contractors or other representatives. 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 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 and for so long as title to the Land has not reverted to the FHA, 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, (i) after the opening of the Project for business, commercially reasonable casualty insurance for the Improvements in an amount not less than the replacement cost of the Improvements (subject to commercially reasonable deductibles); (ii) commercial broad form general liability insurance, insuring against claims and liability for bodily injury, death, or property damage arising from the construction, use, occupancy, condition, or operation of the Land, which liability insurance shall provide combined single limit protection of at least \$2,000,000 and shall include a reasonable inflation rider, contractual liability coverage and products and completed operations coverage, and (iii) commercial automobile liability insurance, or non-owned/hired automobile insurance provided through Developer's general liability policy, of at least \$1,000,000 combined single limit. Such liability insurance policies shall name the FHA and their council members, board members, officers, agents and employees as additional insureds.

6.1.2 Before commencement of any demolition or construction work by Developer on any portion of the Land owned by Developer, Developer shall obtain and 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.

6.1.3 Each architect and each engineer engaged by Developer shall provide professional liability insurance with a limit of liability of at least One Million Dollars (\$1,000,000.00).

6.1.4 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.

6.1.5 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.

6.1.6 All policies required by this Section to be furnished by Developer shall contain (i) language to the effect that the policies cannot be cancelled or materially changed

except after thirty (30) 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. From and after the execution of this Agreement, Developer hereby agrees to indemnify, defend, protect, and hold harmless the FHA (as a third party beneficiary) and any and all agents, employees, representatives, council members, board members, consultants, and officers of the FHA, 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:

- (i) the validity of this Agreement (based on CEQA, NEPA or otherwise);
- (ii) the development and construction by Developer of the Improvements on the Land or the use, ownership, management, occupancy, or possession of the Land during Developer's period of ownership of the Land;
- (iii) any breach or Default by Developer hereunder;
- (iv) any of Developer's activities on the Land (or the activities of Developer's agents, employees, lessees, representatives, licensees, guests, invitees, contractors, subcontractors, or independent contractors on the Land), regardless of whether such losses and liabilities shall accrue or are discovered before or after termination or expiration of this Agreement, except to the extent such losses or liabilities are caused by the gross negligence or willful misconduct of the FHA. The FHA may in its discretion, and at their own cost, participate in the defense of any legal action naming the FHA; or
- (v) claims for prevailing wages under or violation of California Labor Code Sections 1720 et seq.

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

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) Developer is a limited partnership 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 partnership 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 sale of the Property 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, 2nd Floor
Fairfield, CA 94533
Attn: Executive Director

Developer: MP 1700 Santa Monica Associates, L.P.
c/o MidPen Housing Corporation
303 Vintage Park Drive, Suite 250
Foster City, CA 94404
Attention: Chief Real Estate Officer
Telephone: 650-356-2900
Fax Number: 650-357-9766

FHA hereby agrees to provide copies of any written notices to Developer's limited partners who shall have been identified in writing by Developer to FHA with a written request to deliver to them copies of notices to Developer under this DDLA. FHA further agrees that any cure of any default made or tendered by any such limited partner shall be deemed to be a cure by Developer and shall be accepted or rejected on the same basis as if made or tendered by Developer.

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 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 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 to Developer's agent for service of process, 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, 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.

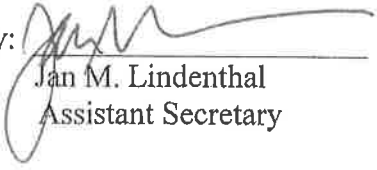
IN WITNESS WHEREOF, the Parties hereto have entered into this Agreement as of the day and year first above written.

DEVELOPER:

MP 1700 SANTA MONICA ASSOCIATES, L.P.,
a California limited partnership

By: MP 1700 Santa Monica LLC,
a California limited liability company,
its general partner

By: Mid-Peninsula Pickering, Inc.,
a California nonprofit public
benefit corporation,
its sole member/manager

By: 
Jan M. Lindenthal
Assistant Secretary

FHA:

FAIRFIELD HOUSING AUTHORITY

By: _____
Stefan T. Chatwin,
Executive Director

ATTEST:

Karen L. Rees, FHA Secretary

APPROVED AS TO FORM:

By: _____
Bruce Galloway of Richards,
Watson & Gershon, counsel to
FHA

EXHIBIT "A"

LEGAL DESCRIPTION OF LAND

The land referred to is situated in the County of Solano, City of Fairfield, State of California, and is described as follows:

PARCEL ONE:

Parcel 1, as shown on that certain map entitled: "Parcel Map for Neftali Sanchez, Being Parcel A & B as Shown on that Certain Parcel Map Filed in the County Recorder's Office on October 8, 1975, in Book 10 of Parcel Maps at Page 5 & a Portion of Lot 14 of that Certain Map Entitled Locke Padden Colony No. 4 in Book 4 of Maps at Page 12, Solano County Records", as filed April 25, 1988, in Book 32 of Parcel Maps, at Page 73, Solano County Records.

APN: 0037-340-010 and 0037-053-560

PARCEL TWO:

That parcel of land shown as the "Remainder Parcel" on the Parcel Map filed December 16, 1982, in Book 24 of Parcel Maps, Page 22, Solano County Records.

Excepting therefrom,

1. That parcel of land described in the Deed to Ciro A. Garcia and Andrea E. Garcia, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025067, Official Records.
2. That parcel of land described in the Deed to John B. Massoud and Jeanine Massoud, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025068, Official Records.
3. That parcel of land described in the Deed to Robert C. Agudo and Marsha L. Agudo, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025069, Official Records.
4. That parcel of land described in the Deed to William M. McCoy and Joanne T. McCoy, as community property, recorded March 9, 1994, Series No. 1994-00025070, Official Records.
5. That parcel of land described in the Deed to Charlie Green and Minnie Green, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994-00025071, Official Records.
6. That parcel of land described in the Deed to Charles V. Fuller and Adra J. Fuller, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025072, Official Records.
7. That parcel of land described in the Deed to Dennis R. Keyes and Judith L. Keyes, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025073, Official Records.
8. That parcel of land described in the Deed to Thomas S. Cochran III, a single man, recorded March 9, 1994, Series No. 1994-00025074, Official Records.

9. That parcel of land described in the Deed to Astolfo Vasquez, Jr. and Linda Haverland, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025075, Official Records.
10. That parcel of land described in the Deed to Lloyd V. Scott Sr. and Kuzuko Vasquez Scott, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025076, Official Records.
11. That parcel of land described in the Deed to James E. Montee and Claudia Jo Montee, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025077, Official Records.
12. That parcel of land described in the Deed to Fairfield, Congregation of Jehovah's Witnesses, a corporation, recorded February 9, 1996, Series No. 1996-00008919, Official Records.
13. That portion lying southerly of that parcel described in the Deed recorded February 9, 1996, as Series No. 1996-8916, Official

APN: 0037-340-190 and 0037-053-700

EXHIBIT "B"

FORM OF GRANT DEED

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

MP 1700 Santa Monica Associates, L.P.
c/o MidPen Housing Corporation
303 Vintage Park Drive, Suite 250
Foster City, CA 94404
Attention: Chief Real Estate Officer

APNs: 0037-340-010 and 190;
0037-053-560 and 700

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

Documentary transfer tax is \$0.00. Conveyance of land for no purchase price/consideration.

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 MP 1700 Santa Monica Associates, L.P., a California limited partnership ("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, Development and Loan Agreement entered into by and between Grantor and Grantee dated as of February 4, 2020 (the "DDLA") 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, Fairfield, CA 94533.

2. 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 DDLA, or the Land and the Improvements thereon or any part thereof, or of ownership interests in the Grantee in violation of the DDLA, which contains restrictions on the assignment of the DDLA and the transfer of interests in the Land.

3. Grantee agrees, for itself, its successors and assigns, to refrain from restricting the rental, sale or lease of the land on any basis listed in subdivision (a) or (d) of Section 12955 of the California 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 California Government Code, rental, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of

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

All deeds, leases or contracts entered into by Grantee, its successors and assigns, or any successor-in-interest to all or any portion of or interest in the land shall contain or be subject to substantially the following nondiscrimination or non-segregation clauses:

1. In deeds: "The grantee herein covenants by and for and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group or persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California 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 California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee himself, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

2. In leases: "The lessee herein covenants by and for himself, his heirs, executors, administrators and assigns, and all persons claiming under or through him, and that 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 or persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California 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 California Government Code, in the leasing, subleasing, transferring, use, or enjoyment of the land herein leased nor shall the lessee himself, or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein leased.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d)

of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

3. In contracts: “There shall be no discrimination against or segregation of, any person or group or persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California 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 California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee himself or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

4. All covenants contained in this Grant Deed shall be covenants running with the land. Every covenant contained in this Grant Deed against discrimination contained in Section 3 of this Grant Deed shall remain in perpetuity.

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

Dated: _____, 202__

FAIRFIELD HOUSING AUTHORITY

By: _____
Stefan T. Chatwin,
Executive Director

ATTEST:

Karen L. Rees, FHA Clerk

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, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT A TO GRANT DEED

LEGAL DESCRIPTION

The land referred to is situated in the County of Solano, City of Fairfield, State of California, and is described as follows:

PARCEL ONE:

Parcel 1, as shown on that certain map entitled: "Parcel Map for Neftali Sanchez, Being Parcel A & B as Shown on that Certain Parcel Map Filed in the County Recorder's Office on October 8, 1975, in Book 10 of Parcel Maps at Page 5 & a Portion of Lot 14 of that Certain Map Entitled Locke Padden Colony No. 4 in Book 4 of Maps at Page 12, Solano County Records", as filed April 25, 1988, in Book 32 of Parcel Maps, at Page 73, Solano County Records.

APN: 0037-340-010 and 0037-053-560

PARCEL TWO:

That parcel of land shown as the "Remainder Parcel" on the Parcel Map filed December 16, 1982, in Book 24 of Parcel Maps, Page 22, Solano County Records.

Excepting therefrom,

1. That parcel of land described in the Deed to Ciro A. Garcia and Andrea E. Garcia, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025067, Official Records.
2. That parcel of land described in the Deed to John B. Massoud and Jeanine Massoud, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025068, Official Records.
3. That parcel of land described in the Deed to Robert C. Agudo and Marsha L. Agudo, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025069, Official Records.
4. That parcel of land described in the Deed to William M. McCoy and Joanne T. McCoy, as community property, recorded March 9, 1994, Series No. 1994-00025070, Official Records.
5. That parcel of land described in the Deed to Charlie Green and Minnie Green, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994-00025071, Official Records.
6. That parcel of land described in the Deed to Charles V. Fuller and Adra J. Fuller, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025072, Official Records.
7. That parcel of land described in the Deed to Dennis R. Keyes and Judith L. Keyes, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025073, Official Records.
8. That parcel of land described in the Deed to Thomas S. Cochran III, a single man, recorded March 9, 1994, Series No. 1994-00025074, Official Records.

9. That parcel of land described in the Deed to Astolfo Vasquez, Jr. and Linda Haverland, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025075, Official Records.
10. That parcel of land described in the Deed to Lloyd V. Scott Sr. and Kuzuko Vasquez Scott, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025076, Official Records.
11. That parcel of land described in the Deed to James E. Montee and Claudia Jo Montee, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025077, Official Records.
12. That parcel of land described in the Deed to Fairfield, Congregation of Jehovah's Witnesses, a corporation, recorded February 9, 1996, Series No. 1996-00008919, Official Records.
13. That portion lying southerly of that parcel described in the Deed recorded February 9, 1996, as Series No. 1996-8916, Official

APN: 0037-340-190 and 0037-053-700

EXHIBIT "C"

FORM OF FHA LOAN PROMISSORY NOTE

SECURED PROMISSORY NOTE

_____, 202__

\$2,200,000.00

Fairfield, California

FOR VALUE RECEIVED, the undersigned, MP 1700 SANTA MONICA ASSOCIATES, L.P., a California limited partnership ("Maker" or "Developer"), having its principal place of business at c/o MidPen Housing Corporation, 303 Vintage Park Drive, Suite 250, Foster City, CA 94404, Attn: Chief Real Estate Officer, promises to pay to the order of the FAIRFIELD HOUSING AUTHORITY ("Payee" or "FHA"), at 1000 Webster Street, 2nd Floor, Fairfield, CA 98533, or at such other place as the holder of this Note from time to time may designate in writing, the principal sum of TWO MILLION TWO HUNDRED THOUSAND AND NO/100 DOLLARS (\$2,200,000.00) (the "Original FHA Principal Amount"), together with interest on the unpaid principal amount of this promissory note (the "FHA Loan Note") from time to time outstanding at the "Applicable Interest Rate," as defined below, in lawful money of the United States of America. This FHA Loan Note is being delivered, and the loans evidenced hereby are being made, pursuant to the terms of a Disposition, Development and Loan Agreement between Developer and FHA ("DDLA"). All capitalized terms used herein which are not separately defined herein shall have the meanings set forth therefor in the DDLA.

As of the date of this FHA Loan Note, the sum of \$_____ [TOTAL FUNDS DISBURSED PRIOR TO CLOSE OF ESCROW] of principal is outstanding; the remainder of the loan shall be disbursed by FHA upon Close of Escrow as described in the DDLA, upon the written request of Developer, subject to the terms and conditions in Section 2.2 of the DDLA. "Applicable Interest Rate" means three percent (3%) per annum, simple interest, except that amounts not paid when due shall accrue interest from the date due until the date paid at the lesser of: (i) seven percent (7%) per annum, simple interest, or (ii) the maximum rate permitted by applicable law.

1. Payments. Payments under this FHA Loan Note shall be due and payable as follow: Payments of ____% [TO BE A PROPORTIONATE SHARE OF 50% OF RESIDUAL RECEIPTS, BASED ON PROPORTION OF AMOUNT OF THIS LOAN TO TOTAL CONSTRUCTION LOAN FUNDS PROVIDED BY LENDERS, OTHER THAN THE SENIOR PROJECT LENDER, WHO REQUIRE RESIDUAL RECEIPTS PAYMENTS] of all Residual Receipts ("FHA Portion") payable on July 1 after the first anniversary of issuance of a final certificate of occupancy for the Project pursuant to the DDLA, and each July 1 anniversary thereafter until this FHA Loan Note has been satisfied in full. Payments shall first be applied to accrued interest, then to remaining outstanding principal. In addition, the entire amount of outstanding principal and accrued interest and any additional amounts which become owing hereunder shall be paid by Maker to Payee as of the earliest of (i) a default under the DDLA, any Regulatory Agreement entered into pursuant to the DDLA, or the deed of trust securing this FHA Loan Note not cured within the applicable cure period after delivery of required notice; (ii) as

provided in Section 4 below; or (iii) fifty-five (55) years after the date a final certificate of occupancy is issued for the Project (the "FHA Maturity Date").

2. Secured by Deed of Trust. Repayment of this FHA Loan Note is secured by a deed of trust (the "FHA Loan Deed of Trust") of this date executed by Maker for the benefit of Payee encumbering the property described in the FHA Loan Deed of Trust (the "Property" or "Site").

3. Prepayment. Maker shall have the right to prepay amounts owing under this FHA Loan Note at any time, without penalty or premium.

4. Due on Sale or Encumbrance. In the event of any Transfer (as defined below) of the Property, or any portion thereof or interest therein, Payee shall have the absolute right at its option, without prior demand or notice, to declare all sums secured hereby immediately due and payable. As used herein, the term "Transfer" means and includes the direct or indirect sale, transfer, conveyance, assignment, or other alienation of the Property, or any portion thereof or interest therein, whether voluntary, involuntary, by operation of law or otherwise, or the lease of all or substantially all of the Property or of all or substantially all of the improvements located thereon. Transfer shall not include the sale, transfer, assignment, pledge, hypothecation or encumbrance by Developer's limited partner of its partnership interest to the extent permitted by the DDLA, nor shall Transfer include the removal of any general partner of Developer by the limited partner for cause and the replacement of such removed general partner by another person or entity in accordance with the terms of Developer's partnership agreement to the extent permitted by the DDLA nor any other "Permitted Transfer" as such term is defined in the DDLA. "Transfer" shall not include any lease of a rental unit so long as Trustor complies with the provisions of the Regulatory Agreement relating to such leasing activity. Failure of Beneficiary to exercise the option to declare all sums secured hereby immediately due and payable upon a Transfer will not constitute waiver of the right to exercise this option in the event of any subsequent Transfer.

5. Miscellaneous.

(a) Governing Law. All questions with respect to the construction of this FHA Loan Note and the rights and liabilities of the parties to this FHA Loan Note shall be governed by the laws of the State of California.

(b) Attorneys' Fees.

(i) Maker shall reimburse Payee for all reasonable attorneys' fees, costs and expenses, incurred by Payee in connection with the enforcement of Payee's rights under this FHA Loan Note, including, without limitation, reasonable attorneys' fees, costs and expenses for trial, appellate proceedings, out-of-court negotiations, workouts and settlements or for enforcement of rights under any state or federal statute, including, without limitation, reasonable attorneys' fees, costs and expenses incurred to protect Payee's security and attorneys' fees, costs and expenses incurred in bankruptcy and insolvency proceedings such as (but not limited to) seeking relief from stay in a bankruptcy proceeding. The term "expenses" means any expenses incurred by Payee in connection with any of the out-of-court, or state, federal or bankruptcy proceedings referred to above, including, without limitation, the fees and expenses of any

appraisers, consultants and expert witnesses retained or consulted by Payee in connection with any such proceeding.

(ii) Payee shall also be entitled to its attorneys' fees, costs and expenses incurred in any post-judgment proceedings to collect and enforce the judgment. This provision is separate and several and shall survive the merger of this FHA Loan Note into any judgment on this FHA Loan Note.

(c) Entire Agreement. This FHA Loan Note and the relevant provisions of the DDLA constitute the entire agreement and understanding between and among the parties in respect of the subject matter of such agreements and supersede all prior agreements and understandings with respect to such subject matter, whether oral or written.

(d) Time of the Essence. Time is of the essence with respect to every provision hereof.

(e) Waivers by Maker. Except as otherwise provided in any agreement executed in connection with this FHA Loan Note, Maker waives: presentment; demand; notice of dishonor; notice of default or delinquency; notice of acceleration; notice of protest and nonpayment; notice of costs, expenses or losses and interest thereon; and diligence in taking any action to collect any sums arising under this FHA Loan Note or in any proceeding against any of the rights or interests in or to properties securing payment of this FHA Loan Note.

(f) Non-waivers. No previous waiver and no failure or delay by Maker in acting with respect to the terms of this FHA Loan Note or the FHA Loan Deed of Trust shall constitute a waiver of any breach, default, or failure of condition under this FHA Loan Note, the FHA Loan Deed of Trust or the obligations secured thereby. A waiver of any term of this FHA Loan Note, the FHA Loan Deed of Trust or of any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver. In the event of any inconsistencies between the terms of this FHA Loan Note and the terms of any other document related to the loan evidenced by this FHA Loan Note, the terms of this FHA Loan Note shall prevail.

(g) Non-Recourse. Repayment of this Note and all other obligations of Borrower hereunder, under the DDLA, Regulatory Agreement or Deed of Trust shall be a non-recourse obligation of Borrower, such that neither Borrower nor any partner of Borrower shall have any personal obligation to make any payments or perform any other obligations of Borrower.

(h) Cure by Limited Partners. FHA hereby agrees that any cure of any default made or tendered by Developer's limited partners who shall have been identified in writing by Developer to FHA (and whose address shall have been given by Developer to FHA in writing and shall be deemed to be a cure by Developer and shall be accepted or rejected on the same basis as if made or tendered by Developer; provided FHA shall have received written notice by Developer of the identity of, and address for notices for, such limited partners and a copy of the applicable limited partnership agreement and amendments showing they are limited partners.

MAKER:

MP 1700 SANTA MONICA
ASSOCIATES, L.P., a California limited
partnership

By: MP 1700 Santa Monica LLC,
a California limited liability company,
its general partner

By: Mid-Peninsula Pickering, Inc.,
a California nonprofit public
benefit corporation, its sole
member/manager

By: _____
Jan M. Lindenthal
Assistant Secretary

EXHIBIT "D"

FORM OF FHA LOAN DEED OF TRUST

WHEN RECORDED MAIL TO:

Fairfield Housing Authority
1000 Webster Street, 2nd Floor
Fairfield, CA 94533
Attn: Director of Community Resources

with a copy to:

MP 1700 Santa Monica Associates, L.P.
c/o MidPen Housing Corporation
303 Vintage Park Drive, Suite 250
Foster City, CA 94404
Attention: Chief Real Estate Officer

APNs: 0037-340-010 and 190;
0037-053-560 and 700

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**DEED OF TRUST WITH ASSIGNMENT OF RENTS
(SHORT FORM)**

This DEED OF TRUST, dated as of _____, 202__, among MP 1700 SANTA MONICA ASSOCIATES, L.P., a California limited partnership, herein called TRUSTOR, whose address is: c/o MidPen Housing Corporation, 303 Vintage Park Drive, Suite 250, Foster City, CA 94404, Attn: Chief Real Estate Officer.

OLD REPUBLIC TITLE COMPANY, a California corporation, herein called TRUSTEE, and
the FAIRFIELD HOUSING AUTHORITY, herein called BENEFICIARY,

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

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits for the purpose of securing payment of the sum of \$2,200,000 with interest thereon according to the terms of a promissory note or notes of even date herewith made by Trustor, payable to order of Beneficiary, and extensions or renewals thereof. A breach or default under the promissory note or a breach or default under any Affordability Restrictions and Regulatory Agreement encumbering said property ("Regulatory Agreement"), or under any obligation secured by a deed of trust encumbering all or any portion of said property, shall be deemed to constitute a default hereunder.

To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each

and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in Solano County in Book 1287, Page 621 in the Official Records of said County, shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivisions A and B (identical in all counties), are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge therefor does not exceed the maximum allowed by law.

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

TRUSTOR:

MP 1700 SANTA MONICA ASSOCIATES,
L.P., a California limited partnership

By: MP 1700 Santa Monica LLC,
a California limited liability company,
its general partner

By: Mid-Peninsula Pickering, Inc.,
a California nonprofit public
benefit corporation, its sole
member/manager

By: _____
Jan M. Lindenthal
Assistant 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, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

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, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A
LEGAL DESCRIPTION

The land referred to is situated in the County of Solano, City of Fairfield, State of California, and is described as follows:

PARCEL ONE:

Parcel 1, as shown on that certain map entitled: "Parcel Map for Neftali Sanchez, Being Parcel A & B as Shown on that Certain Parcel Map Filed in the County Recorder's Office on October 8, 1975, in Book 10 of Parcel Maps at Page 5 & a Portion of Lot 14 of that Certain Map Entitled Locke Padden Colony No. 4 in Book 4 of Maps at Page 12, Solano County Records", as filed April 25, 1988, in Book 32 of Parcel Maps, at Page 73, Solano County Records.

APN: 0037-340-010 and 0037-053-560

PARCEL TWO:

That parcel of land shown as the "Remainder Parcel" on the Parcel Map filed December 16, 1982, in Book 24 of Parcel Maps, Page 22, Solano County Records.

Excepting therefrom,

1. That parcel of land described in the Deed to Ciro A. Garcia and Andrea E. Garcia, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025067, Official Records.
2. That parcel of land described in the Deed to John B. Massoud and Jeanine Massoud, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025068, Official Records.
3. That parcel of land described in the Deed to Robert C. Agudo and Marsha L. Agudo, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025069, Official Records.
4. That parcel of land described in the Deed to William M. McCoy and Joanne T. McCoy, as community property, recorded March 9, 1994, Series No. 1994-00025070, Official Records.
5. That parcel of land described in the Deed to Charlie Green and Minnie Green, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994-00025071, Official Records.
6. That parcel of land described in the Deed to Charles V. Fuller and Adra J. Fuller, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025072, Official Records.
7. That parcel of land described in the Deed to Dennis R. Keyes and Judith L. Keyes, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025073, Official Records.
8. That parcel of land described in the Deed to Thomas S. Cochran III, a single man, recorded March 9, 1994, Series No. 1994-00025074, Official Records.
9. That parcel of land described in the Deed to Astolfo Vasquez, Jr. and Linda Haverland, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025075, Official Records.

10. That parcel of land described in the Deed to Lloyd V. Scott Sr. and Kuzuko Vasquez Scott, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025076, Official Records.
11. That parcel of land described in the Deed to James E. Montee and Claudia Jo Montee, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025077, Official Records.
12. That parcel of land described in the Deed to Fairfield, Congregation of Jehovah's Witnesses, a corporation, recorded February 9, 1996, Series No. 1996-00008919, Official Records.
13. That portion lying southerly of that parcel described in the Deed recorded February 9, 1996, as Series No. 1996-8916, Official

APN: 0037-340-190 and 0037-053-700

EXHIBIT B
RIDER TO DEED OF TRUST

Exhibit B to Deed of Trust with Assignment of Rents dated as of _____, 202__, executed by MP 1700 SANTA MONICA ASSOCIATES, L.P., a California limited partnership, as "Trustor", to _____ Title Insurance Company, a California corporation, as Trustee, for the benefit of the FAIRFIELD HOUSING AUTHORITY, as "Beneficiary" ("Deed of Trust").

1. DUE ON SALE OR ENCUMBRANCE. In the event of any Transfer (as defined below) of the Property, or any portion thereof or interest therein, Beneficiary shall have the absolute right at its option, without prior demand or notice, to declare all sums secured hereby immediately due and payable. As used herein, the term "Transfer" means and includes the direct or indirect sale, transfer, conveyance, mortgage, further encumbrance, assignment, or other alienation of the Property, or any portion thereof or interest therein, whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment land sale contract, sales agreement or similar instrument affecting all or a portion of the Property, granting of an option to purchase any portion of or interest in the Property or any interest therein, or the lease of all or substantially all of the Property or of all or substantially all of the improvements situated on the Property. "Transfer" shall not include a Transfer permitted in the DDLA so long as Trustor complies with the provisions of the Agreement relating to such activity. "Transfer" shall not include the leasing of individual dwelling units on the Property in compliance with applicable recorded Regulation Agreements with the Beneficiary. Failure of Beneficiary to exercise the option to declare all sums secured hereby immediately due and payable upon a Transfer will not constitute waiver of the right to exercise this option in the event of any subsequent Transfer.
2. NOTICE AND CURE RIGHTS BY LIMITED PARTNERS. FHA hereby agrees that any cure of any default made or tendered by Developer's limited partners who shall have been identified in writing by Developer to FHA and shall be deemed to be a cure by Developer and shall be accepted or rejected on the same basis as if made or tendered by Developer; provided FHA shall have received written notice by Developer of the identity of, and address for notices for, such limited partners and a copy of the applicable limited partnership agreement and amendments.

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, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT "E"

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 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 open escrow with the Escrow Holder.	Within ten (10) business days after the award of tax credits.
2. <u>Preliminary Project Budget</u> . The Developer shall submit a preliminary Project Budget for the Improvements.	As soon as reasonably possible, but an update to the financing proposal heretofore delivered by Developer to FHA shall be delivered to FHA no later than twelve (12) months after the date of this DDLA, subject to written extension by the Executive.
3. <u>Planning Commission Approval; Final Plans and Specifications</u> . The Developer shall submit the Final Plans and Specifications for FHA approval, which shall be provided within ten (10) days or thereafter shall be deemed approved.	Developer shall obtain Final Planning Approval within twelve (12) months after the date of this DDLA, subject to written extension by the City Director of Planning and Development.
4. <u>Building Permits</u> . The Developer shall obtain the Building Permit or permit ready letter for the construction of the Improvements.	Prior and as a condition to the Close of Escrow.
5. <u>Construction Contract</u> . The Developer shall submit the construction contract for the construction of the Improvements to the FHA for approval.	Prior and as a condition to the Close of Escrow.
6. <u>Performance and Payment Bonds</u> . The Developer shall deliver to the FHA copies of the required performance and payment bonds.	Prior and as a condition to the Close of Escrow.

<u>Action</u>	<u>Date / Deadline</u>
7. <u>Insurance</u> . The Developer shall submit evidence of insurance to the FHA.	Prior and as a condition to the Close of Escrow.
8. <u>Project Budget</u> . The Developer shall submit the final Project Budget to FHA together with reasonable evidence that all equity required will be available or committed subject to the terms of the Partnership Agreement at the Close of Escrow.	Prior and as a condition to the Close of Escrow.
9. <u>Tax Credit Applications/Award</u> .	Developer must reasonably apply for federal tax credits in all rounds (until awarded) and must promptly provide evidence thereof to FHA. Developer must be awarded tax credits and must provide evidence thereof to FHA prior (and as a condition) to Close of Escrow.
10. <u>Tax Credit Equity</u> . All tax credit equity must have been committed to the Developer entity and available for Project Costs, as shown by reasonable evidence delivered to FHA	Prior and as a condition to Close of Escrow.
Items 11 – 15 Relate to the Conveyance of the Land and Developer Actions and Requirements After the Close of Escrow	
11. <u>Close of Escrow</u> . The Developer shall acquire the Land from the FHA and shall concurrently close the Construction Loan.	The earlier of (i) seven (7) months after award of tax credits, or (ii) two (2) calendar years after the date of the DDLA, subject to extension as provided therein.
12. <u>Commencement of Construction</u> . Developer shall substantially commence the Improvements.	No later than 30 days after the Close of Escrow.
13. <u>Completion of Grading</u> . Developer shall substantially complete the grading for the Project.	Not later than twelve (12) months following the commencement of construction.
14. <u>Commencement of Vertical Construction</u> . Developer shall commence vertical construction.	Not later than fourteen (14) months after the commencement of construction.
15. <u>Completion; Qualification for Certificate of Completion</u> . The Project shall be completed and shall qualify for a Certificate of Completion.	No later than thirty-six (36) calendar months after the commencement of construction.

EXHIBIT "F"

SCOPE OF DEVELOPMENT

Seventy-two (72) apartment/rental units, including one manager's unit, in three 2-story buildings and four three (3) story buildings and one (1) one-story community building. The community building shall include a multi-purpose room with kitchen, property management and services offices, laundry facilities, and adjacent active and passive outdoor recreation areas (including a playground and passive sitting areas).

Six (6) studio units, thirty (30) one-bedroom units, thirty (30) two-bedroom units and six (6) three (3)-bedrooms.

At least 80 parking spaces.

EXHIBIT “G”

FORM OF NOTICE OF AFFORDABILITY RESTRICTIONS

(Attached.)

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Fairfield Housing Authority
1000 Webster Street, 2nd Floor
Fairfield, CA 94533
Attn: Director of Community Resources

with a copy to:

MP 1700 Santa Monica Associates, L.P.
c/o MidPen Housing Corporation
303 Vintage Park Drive, Suite 250
Foster City, CA 94404
Attention: Chief Real Estate Officer

APNs: 0037-340-010 and 190;
0037-053-560 and 700

Exempt From Recording Fee Pursuant to Government Code § 27383

**NOTICE OF AFFORDABILITY RESTRICTIONS
ON TRANSFER OF PROPERTY**

Important notice to owners, purchasers, tenants, lenders, brokers, escrow and title companies, and other persons, regarding affordable housing restrictions on the real property described in this Notice: Affordable housing restrictions have been recorded with respect to the property described below (referred to in this Notice as the "Site") which require that the Site be developed as an affordable rental housing development (the "Project") and that all of the units be rented to and occupied by persons and households of limited income at affordable rents.

Title of Document Containing Affordable Housing Restrictions: Affordability Restrictions and Regulatory Agreement (Low/Mod Set-Aside Funds) ("Agreement").

Parties to Agreement: MP 1700 SANTA MONICA ASSOCIATES, L.P., a California limited partnership ("Developer") and the Fairfield Housing Authority ("FHA").

The Agreement is recorded concurrently with this Notice, in the Official Records of Solano County.

Legal Description of Site: See Exhibit "A" attached hereto and incorporated herein by this reference.

Site Location (address): _____.

Assessor's Parcel Numbers of Site: 0037-340-010 and 190; 0037-053-560 and 700

Summary of Agreement:

- The Agreement requires Developer to develop a seventy-72 unit (each, a “Unit”) rental housing project on property being acquired by Developer from the FHA.
- The Agreement restricts the rental of 35 Units (“Required Affordable Units”), which are required to be rented to and occupied by Extremely Low Income Households whose annual income cannot exceed 30% of Area Median Income for the Solano County area, adjusted for household size.
- Area Median Income limits (or “AMI”) are all as established and as published periodically by the California Department of Housing and Community Development.
- The Agreement restricts the rents that may be charged to households occupying Required Household Units to the following maximum rents (“Affordable Rent”):
 - Affordable Rent for Extremely Low Income Households shall be 30% x 30% of AMI for a household size appropriate to the unit, including a reasonable utility allowance;
 - Household size appropriate to the unit shall be one person for a studio unit, two persons for a one bedroom unit, three persons for a two bedroom unit, and 4 persons for a three bedroom unit.
 - The term of the Agreement is fifty-five (55) years from the date of the City’s issuance of a Final Certificate of Occupancy for the Project.

This Notice does not contain a full description of the details of all of the terms and conditions of the Agreement. You will need to obtain and read the Agreement to fully understand the restrictions and requirements which apply to the Site.

This Notice is being recorded and filed in compliance with Health and Safety Code Section 33334.3(f)(3) and (4).

FAIRFIELD HOUSING AUTHORITY

By: _____
Stefan T. Chatwin,
Executive Director

Date: _____, 202_

DEVELOPER

MP 1700 SANTA MONICA ASSOCIATES, L.P.,
a California limited partnership

By: MP 1700 Santa Monica LLC,
a California limited liability company, its
general partner

By: Mid-Peninsula Pickering, Inc.,
a California nonprofit public benefit
corporation, its sole member/manager

By: _____
Jan M. Lindenthal
Assistant 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, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____

(Seal)

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, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

The land referred to is situated in the County of Solano, City of Fairfield, State of California, and is described as follows:

PARCEL ONE:

Parcel 1, as shown on that certain map entitled: "Parcel Map for Neftali Sanchez, Being Parcel A & B as Shown on that Certain Parcel Map Filed in the County Recorder's Office on October 8, 1975, in Book 10 of Parcel Maps at Page 5 & a Portion of Lot 14 of that Certain Map Entitled Locke Padden Colony No. 4 in Book 4 of Maps at Page 12, Solano County Records", as filed April 25, 1988, in Book 32 of Parcel Maps, at Page 73, Solano County Records.

APN: 0037-340-010 and 0037-053-560

PARCEL TWO:

That parcel of land shown as the "Remainder Parcel" on the Parcel Map filed December 16, 1982, in Book 24 of Parcel Maps, Page 22, Solano County Records.

Excepting therefrom,

1. That parcel of land described in the Deed to Ciro A. Garcia and Andrea E. Garcia, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025067, Official Records.
2. That parcel of land described in the Deed to John B. Massoud and Jeanine Massoud, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025068, Official Records.
3. That parcel of land described in the Deed to Robert C. Agudo and Marsha L. Agudo, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025069, Official Records.
4. That parcel of land described in the Deed to William M. McCoy and Joanne T. McCoy, as community property, recorded March 9, 1994, Series No. 1994-00025070, Official Records.
5. That parcel of land described in the Deed to Charlie Green and Minnie Green, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994-00025071, Official Records.
6. That parcel of land described in the Deed to Charles V. Fuller and Adra J. Fuller, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025072, Official Records.
7. That parcel of land described in the Deed to Dennis R. Keyes and Judith L. Keyes, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025073, Official Records.
8. That parcel of land described in the Deed to Thomas S. Cochran III, a single man, recorded March 9, 1994, Series No. 1994-00025074, Official Records.

9. That parcel of land described in the Deed to Astolfo Vasquez, Jr. and Linda Haverland, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025075, Official Records.
10. That parcel of land described in the Deed to Lloyd V. Scott Sr. and Kuzuko Vasquez Scott, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025076, Official Records.
11. That parcel of land described in the Deed to James E. Montee and Claudia Jo Montee, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025077, Official Records.
12. That parcel of land described in the Deed to Fairfield, Congrégation of Jehovah's Witnesses, a corporation, recorded February 9, 1996, Series No. 1996-00008919, Official Records.
13. That portion lying southerly of that parcel described in the Deed recorded February 9, 1996, as Series No. 1996-8916, Official

APN: 0037-340-190 and 0037-053-700

EXHIBIT "H"

FORMS OF AFFORDABILITY RESTRICTIONS AND REGULATORY AGREEMENTS

(2)

RECORDING REQUESTED BY, AND
WHEN RECORDED RETURN TO:

Fairfield Housing Authority
1000 Webster Street, 2nd Floor
Fairfield, CA 94533
Attn: Director of Community Resources

with a copy to:

MP 1700 Santa Monica Associates, L.P.
c/o MidPen Housing Corporation
303 Vintage Park Drive, Suite 250
Foster City, CA 94404
Attention: Chief Real Estate Officer

APNs: 0037-340-010 and 190;
0037-053-560 and 700

(Space above for Recorder's Use.)

This document is exempt from the payment of a recording fee pursuant to Government Code Section 6103.

AFFORDABILITY RESTRICTIONS AND REGULATORY AGREEMENT
(Low-Mod Set Aside Funds)

These AFFORDABILITY RESTRICTIONS AND REGULATORY AGREEMENT ("Regulatory Agreement") is hereby entered, effective as of _____, 20__, by and between FAIRFIELD HOUSING AUTHORITY ("FHA"), and MP 1700 SANTA MONICA ASSOCIATES, L.P., a California limited partnership ("Developer") (FHA and Developer are sometimes collectively referred to herein as the "Parties.").

RECITALS

WHEREAS, FHA and Developer have entered into that certain unrecorded Disposition, Development and Loan Agreement dated as of February 4, 2020 (the "DDLA") for the improvement and development of certain real property described in Exhibit "A" (to which this Regulatory Agreement is attached) as the "Site", which DDLA provides for the recordation of this Regulatory Agreement. The DDLA is incorporated herein by this reference, and any capitalized term not defined herein shall have the meaning established therefor in the DDLA.

WHEREAS, the former Fairfield Redevelopment Agency acquired the Site using its low/mod income housing set aside funds, and upon dissolution of the Fairfield Redevelopment Agency, the Site was conveyed by operation of law to the FHA as successor to the housing assets of the former Fairfield Redevelopment Agency.

WHEREAS, it is contemplated under the DDLA that, as of the recordation of this Regulatory Agreement, Developer has acquired or shall concurrent with the recording hereof acquire fee title from the FHA to the "Site".

WHEREAS, the DDLA sets forth certain restrictive covenants applicable to the Site, particularly the use of the Site for the provision of thirty-five (35) Units available to Extremely Low Income Households at Affordable Rents as those terms are defined therein, and an unrestricted manager's unit.

WHEREAS, FHA and Developer wish to enter into this Regulatory Agreement to further govern the use of the Site in conjunction and along with the DDLA and to ensure that the FHA complies with applicable law.

NOW, THEREFORE, FHA and Developer (as owner of real property interests described hereinabove), declare that the Site shall be held, transferred, encumbered, used, sold, conveyed, leased and occupied subject to the covenants, conditions and restrictions hereinafter set forth expressly and exclusively for the use and benefit of said property. Each and all of the restrictions, limitations, conditions, covenants, liens, reservations and charges herein contained shall run with the land and be recorded on the property title and shall be binding on Parties, their grantees, successors, heirs, executors, administrators, devisees or assigns, and all subsequent owners of all or any part of the Site, during the term of this Regulatory Agreement.

ARTICLE I DEFINITIONS

The definitions provided herein shall be applicable to this Regulatory Agreement and also to any amendment or supplement (unless the context implicitly or explicitly shall prohibit), recorded against the Site pursuant to the provision of this Regulatory Agreement.

Section 1. "Affordable Housing Development" means an affordable housing project operated in conformity with this Regulatory Agreement throughout the Required Covenant Period.

Section 2. "Affordable Rent", per month, means, for an Extremely Low Income Household, a monthly rent (including a reasonable utility allowance) that does not exceed thirty percent (30%) of thirty percent (30%) of Median Income for a household size appropriate to the Unit.

Section 3. "Approved Housing Development" means all improvements as provided to be developed by Developer under the DDLA. The Approved Housing Development must be completed in strict conformity with all specifications contained in or referred to in the DDLA.

Section 4. "Area" means the Vallejo-Fairfield, CA Metropolitan Statistical Area, as periodically defined by HUD.

Section 5. "Certificate" or "Certification" is defined in Section 3(a).

Section 6. “FHA”, as defined in the first paragraph hereof, means the Fairfield Housing Authority of Fairfield, a municipal corporation.

Section 7. “City Code” means and refers to the City of Fairfield Municipal Code, as revised from time to time.

Section 8. “FHA Grant Deed” means a grant deed in the form attached to the DDLA.

Section 9. “Common Areas” means all areas on the Site that are open or accessible to all tenants of the Site (such as grounds, but excluding interiors of Units).

Section 10. “Extremely Low Income Household” means a household earning not greater than the extremely low income limit for Solano County, adjusted for household size, pursuant to Health and Safety Code Section 50106.

Section 11. “Household size appropriate to the unit” shall be one person for a studio, two persons for a one bedroom unit, three persons for a two bedroom unit, and four persons for a three bedroom unit.

Section 12. Gross Income” means all payments from all sources received by a person (together with the gross income of all persons of the age of 18 years or older who intend to reside with such person in one residential unit) whether in cash or in kind as calculated pursuant to the Department of Housing and Urban Development (“HUD”) Regulations (24 C.F.R. § 813) and 25 California Code of Regulations Section 6914.

Section 13. “Median Income” or “Median Income for the Area” means the median income for the Sites most recently determined by the Secretary of Housing and Urban Development under Section 8 of the United States Housing Act of 1937, as amended, or, if programs under Section 8 are terminated, Median Income for the Area determined under the method used by the Secretary prior to such termination. Such Median Income is published at 25 California Code of Regulations Section 6932, as modified from time to time.

Section 14. “Prescribed Income Levels” means the following:

Type	Income of Household as Percentage of AMI	Number of Units
Studio	30%	6
1BR/1BA	30%	17
2BR/1BA	30%	10
3BR/1.5 BA	30%	2

Section 15. “Regulatory Agreement” means this Regulatory Agreement and any amendments, modifications or supplements.

Section 16. “Rental Development” means the seventy-two (72) Unit residential rental development on the Site.

Section 17. “Required Affordable Unit” means any of the thirty-five (35) of the dwelling units in the Rental Development, as constructed under the DDLA, available to, occupied by, or held vacant for occupancy only by tenants qualifying as Extremely Low Income Households, and rented at Affordable Rent. (One dwelling unit shall be a manager’s unit.)

Section 18. “Required Covenant Period” means the period commencing on the date all Required Affordable Units have been completed as evidenced by the issuance of a Final Certificate of Occupancy for the Rental Development, and ending as of the fifty-fifth (55th) anniversary thereof.

Section 19. “Site” means all of the real property and appurtenances as described in the Recitals above, including all structures and other improvements thereon, and those hereafter constructed.

Section 20. “Unit” means a dwelling unit on the Rental Development.

Section 21. “Year” means a calendar year, excepting that the last Year hereunder shall be deemed to end as of the expiration of this Regulatory Agreement.

ARTICLE II LAND USE RESTRICTIONS; IMPROVEMENTS

Section 1. Uses. Developer shall develop the Approved Housing Development on the Site in conformity with the DDLA. Thereafter, the Site shall be operated as an Affordable Housing Development and devoted only to the uses specified in the DDLA for the periods of time specified herein. All uses conducted on the Site, including, without limitation, all activities undertaken by Developer pursuant to the DDLA, shall conform to all applicable provisions of the FHA Code and the FHA Approvals.

The Site shall be used, maintained and operated in accordance with the DDLA, the FHA Grant Deed, and this Regulatory Agreement for the Required Covenant Period. None of the units in the Rental Development shall at any time be utilized on a transient basis nor shall the Rental Development or any portion thereof ever be used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, hospital, nursing home, sanitarium, rest home or trailer court or park. No part of the Site, from the date Developer acquired the Site, has been or will at any time be owned or used as a cooperative housing corporation or a community apartment project or a stock cooperative.

Section 2. Affordable Housing.

Affordability Restrictions. Throughout the Required Covenant Period, the Developer shall cause the Required Affordable Units to be rented in accordance with the definition of “Prescribed Income Levels” in Section 14 of Article I above at Affordable Rents.

Except to the extent prohibited by state or federal law or tax credit regulations, in the event a household’s income initially complies with the corresponding income restriction but the income of such household increases, such increase shall not be deemed to result in a violation

of the restrictions of this Regulatory Agreement concerning limitations upon income of occupants, provided that the next available unit is leased to an Extremely Low Income Household until compliance with the Prescribed Income Levels is achieved.

Duration of Affordability Requirements. The restrictions shall apply throughout the Required Covenant Period. All tenants residing in any Required Affordable Unit for which rents are limited by virtue of this Regulatory Agreement or pursuant to other regulation during the last two (2) Years of the Required Covenant Period shall be given notice by Developer at least once every six (6) months prior to the expiration date of this requirement, that the rent payable on such Required Affordable Unit may be raised to a market rate rent at the end of the Required Covenant Period.

Selection of Tenants. Developer shall demonstrate to FHA that the proposed tenants of the Required Affordable Unit of the Extremely Low Income Units constitute Extremely Low Income Households.

Prior to the rental or lease of a Required Affordable Unit to a tenant, and as set forth in this Section 2 of Article II of this Regulatory Agreement, Developer shall require the tenant to execute a written lease and to complete an Income Verification certifying that the tenant(s) occupying the Unit is/are in the appropriate income category. Developer shall verify the income of the tenant(s).

Developer shall accept as tenants on the same basis as all other prospective tenants, persons who are recipients of federal certificates for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, or its successor. Developer shall not apply selection criteria to Section 8 certificate holders which are more burdensome than criteria applied to any other prospective tenants.

Determination of Affordable Rent for the Required Affordable Units. The Required Affordable Units shall be rented or leased at Affordable Rent. The maximum monthly rental for the Required Affordable Units shall be adjusted annually as permitted by Section 50053 of the California Health and Safety Code based on the annual adjustment to the Median Income for the Area established pursuant to Section 50093 of the California Health and Safety Code, as more particularly set forth in the Affordable Rent Worksheet.

Notwithstanding anything to the contrary herein, for so long as it is consistent with the published policies of HCD, any determination of Area Median Income under Section 2 with respect to any calendar year shall not be less than the Area Median Income determined under this Section 2 for the calendar year preceding the calendar year for which such determination is made.

DEVELOPER UNDERSTANDS AND KNOWINGLY AGREES THAT THE MAXIMUM RENTAL FOR THE REQUIRED AFFORDABLE UNITS ESTABLISHED BY THIS REGULATORY AGREEMENT IS SUBSTANTIALLY BELOW THE FAIR MARKET RENT FOR THE REQUIRED AFFORDABLE UNITS.

Section 3. Developer Verification and Program Compliance.

Income and Age Verification and Certification. Developer will obtain and maintain on file an Income and Age Verification from each tenant (for every Unit on the Site), dated immediately prior to the initial occupancy of such tenant in the Required Affordable Unit.

On or before July 1 following the completion of the Development, Developer shall file with Authority or its designee a Certificate, containing all information required pursuant to Health and Safety Code Section 33418. Each Certificate shall cover the immediately preceding Year.

Developer shall maintain on file throughout the Required Covenant Period each tenant's executed lease and Income and Age Verification and rental records for the Required Affordable Units. Developer shall maintain complete and accurate records pertaining to the Required Affordable Units, and will permit any duly authorized representative of FHA to inspect the books and records of Developer pertaining to the occupancy of the Required Affordable Units. Developer shall prepare and submit to FHA annually commencing the June 15 first following the recording of the grant deed to Developer and continuing throughout the Required Covenant Period, a Certificate of Continuing Program Compliance. Such documentation shall state for each Unit, the Unit size, the rental amount, the number of occupants, and the income of the occupants and any other information which may be used to determine compliance with the terms of this Regulatory Agreement.

In addition, as part of its annual report, at FHA's request, but not less frequently than prior to each initial and subsequent rental of each Required Affordable Unit to a new tenant household (but not lease renewals) and annually thereafter, Developer shall also provide to FHA completed income computation, asset evaluation, and certification forms, for any such tenant or tenants, in substantially the form provided by FHA from time to time. Developer shall obtain an annual certification from each household of each Required Affordable Unit demonstrating that such household is an Extremely Low Income Household. Developer shall verify the income certification of each tenant household. Developer shall submit to FHA copies of any and all tenant income and occupancy certifications upon request of FHA. FHA may request (and Developer shall provide) additional documentation to assist FHA's evaluation of Developer's compliance with this Agreement, if determined to be necessary in the reasonable discretion of the Executive Director, specifically including (without limitation) any documentation or additional certifications that may be necessary to verify compliance with all requirements from all funding sources, and each tenant's status as to each Required Affordable Unit. This requirement is in addition to and does not replace or supersede Developer's obligation to annually submit the Certificate of Continuing Program Compliance to FHA. Further, FHA has the right, but not the obligation to monitor compliance with respect to each tenant household at the Rental Development, and FHA's election to monitor some, but not all, of the Units shall not constitute a waiver of FHA's right to monitor and enforce compliance with respect to all Units in the future.

Verification of Income of New and Continuing Tenants. Gross income calculations for prospective (and continuing) tenants shall be determined in accordance with 25 Cal. Code Regs. Section 6914. Developer shall verify the income and information provided in the income certification of the proposed tenant as set forth below.

(a) Developer shall verify the income of each proposed tenant of the Required Affordable Units and by at least one of the following methods as appropriate to the proposed tenant:

(i) obtain two (2) paycheck stubs from the person's two (2) most recent pay periods;

(ii) obtain a true copy of an income tax return from the person for the most recent tax year in which a return was filed;

(iii) obtain an income verification certification from the employer of the person;

(iv) obtain an income verification certification from the Social Security Administration and/or the California Department of Social Services if the person receives assistance from such agencies; or

(v) obtain an alternate form of income verification reasonably requested by Authority, if none of the above forms of verification is available to Developer.

Verification Regarding Eligibility of New Tenants. Developer shall retain documentation regarding the eligibility of each new tenant household.

Reporting Amounts. In the event Developer fails to submit to FHA or its designee the Certification as required by Section 3(a), Developer shall be in noncompliance with this Regulatory Agreement.

Section 4. Management of the Rental Development.

Manager. The Rental Development shall at all times be managed by an experienced manager (the "Manager") reasonably acceptable to the FHA, with demonstrated ability to operate residential developments like the Rental Development in a manner that will provide decent, safe, and sanitary housing. The Developer shall submit for the FHA's approval the identity of any proposed Manager. The Developer shall also submit such additional information about the background, experience and financial condition of any proposed Manager as is reasonably necessary for the FHA to determine whether the proposed Manager meets the standard for a qualified Manager set forth above. If the proposed Manager meets the standard for a qualified Manager set forth above, the FHA shall approve the proposed Manager by notifying Developer in writing.

Performance Review. The Developer shall cooperate with the FHA in an annual review of management practices, in connection with which the FHA shall have the right to review and approve the annual operations and management budget; provided, however, that the FHA reserves the right to conduct reviews more frequently at its sole discretion. The purpose of each annual review will be to enable the FHA to determine if the Improvements are being operated and managed in accordance with the requirements and standards of this Agreement.

Replacement of Manager.

(i) If, as a result of the annual review, the FHA determines in its reasonable judgment that the Improvements are not being operated and managed in accordance with any of the requirements and standards of this Agreement, the FHA shall deliver notice to the Developer of its intention to cause replacement of the Manager. Within fifteen (15) days of receipt by the Developer of such written notice, the FHA and the Developer shall meet in good faith to consider methods for improving the financial and operating status of the Rental Development, including, without limitation, replacement of the Manager.

(ii) If, after such meeting, the FHA elects to proceed with the replacement of the Manager, the FHA shall so notify the Developer in writing within fifteen (15) days following

the meeting. Thereupon, the Developer shall promptly dismiss the then Manager, and shall appoint as the Manager a person or entity meeting the standards for a Manager set forth in this section and approved by the FHA in its reasonable discretion. FHA shall have the right to disapprove the replacement Manager within thirty (30) days, and in such case Developer shall promptly dismiss the replacement Manager and appoint another replacement Manager meeting the standards for a Manager set forth in this section and approved by the FHA in its reasonable discretion. Notwithstanding the foregoing, the FHA's approval rights shall be subject and subordinate to the rights of senior lender under the senior deed of trust.

(iii) Any contract for the operation or management of the Property entered into by the Developer shall provide that the contract can be terminated as set forth above.

The Developer agrees that the Rental Development shall be preserved and maintained throughout the term hereof in good condition and repair so as to provide decent, safe, and sanitary housing, and in conformance with all applicable ordinances, statutes and regulations promulgated by any governmental entity having jurisdiction over the Rental Development.

Annual Inspection. Subject to the rights of the occupants of the Units, FHA shall have the right to perform an annual on-site inspection of the units, common areas and grounds and to perform an annual tenant file review to ensure that Developer is managing the Rental Development in accordance with the requirements of this Agreement.

Annual Budget. Developer shall submit or shall cause its Property Manager to submit to the Executive Director on or before the completion of the Rental Development, and each anniversary thereof, an annual budget for the ongoing operation of the Rental Development for approval by FHA, which will not be unreasonably withheld. At the FHA's request, delivered within thirty (30) days after receipt of the budget, each of Developer and the FHA shall cause its respective representative(s) to meet within thirty (30) days following the receipt of request to review the budget. Such review is without obligation to either party to propose or agree to any modification of permitted operating expenses.

Management of Property. Developer shall be completely responsible for the management, administration and operation of the Rental Development including, but not limited to the hiring and discharge of employees, salaries and all other related Rental Development expenses, maintenance and repairs, including capital expenditures, the financial operations of the Rental Development, the rental and re-rental of the apartment units in accordance with the occupancy requirements set forth in this Agreement and all operational, maintenance and management responsibilities of an Developer in a typical multi-family residential housing Rental Development.

Reserves. The Developer will maintain replacement reserves in accordance with the DDLA and will not withdraw funds from such reserves without the consent of the FHA, which will not be unreasonably withheld, subject and subordinate to the rights of the senior mortgage lender.

Manager's Failure to Perform. In the event the manager appointed by Developer for management of the Rental Development fails to perform the obligations imposed upon Developer by this Section, such failure shall constitute a default under Section 10 hereof, and if Developer shall fail to cure such default as provided in Section 10 hereof, then FHA shall have the right, in addition to any other remedies of FHA, to require Developer, upon thirty (30) days' prior

written notice, to appoint a substitute management FHA, reasonably acceptable to both FHA and Developer, subject and subordinate to the rights of the senior mortgage lender.

Gross Mismanagement. During the Required Covenant Period, in the event of "Gross Mismanagement" (as defined below) of the Development, any acts of Gross Mismanagement shall cease immediately upon written notice from the Executive Director, and any omissions constituting Gross Mismanagement shall be corrected within thirty (30) days after written notice from the Executive Director. If such an act or omission is not timely ceased/cured, then, Developer shall within sixty (60) days replace the Property Manager with a new property manager reasonably acceptable to the Executive Director, subject to the rights of the senior mortgage lender.

For purposes of this Agreement, the term "Gross Mismanagement" means management of the Development in a manner which materially violates the terms and/or intention of this Agreement to operate a first quality affordable housing complex, and shall include, but is not limited to, any one or more of the following:

- (a) Leasing to tenants who exceed the prescribed income levels;
- (b) Subject to fair housing laws, allowing tenants to exceed the prescribed occupancy levels without taking immediate action to stop such overcrowding;
- (c) Under-funding required reserve accounts;
- (d) Failing to submit timely and/or adequate annual reports to Authority as required herein;
- (e) Failing to comply with this Regulatory Agreement;
- (f) Fraud or embezzlement of Development funds, including without limitation funds in the reserve accounts;
- (g) Failing to fully cooperate with the Fairfield Police Department or other local law enforcement agency(ies) with jurisdiction over the Development, in maintaining a crime-free environment within the Development;
- (h) Failing to fully cooperate with the Fairfield Fire Department or other local public safety agency(ies) with jurisdiction over the Development, in maintaining a safe and accessible environment within the Development; and
- (i) Failing to fully cooperate with the Fairfield Planning and Building and Safety Department, or other local health and safety enforcement agency(ies) with jurisdiction over the Development, in maintaining a decent, safe and sanitary environment within the Development.

Developer is obligated and shall use commercially reasonable efforts to correct any defects in property management or operations at the earliest feasible time.

Code Enforcement. Developer acknowledges and agrees that FHA and its employees and authorized agents, shall have the right to conduct code compliance and/or code enforcement inspections of the Development and the individual dwelling units at the Development (and not limited to the Required Affordable Units), both exterior and interior, at reasonable times and upon reasonable notice (not less than 48 hours prior notice, except in an emergency) to Developer and/or an individual tenant. If such notice is provided by Authority representative(s)

to Developer, then Developer shall immediately and directly advise any affected tenant of such upcoming inspection and cause access to the area(s) and/or Units at the Rental Development to be made available and open for inspection. Developer shall include express advisement of such inspection rights within the lease/rental agreements for each Unit in the Development in order for each and every tenant and tenant household to be aware of this inspection right. The foregoing portion of this Section 5 is without limitation as to the exercise of police powers by FHA.

Section 6. Parking of Vehicles. Developer shall not permit the parking, storing or keeping of any vehicle except wholly within the parking areas designated for the Required Affordable Units. Developer shall not permit the parking, storing or keeping of any large commercial type vehicle (dump truck, cement mixer truck, oil or gas truck, etc.), or any recreational vehicle over twenty (20) feet in length (camper unit, motor home, trailer, mobile home or other similar vehicle), boats over twenty (20) feet in length, or any vehicle other than a private passenger vehicle, upon any portion of the Common Areas, including parking spaces. For purposes of this section, a pickup truck with a pickup bed mounted camper shall be considered a private passenger vehicle; provided however, that no such vehicle shall be used for residential purposes while parked on the premises.

Developer shall not permit major repairs or major restorations of any motor vehicle, boat, trailer, aircraft or other vehicle to be conducted upon any portion of the Common Area, including the parking areas, except for emergency repairs thereto and then only to the extent necessary to enable movement of the vehicle to a proper repair facility. No inoperable vehicle shall be stored or kept in the Common Area. Developer shall give the vehicle owner not less than four (4) days, nor more than seven (7) days' notice and an opportunity to remove any vehicle parked, stored or kept in violation of the provisions of this Regulatory Agreement. Notice shall consist minimally of a reasonably diligent attempt to personally notify the vehicle owner or alternatively leaving written notice on the subject vehicle. After due notice and opportunity have been given to the vehicle owner, Developer shall have the right to remove, at the vehicle owner's expense, any vehicle parked, stored or kept in violation of the provisions of this Regulatory Agreement.

Section 7. Maximum Occupancies. No persons shall be permitted to occupy any Apartment within the Rental Development in excess of applicable limit of maximum occupancy set by the City of Fairfield and the laws of the State of California.

Section 8. Signs Required. "No loitering" signs will be posted at each building and enforced by Developer. "Illegally parked vehicles will be towed" signs in compliance with California Vehicle Code requirements will be posted and enforced by Developer.

Section 9. Fences and Electronic Installations. Developer shall not install or knowingly permit to be installed on the exterior of any improvement or building on any fences or any antenna or other television or radio receiving device, excepting satellite dishes having a diameter of eighteen inches (18") or less, without prior written consent of FHA. This prohibition shall not prohibit the installation of cable television or subscription wires or receiving devices.

Section 10. Structural Change. Nothing shall be done on the Site in, on or to any building which would materially structurally change the exterior or the interior bearing walls of any such building or structure without the prior written consent of the FHA and any such changes shall be in compliance with all applicable laws including any required permits and ordinances of the FHA. Nothing herein shall affect the rights of Developer to repair, alter or construct improvements on the buildings on the Site unless such repair, alteration or improvement would impair the structural

integrity and/or exterior appearance of said buildings. Nothing herein shall be deemed to prohibit work ordered to be performed by the FHA building official.

Section 11. Compliance with Laws. Developer shall comply with all applicable laws in connection with the development and use of the Site, including without limitation the Fair Housing Act (42 U.S.C. § 3601, *et seq.*, and 24 C.F.R. § 100.300, *et seq.*). Developer is a sophisticated party, with substantial experience in the acquisition, development, financing, obtaining financing for, marketing, and operation of affordable housing projects, and with the negotiation, review, and preparation of agreements and other documents in connection with such activities. Developer is familiar with and has reviewed all laws and regulations pertaining to the acquisition, development and operation of the Rental Development and has obtained advice from any advisers of its own choosing in connection with this Agreement.

ARTICLE III

DUTIES OF DEVELOPER: SPECIFIC MAINTENANCE RESPONSIBILITIES

Section 1. Exterior Building Maintenance. All exterior, painted surfaces shall be maintained at all times in a clean and presentable manner. Any defacing marks shall be cleaned or removed within a reasonable period of time as set forth herein.

Section 2. Front and Side Exteriors. Developer shall at all times maintain the front exterior and yard in a clean, safe and presentable manner, free from defacing marks or any disrepair and any visible side exteriors. Developer shall hire maintenance personnel to maintain and/or repair any front exterior or yard or visible side yard and exterior of any lot or building.

Section 3. Graffiti Removal. All graffiti, and defacement of any type, including marks, words and pictures must be removed and any necessary painting or repair completed by the later to occur of (i) seventy-two (72) hours of their creation or (ii) seventy-two (72) hours after notice to Developer.

Section 4. Driveways. All driveways must be paved and maintained with impervious material in accordance with the FHA Code. In addition, all water must be made to drain freely to the public part of the waterway without any pooling.

Section 5. Exterior Illumination. Developer shall at all times maintain adequate lighting in all entrance ways and parking areas. Adequate lighting means outdoor, night lighting designed and installed, which provides no less than one (1.0) foot candles in the parking areas and no less than one and one-half (1-1/2) foot candles in the walking areas or common areas and no less than 0.2 foot candles at the point of least illumination.

Section 6. Front Setbacks. All front setback areas that are not buildings, driveways or walkways shall be adequately and appropriately landscaped in accordance with minimum standards established by FHA and shall be maintained by Developer. The landscaping shall meet minimum standards set from time to time by FHA.

Section 7. Trash Bins. All trash shall be collected and placed at all times in an enclosable bin to be placed in a designated refuse/trash bin area. The designated area shall be located so that the bin will, to the extent possible, be readily accessible from the street.

Section 8.

ARTICLE IV OBLIGATION TO MAINTAIN, REPAIR AND REBUILD

Section 1. Maintenance. If, at any time, Developer fails to maintain the Rental Development or any portion thereof, and said condition is not corrected after the expiration of forty-five (45) days from the date of written notice from FHA to Developer, FHA may perform the necessary maintenance and Developer shall pay such costs as are reasonably incurred for such maintenance. Payment shall be due within fifteen (15) days of receipt of an invoice from FHA.

FHA hereby agrees that any cure of any default made or tendered by Developer's limited partners who shall have been identified in writing by Developer to FHA and shall be deemed to be a cure by Developer and shall be accepted or rejected on the same basis as if made or tendered by Developer; provided FHA shall have received written notice by Developer of the identity of, and address for notices for, such limited partners and a copy of the applicable limited partnership agreement and amendments showing they are limited partners.

Developer agrees to assume full responsibility for the operation and maintenance of the Rental Development throughout the Required Covenant Period without expense to FHA, and to perform all repairs and replacements necessary to maintain and preserve the Rental Development and the Site in good repair, in a neat, clean, safe and orderly condition reasonably satisfactory to FHA and in compliance with all applicable laws. Developer agrees that FHA shall not be required to perform any maintenance, repairs or services or to assume any expense in connection with the Rental Development and the Site. Developer hereby waives all rights to make repairs or to cause any work to be performed at the expense of FHA as provided for in Section 1941 and 1942 of the California Civil Code.

The following standards shall be complied with by Developer and its maintenance staff, contractors or subcontractors:

(1) Developer shall maintain the Rental Development, including individual Required Affordable Units, all common areas, all interior and exterior facades, and all exterior project site areas, in a safe and sanitary fashion suitable for a high quality, rental housing project. Developer agrees to provide utility services, administrative services, supplies, contract services, maintenance, maintenance reserves, and management for the entire project including interior tenant spaces, common area spaces and exterior common areas. The services provided by Developer shall include, but not be limited to, providing all common area electricity, gas, water, property, fire and liability insurance in the amounts set forth in this Regulatory Agreement, all property taxes and personal property taxes, any and all assessments, maintenance and replacement of all exterior landscaping, and all administration and overhead required for any property manager.

(2) Landscape maintenance shall include, but not be limited to: watering/irrigation; fertilization; mowing, edging, and trimming of grass; tree and shrub pruning; trimming and shaping of trees and shrubs to maintain a healthy, natural appearance and safe road conditions and visibility, and optimum irrigation coverage; replacement, as needed, of all plant materials; control of weeds in all planters, shrubs, lawns, ground covers, or other planted areas; and staking for support of trees.

(3) Clean-up maintenance shall include, but not be limited to: maintenance of all private paths, parking areas, driveways and other paved areas in clean and weed-free condition; maintenance of all such areas clear of dirt, mud, trash, debris or other matter which is unsafe or

unsightly; removal of all trash, litter and other debris from improvements and landscaping prior to mowing; clearance and cleaning of all areas maintained prior to the end of the day on which the maintenance operations are performed to ensure that all cuttings, weeds, leaves and other debris are properly disposed of by maintenance workers.

(4) The Rental Development shall be maintained in conformance and in compliance with the approved construction and architectural plans and design scheme, as the same may be amended from time to time with the approval of FHA.

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

(6) Any and all chemicals, unhealthful substances, and pesticides used in and during maintenance shall be applied only by persons in strict accordance with all governing regulations.

(7) Parking lots, lighting fixtures, trash enclosures, and all areas shall be kept free from any accumulation of debris or waste materials by regularly scheduled maintenance.

Section 2. Damage and Destruction Affecting Development - Developer's Duty to Rebuild.

If all or any portion of the Site and the improvements thereon is damaged or destroyed by fire or other casualty, Developer shall promptly proceed to obtain insurance proceeds and subject to the terms of the senior loan secured by the Site and improvements, take all steps necessary to begin reconstruction and, immediately upon receipt of insurance proceeds, to promptly and diligently commence the repair or replacement of the Rental Development to substantially the same condition as the Rental Development is required to be constructed pursuant to the DDLA, subject to the sufficiency of the insurance proceeds to cover the actual cost of repair, replacement, or restoration, and Developer shall complete the same as soon as possible thereafter so that the Rental Development can be occupied as an affordable housing project in accordance with the DDLA. In no event shall the repair, replacement, or restoration period exceed eighteen (18) months from the date Developer obtains insurance proceeds unless the Executive Director, in his or her reasonable discretion, approves a longer period of time, subject to the terms of the senior loan secured by the Site and improvements. If the then-existing laws of any other governmental agencies with jurisdiction over the Site do not permit the repair, replacement, or restoration, Developer may elect not to repair, replace, or restore the Rental Development by giving notice to FHA (in which event the insurance proceeds shall be treated as Residual Receipts and shall be distributed to the Parties in accordance with the terms of the FHA Loan entered pursuant to the DDLA, and Developer shall be required to remove all debris from the Site) or Developer may reconstruct such other Rental Development on the Site as is consistent with applicable land use regulations and approved by FHA, and any other governmental agency or agencies with jurisdiction, and FHA may pursue remedies of its choosing under this Agreement, including without limitation termination of the DDLA and accelerating the payment of the FHA Loan in accordance with the terms of the FHA Loan.

In furtherance of the requirements of this Section 2, Developer shall keep the construction on the Site insured by carriers at all times reasonably satisfactory to FHA against loss by fire and such other hazards, casualties, liabilities and contingencies as included within an all risk extended coverage hazard insurance policy, in an amount of the full replacement cost of the constructions. In the event of loss, Developer shall give prompt notice to the insurance carrier and to Authority.

If the Site is abandoned by Developer, or if Developer fails to respond to FHA within thirty (30) days from the date notice is mailed by FHA to Developer that the insurance carrier offers to settle a claim for insurance benefits, FHA is authorized to collect and apply the insurance proceeds at FHA's option either to restoration or repair of the Site.

Section 3. Variance in Exterior Appearance and Design. In the event the Rental Development sustains substantial physical damage due to a casualty event, Developer may apply to FHA for approval to reconstruct, rebuild or repair in a manner which will provide different exterior appearance and lot design from that which existed prior to the date of the casualty.

Section 4. Time Limitation. Upon damage to the Site or the Rental Development or other improvements, subject to the requirements of the Senior Project Lender and the receipt and sufficiency of insurance proceeds, Developer shall be obligated to proceed with all due diligence hereunder and commence reconstruction within twelve (12) months after the damage occurs and complete reconstruction within twenty-four (24) months after damage occurs or demolition and vacate within twenty-four (24) months, unless prevented by causes beyond their reasonable control, in which event reconstruction shall be commenced and completed at the earliest feasible time unless otherwise agreed to by the parties.

ARTICLE V ENFORCEMENT

Section 1. Remedies. Breach of the covenants contained in the Regulatory Agreement may be enjoined, abated or remedied by appropriate legal proceeding by FHA. No remedies shall be instituted until the party complaining of a violation has provided written notice to the other party and such party has failed to cure the alleged violation within thirty (30) days after delivery of the written notice, provided that if the default is a default other than the violation of Article II, Section 2, Developer shall not be in default so long as Developer commences the cure within such 30 days and thereafter diligently prosecutes the cure to completion and completes the cure within one hundred and twenty (120) days after delivery of the notice. FHA hereby agrees that any cure of any default made or tendered by Developer's limited partners who shall have been identified in writing by Developer to FHA and shall be deemed to be a cure by Developer and shall be accepted or rejected on the same basis as if made or tendered by Developer; provided FHA shall have received written notice by Developer of the identity of, and address for notices for, such limited partners and a copy of the applicable limited partnership agreement and amendments showing they are limited partners.

This Regulatory Agreement does not in any way infringe on the right or duties of FHA to enforce any of the provisions of the FHA Code including, but not limited to, the abatement of dangerous buildings.

Section 2. Nuisance. The result of every act or omission whereby any of the covenants contained in this Regulatory Agreement are violated in whole or in part is hereby declared to be and constitutes a nuisance, and every remedy allowable at law or equity, against a nuisance, either public or private, shall be applicable against every such result and may be exercised by any owner or its successors in interest, without derogation of FHA's rights under law.

Section 3. Right of Entry. In addition to the above general rights of enforcement, FHA shall have the right through its agents and employees, to enter upon any part of the project area for the purpose of enforcing the California Vehicle Code, and the ordinances and other regulations of

FHA, and for maintenance and/or repair of any or all publicly owned utilities. In addition, FHA has the right of entry at reasonable hours and upon and after reasonable attempts to contact Developer, on any lot to effect emergency repairs or maintenance which Developer has failed to perform. Subsequent to sixty (60) days written notice to Developer specifically outlining Developer's noncompliance, FHA shall have the right of entry on the Site at reasonable hours to enforce compliance with this Regulatory Agreement which Developer has failed to perform. This Section 3 is without limitation as to the exercise of police powers of FHA.

Section 4. Costs of Repair. The costs borne by FHA for any such repairs or maintenance emergency and/or non-emergency, shall become a charge for which Developer shall be responsible.

Section 5. Cumulative Remedies. The remedies herein provided for breach of the covenants contained in this Regulatory Agreement shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

Section 6. Failure to Enforce. The failure to enforce any of the covenants contained in this Regulatory Agreement shall not constitute a waiver of the right to enforce the same thereafter.

Section 7. Enforcement and Nonliability. FHA may from time to time make such efforts, if any, as it shall deem appropriate enforce and/or assist in enforcing this Regulatory Agreement. However, FHA will not be subject to any liability for failure to affirmatively enforce any provision of this Regulatory Agreement.

ARTICLE VI GENERAL PROVISIONS

Section 1. Covenant Against Partition. By acceptance of its interest in the Site, Developer shall be deemed to covenant for itself and for its heirs, representatives, successors and assigns, that it will not institute legal proceedings or otherwise seek to effect partition of its right and interest in the interest being conveyed to Developer, or the burdens running with the land as a result of this Regulatory Agreement.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in all force and effect.

Section 3. Term. This Regulatory Agreement shall run with and bind the interest of Developer in the Site, and shall inure to the owner(s) of any property subject to this Regulatory Agreement, his legal representatives, heirs, successors and assigns, and as provided in Article VI, Sections 2 and 3, be enforceable by FHA, for a term equal to the Required Covenant Period as defined herein, provided; however, that the covenants regarding nondiscrimination set forth in Section 4 of Article II of this Regulatory Agreement shall remain in effect for perpetuity. This Regulatory Agreement shall not be subordinate to the lien of any financing obtained by Developer with respect to the Site.

Section 4. Construction. The provisions of this Regulatory Agreement shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of the Required Affordable Units available at Affordable Rent for Very Low Income Households, and, to the extent provided herein, Low Income Households in conformity with the Prescribed Income Levels. The article and section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

Developer shall be obligated by this Regulatory Agreement to comply with the provisions hereof, as well as the FHA Grant Deed. In the event of conflict, Developer shall comply with the most stringent requirements, in each case.

Section 5. Amendments. This Regulatory Agreement may be amended only by the written agreement of Developer and FHA.

Section 6. Encroachments. None of the rights and obligations of Developer created herein shall be altered in any way by encroachments due to settlement or shifting of structures or any other cause. There shall be valid easements for the maintenance of said encroachments so long as they shall exist; provided, however, that in no event shall a valid easement for encroachment be created in favor of Developer if said encroachment occurs due to the willful conduct of said Developer.

Section 7. Notices. Any notice permitted or required to be delivered as provided herein to Developer shall be in writing and may be delivered either by reputable overnight service or certified mail to its address on the first page hereof, and shall be effective as of one business day after delivery to the messenger service for overnight delivery, or the date of delivery or attempted delivery shown on the return receipt. Such address may be changed from time to time by notice in writing.

Section 8. Notice of Transfer of Title; Notice of Property Manager. Developer shall promptly notify FHA in writing of the identity and address for notices for the initial Property Manager and any replacement thereof, and Developer shall also promptly notify the FHA in writing of any conveyance of the Approved Housing Development, including the name of any buyer and the address for notices of the buyer.

DEVELOPER:

MP 1700 SANTA MONICA ASSOCIATES, L.P.,
a California limited partnership

By: MP 1700 Santa Monica LLC,
a California limited liability company, its general partner

By: Mid-Peninsula Pickering, Inc.,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Jan M. Lindenthal
Assistant Secretary

FHA:

FAIRFIELD HOUSING AUTHORITY

By:

Stefan T. Chatwin,
Executive Director

ATTEST:

Karen L. Rees, FHA Secretary

EXHIBIT A

LEGAL DESCRIPTION OF THE SITE

The land referred to is situated in the County of Solano, City of Fairfield, State of California, and is described as follows:

PARCEL ONE:

Parcel 1, as shown on that certain map entitled: "Parcel Map for Neftali Sanchez, Being Parcel A & B as Shown on that Certain Parcel Map Filed in the County Recorder's Office on October 8, 1975, in Book 10 of Parcel Maps at Page 5 & a Portion of Lot 14 of that Certain Map Entitled Locke Padden Colony No. 4 in Book 4 of Maps at Page 12, Solano County Records", as filed April 25, 1988, in Book 32 of Parcel Maps, at Page 73, Solano County Records.

APN: 0037-340-010 and 0037-053-560

PARCEL TWO:

That parcel of land shown as the "Remainder Parcel" on the Parcel Map filed December 16, 1982, in Book 24 of Parcel Maps, Page 22, Solano County Records.

Excepting therefrom,

1. That parcel of land described in the Deed to Ciro A. Garcia and Andrea E. Garcia, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025067, Official Records.
2. That parcel of land described in the Deed to John B. Massoud and Jeanine Massoud, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025068, Official Records.
3. That parcel of land described in the Deed to Robert C. Agudo and Marsha L. Agudo, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025069, Official Records.
4. That parcel of land described in the Deed to William M. McCoy and Joanne T. McCoy, as community property, recorded March 9, 1994, Series No. 1994-00025070, Official Records.
5. That parcel of land described in the Deed to Charlie Green and Minnie Green, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994-00025071, Official Records.
6. That parcel of land described in the Deed to Charles V. Fuller and Adra J. Fuller, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025072, Official Records.
7. That parcel of land described in the Deed to Dennis R. Keyes and Judith L. Keyes, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025073, Official Records.
8. That parcel of land described in the Deed to Thomas S. Cochran III, a single man, recorded March 9, 1994, Series No. 1994-00025074, Official Records.

9. That parcel of land described in the Deed to Astolfo Vasquez, Jr. and Linda Haverland, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025075, Official Records.
10. That parcel of land described in the Deed to Lloyd V. Scott Sr. and Kuzuko Vasquez Scott, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025076, Official Records.
11. That parcel of land described in the Deed to James E. Montee and Claudia Jo Montee, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025077, Official Records.
12. That parcel of land described in the Deed to Fairfield, Congregation of Jehovah's Witnesses, a corporation, recorded February 9, 1996, Series No. 1996-00008919, Official Records.
13. That portion lying southerly of that parcel described in the Deed recorded February 9, 1996, as Series No. 1996-8916, Official

APN: 0037-340-190 and 0037-053-700

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, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____

(Seal)

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, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____

(Seal)

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, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____

(Seal)

RECORDING REQUESTED BY, AND
WHEN RECORDED RETURN TO:

City of Fairfield
Dept. of Community Resources
1000 Webster Street, 2nd Floor
Fairfield, CA 94533
Attn: Director of Community Resources

with a copy to:

MP 1700 Santa Monica Associates, L.P.
c/o MidPen Housing Corporation
303 Vintage Park Drive, Suite 250
Foster City, CA 94404
Attention: Chief Real Estate Officer

APNs: 037-340-010 and 190;
0037-053-560 and 700

(Space above for Recorder's Use.)

This document is exempt from the payment of a recording fee
pursuant to Government Code Section 6103.

AFFORDABILITY RESTRICTIONS AND REGULATORY AGREEMENT
(DENSITY BONUS; FEE DEFERRAL; FEE CREDITS)

These AFFORDABILITY RESTRICTIONS AND REGULATORY AGREEMENT ("Regulatory Agreement") is hereby entered, effective as of _____, 20__, by and among the CITY OF FAIRFIELD, a municipal corporation ("City"), and MP 1700 SANTA MONICA ASSOCIATES, L.P., a California limited partnership ("Developer") (City and Developer are sometimes collectively referred to herein as the "Parties.").

RECITALS

WHEREAS, FHA and Developer have entered into that certain unrecorded Disposition, Development and Loan Agreement dated as of February 4, 2020 (the "DDLA") for the development of certain real property described in Exhibit "A" ("Site").

WHEREAS, this Regulatory Agreement establishes a plan for the improvement, development and maintenance of the Site, for the benefit of FHA, and constitutes a "density bonus housing agreement" under the Fairfield Municipal Code for which Developer has been given an incentives and waivers relating to parking, and open space as described in the applicable City Resolution.

WHEREAS, it is contemplated under the DDLA that, as of the recordation of this Regulatory Agreement, Developer has acquired or shall concurrent with the recording hereof acquire fee title from the FHA to the "Site".

WHEREAS, City and Developer wish to adopt this Regulatory Agreement to further govern the use of the Site to comply with the City's density bonus ordinances and to satisfy requirements of the Fairfield Municipal Code with respect to fee deferrals and fee credits described in the DDLA. **City shall not subordinate this Regulatory Agreement to any deed of trust or other liens.**

NOW, THEREFORE, FHA and Developer (as owner of real property interests described hereinabove), declare that the Site shall be held, transferred, encumbered, used, sold, conveyed, leased and occupied subject to the covenants, conditions and restrictions hereinafter set forth expressly and exclusively for the use and benefit of said property. Each and all of the restrictions, limitations, conditions, covenants, liens, reservations and charges herein contained shall run with the land and be recorded on the property title and shall be binding on Parties, their grantees, successors, heirs, executors, administrators, devisees or assigns, and all subsequent owners of all or any part of the Site, during the term of this Regulatory Agreement.

ARTICLE I DEFINITIONS

The definitions provided herein shall be applicable to this Regulatory Agreement and also to any amendment or supplement (unless the context implicitly or explicitly shall prohibit), recorded against the Site pursuant to the provision of this Regulatory Agreement.

Section 1. "Affordable Housing Development" means an affordable housing project operated in conformity with this Regulatory Agreement throughout the Required Covenant Period.

Section 2. "Affordable Rent", per month, means, for a Very Low Income Household, a monthly rent (including a reasonable utility allowance) which does not exceed one-twelfth (1/12th) of thirty percent (30%) of fifty percent (50%) of Median Income for a household size appropriate to the Unit, and for a Lower Income Household, a monthly rent (including a reasonable utility allowance) which does not exceed one-twelfth (1/12th) of thirty percent (30%) of sixty percent (60%) of Medium Income for a household size appropriate to the unit.

Section 3. "Area" means the Vallejo-Fairfield, CA Metropolitan Statistical Area, as periodically defined by HUD.

Section 4. "Certificate" or "Certification" is defined in Section 3(a).

Section 5. "City", as defined in the first paragraph hereof, means the City of Fairfield, a municipal corporation.

Section 6. "City Code" means and refers to the City of Fairfield Municipal Code, as revised from time to time.

Section 7. "Gross Income" means all payments from all sources received by a person (together with the gross income of all persons of the age of 18 years or older who intend to reside with such person in one residential unit) whether in cash or in kind as calculated pursuant to the

Department of Housing and Urban Development (“HUD”) Regulations (24 C.F.R. § 813) and 25 California Code of Regulations Section 6914.

Section 8. “Household size appropriate to the unit” shall be one person for a studio unit, two persons for a one bedroom unit, three persons for a two bedroom unit, and four persons for a three bedroom unit.

Section 9. “Lower Income Household” means households earning not greater than the lower income limit for Solano County, adjusted for household size, pursuant to the California Health and Safety Code.

Section 10. “Lower Income Unit” means a unit occupied at Affordable Rent by a Lower Income Household.

Section 11. “Lower Income Required Units” means the Required Affordable Units which are required to be rented to Lower Income Households at Affordable Rent.

Section 12. “Median Income” or “Median Income for the Area” means the median income for the Sites most recently determined by the Secretary of Housing and Urban Development under Section 8 of the United States Housing Act of 1937, as amended, or, if programs under Section 8 are terminated, Median Income for the Area determined under the method used by the Secretary prior to such termination. Such Median Income is published at 25 California Code of Regulations Section 6932, as modified from time to time.

Section 13. “Prescribed Income Levels” means the following:

Type	Income of Household as Percentage of AMI	Number of Units
Studio	80%	2
1BR/1BA	80%	7
2BR/1BA	80%	7
3BR/1.5 BA	80%	2
Studio	50%	2
1BR/1BA	50%	3
2BR/1BA	50%	4
3BR/1.5 BA	50%	2

Section 14. “Regulatory Agreement” means this Regulatory Agreement and any amendments, modifications or supplements.

Section 15. “Rental Development” means the seventy-two (72) Unit residential rental development on the Site.

Section 16. “Required Affordable Units” means any of the twenty-nine (29) of the dwelling units in the Rental Development, restricted and available to, occupied by, or held vacant for occupancy under this Agreement only by tenants qualifying as Very Low Income Households and Low Income Households and rented at Affordable Rent. (Another dwelling unit must be a manager unit.)

Section 17. “Required Covenant Period” means the period commencing on the date all Required Affordable Units have been completed as evidenced by the FHA’s issuance of a Final Certificate of Occupancy for the Rental Development, and ending as of the fifty-fifth (55th) anniversary thereof.

Section 18. “Site” means all of the real property and appurtenances as described in the Recitals above, including all structures and other improvements thereon, and those hereafter constructed.

Section 19. “Unit” means a dwelling unit on the Rental Development.

Section 20. “Very Low Income Households” means households earning not greater than the very low income limit for Solano County, adjusted for household size, pursuant to Health and Safety Code Section 50105.

Section 21. “Very Low Income Unit” means a Unit occupied at Affordable Rent by a Very Low Income Household.

Section 22. “Very Low Income Required Units” means the Required Affordable Units which are required to be rented to Very Low Income Households at Affordable Rent.

Section 23. “Year” means a calendar year, excepting that the last Year hereunder shall be deemed to end as of the expiration of this Regulatory Agreement.

ARTICLE II

LAND USE RESTRICTIONS; IMPROVEMENTS

Section 1. Uses. The Site shall be operated as an Affordable Housing Development. All uses conducted on the Site, including, without limitation, all activities undertaken by Developer pursuant to the DDLA, shall conform to all applicable provisions of the City Code and the City permits and approvals.

The Site shall be used, maintained and operated in accordance with this Regulatory Agreement for the Required Covenant Period.

Section 2. Affordable Housing. Developer shall apply the cost reduction from the fee credits to reducing the cost of the Required Affordable Units.

Affordability Restrictions; Number of Units. Throughout the Required Covenant Period, the Developer shall cause the Required Affordable Units to be rented in accordance with the definition of “Prescribed Income Levels” in Section 14 of Article I above at Affordable Rents.

Except to the extent prohibited by state or federal law or tax credit regulations, in the event a household's income initially complies with the corresponding income level/restriction but the income of such household increases, such increase shall not be deemed to result in a violation of the restrictions of this Regulatory Agreement concerning limitations upon income of occupants, provided that the next available unit is leased to a Very Low Income Household or Low Income Household, as applicable, until compliance with the Prescribed Income Levels is achieved.

Duration of Affordability Requirements. The restriction shall apply throughout the Required Covenant Period. All tenants residing in any Required Affordable Unit for which rents are limited by virtue of this Regulatory Agreement or pursuant to other regulation during the last two (2) Years of the Required Covenant Period shall be given notice by Developer at least once every six (6) months prior to the expiration date of this requirement, that the rent payable on such Required Affordable Unit may be raised to a market rate rent at the end of the Required Covenant Period.

Selection of Tenants. Developer shall demonstrate to City that the proposed tenants of Required Affordable Units of the Extremely Low Income Units constitute Extremely Low Income Households, and that the proposed tenants of Very Low Income Required Units constitute Very Low Income Households.

Prior to the rental or lease of a Required Affordable Unit to a tenant, and as set forth in this Section 2 of Article II of this Regulatory Agreement, Developer shall require the tenant to execute a written lease and to complete an Income Verification certifying that the tenant(s) occupying the Unit is/are in the appropriate income category. Developer shall verify the income of the tenant(s).

Developer shall accept as tenants on the same basis as all other prospective tenants, persons who are recipients of federal certificates for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, or its successor. Developer shall not apply selection criteria to Section 8 certificate holders which are more burdensome than criteria applied to any other prospective tenants.

Determination of Affordable Rent for the Required Affordable Units. The Required Affordable Units shall be rented or leased at Affordable Rent. The maximum monthly rental for the Required Affordable Units shall be adjusted annually as permitted by Section 50053 of the California Health and Safety Code based on the annual adjustment to the Median Income for the Area established pursuant to Section 50093 of the California Health and Safety Code, as more particularly set forth in the Affordable Rent Worksheet.

Notwithstanding anything to the contrary herein, for so long as it is consistent with the published policies of HCD, any determination of Area Median Income under Section 2 with respect to any calendar year shall not be less than the Area Median Income determined under this Section 2 for the calendar year preceding the calendar year for which such determination is made.

DEVELOPER UNDERSTANDS AND KNOWINGLY AGREES THAT THE MAXIMUM RENTAL FOR THE REQUIRED AFFORDABLE UNITS ESTABLISHED BY

THIS REGULATORY AGREEMENT IS SUBSTANTIALLY BELOW THE FAIR MARKET RENT FOR THE REQUIRED AFFORDABLE UNITS.

Section 3. Developer Verification and Program Compliance.

Income and Age Verification and Certification. Developer will obtain and maintain on file an Income and Age Verification from each tenant (for every Unit on the Site except the Manager's unit), dated immediately prior to the initial occupancy of such tenant in the Required Affordable Units.

On July 1 following the completion of the Development, and on or before each subsequent July 1, Developer shall file with City Manager or its designee a Certificate, containing all information required pursuant to Health and Safety Code Section 33418. Each Certificate shall cover the immediately preceding Year.

Developer shall maintain on file throughout the Required Covenant Period each tenant's executed lease and Income and Age Verification and rental records for the Rental Development and the Required Affordable Units. Developer shall maintain complete and accurate records pertaining to the Units, and will permit any duly authorized representative of City to inspect the books and records of Developer pertaining to the occupancy of the Required Affordable Units. Developer shall prepare and submit to City annually commencing the June 15 first following the recording of the FHA Grant Deed and continuing throughout the Required Covenant Period, a Certificate of Continuing Program Compliance. Such documentation shall state for each Required Affordable Unit in the Rental Development the Unit size, the rental amount, the number of occupants, and the income of the occupants and any other information which may be used to determine compliance with the terms of this Regulatory Agreement.

In addition, as part of its annual report, at City's request, but not less frequently than prior to each initial and subsequent rental of each Required Affordable Unit to a new tenant household (but not lease renewals) and annually thereafter, Developer shall also provide to City completed income computation, asset evaluation, and certification forms, for any such tenant or tenants, in substantially the form provided by City from time to time. Developer shall obtain an annual certification from each household, Required Affordable Unit demonstrating that such household is a Low Income Household or Very Low Income Household, as applicable. Developer shall verify the income certification of each tenant household. Developer shall submit to City copies of any and all tenant income and occupancy certifications upon request of City. City may request (and Developer shall provide) additional documentation to assist City's evaluation of Developer's compliance with this Agreement, if determined to be necessary in the reasonable discretion of the City Manager, specifically including (without limitation) any documentation or additional certifications that may be necessary to verify compliance with all requirements from all funding sources, and each tenant's status as to each Required Affordable Unit. This requirement is in addition to and does not replace or supersede Developer's obligation to annually submit the Certificate of Continuing Program Compliance to City. Further, City has the right, but not the obligation to monitor compliance with respect to each tenant household at the Rental Development, and City's election to monitor some, but not all, of the Units shall not constitute a waiver of City's right to monitor and enforce compliance with respect to all Units in the future.

Verification of Income of New and Continuing Tenants. Gross income calculations for prospective (and continuing) tenants shall be determined in accordance with 25 Cal. Code

Regs. Section 6914. Developer shall verify the income and information provided in the income certification of the proposed tenant as set forth below.

(a) Developer shall verify the income of each proposed tenant of the Required Affordable Units and by at least one of the following methods as appropriate to the proposed tenant:

(i) obtain two (2) paycheck stubs from the person's two (2) most recent pay periods;

(ii) obtain a true copy of an income tax return from the person for the most recent tax year in which a return was filed;

(iii) obtain an income verification certification from the employer of the person;

(iv) obtain an income verification certification from the Social Security Administration and/or the California Department of Social Services if the person receives assistance from such agencies; or

(v) obtain an alternate form of income verification reasonably requested by Authority, if none of the above forms of verification is available to Developer.

Verification Regarding Eligibility of New Tenants. Developer shall retain documentation regarding the eligibility of each new tenant household.

Reporting Amounts. In the event Developer fails to submit to the City Manager or its designee the Certification as required by Section 3(a), Developer shall be in noncompliance with this Regulatory Agreement.

ARTICLE III ENFORCEMENT

Section 1. Remedies. Breach of the covenants contained in the Regulatory Agreement may be enjoined, abated or remedied by appropriate legal proceeding by City. No remedies shall be instituted until the party complaining of a violation has provided written notice to the other party and such party has failed to cure the alleged violation within thirty (30) days after delivery of the written notice, provided that if the default is a default other than the violation of Article II, Section 2, Developer shall not be in default so long as Developer commences the cure within such 30 days and thereafter diligently prosecutes the cure to completion and completes the cure within one hundred and twenty (120) days after delivery of the notice. City hereby agrees that any cure of any default made or tendered by Developer's limited partners who shall have been identified in writing by Developer to City and shall be deemed to be a cure by Developer and shall be accepted or rejected on the same basis as if made or tendered by Developer; provided City shall have received written notice by Developer of the identity of, and address for notices for, such limited partners.

This Regulatory Agreement does not in any way infringe on the right or duties of City to enforce any of the provisions of the City Code including, but not limited to, the abatement of dangerous buildings.

Section 2. Nuisance. The result of every act or omission whereby any of the covenants contained in this Regulatory Agreement are violated in whole or in part is hereby declared to be and constitutes a nuisance, and every remedy allowable at law or equity, against a nuisance, either public or private, shall be applicable against every such result and may be exercised by any owner or its successors in interest, without derogation of City's rights under law.

Section 3. Reserved.

Section 4. Reserved.

Section 5. Cumulative Remedies. The remedies herein provided for breach of the covenants contained in this Regulatory Agreement shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

Section 6. Failure to Enforce. The failure to enforce any of the covenants contained in this Regulatory Agreement shall not constitute a waiver of the right to enforce the same thereafter.

Section 7. Enforcement and Nonliability. City may from time to time make such efforts, if any, as it shall deem appropriate enforce and/or assist in enforcing this Regulatory Agreement. However, City will not be subject to any liability for failure to affirmatively enforce any provision of this Regulatory Agreement.

ARTICLE VI GENERAL PROVISIONS

Section 1. Covenant Against Partition. By acceptance of its interest in the Site, Developer shall be deemed to covenant for itself and for its heirs, representatives, successors and assigns, that it will not institute legal proceedings or otherwise seek to effect partition of its right and interest in the interest being conveyed to Developer, or the burdens running with the land as a result of this Regulatory Agreement.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in all force and effect.

Section 3. Term. This Regulatory Agreement shall run with and bind the interest of Developer in the Site, and shall inure to the owner(s) of any property subject to this Regulatory Agreement, his legal representatives, heirs, successors and assigns, and as provided in Article VIII, Sections 1 and 2, be enforceable by City, for a term equal to the Required Covenant Period as defined herein. This Regulatory Agreement shall not be subordinate to the lien of any financing obtained by Developer with respect to the Site.

Section 4. Construction. The provisions of this Regulatory Agreement shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of Required Affordable Units available at Affordable Rent for Very Low Income Households, and Low Income Households in conformity with the Prescribed Income Levels. The article and section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

Developer shall be obligated by this Regulatory Agreement to comply with the provisions hereof. In the event of conflict, Developer shall comply with the most stringent requirements, in each case.

Section 5. Amendments. This Regulatory Agreement may be amended only by the written agreement of Developer, and City.

Section 6. Reserved.

Section 7. Notices. Any notice permitted or required to be delivered as provided herein to Developer shall be in writing and may be delivered either by reputable overnight service or certified mail to its address on the first page hereof, and shall be effective as of one business day after delivery to the messenger service for overnight delivery, or the date of delivery or attempted delivery shown on the return receipt. Such address may be changed from time to time by notice in writing.

Section 8. Notice of Transfer of Title; Notice of Property Manager. Developer shall promptly notify City in writing of any conveyance of the Approved Housing Development, including the name of any buyer and the address for notices of the buyer.

DEVELOPER:

MP 1700 SANTA MONICA ASSOCIATES, L.P.,
a California limited partnership

By: MP 1700 Santa Monica LLC,
a California limited liability company,
its general partner

By: Mid-Peninsula Pickering, Inc.,
a California nonprofit public
benefit corporation,
its sole member/manager

By: _____
Jan M. Lindenthal
Assistant Secretary

CITY:

CITY OF FAIRFIELD,
a municipal corporation

By: _____
Stefan T. Chatwin,
City Manager

ATTEST:

Karen L. Rees, City Clerk

EXHIBIT A

LEGAL DESCRIPTION OF THE SITE

The land referred to is situated in the County of Solano, City of Fairfield, State of California, and is described as follows:

PARCEL ONE:

Parcel 1, as shown on that certain map entitled: "Parcel Map for Neftali Sanchez, Being Parcel A & B as Shown on that Certain Parcel Map Filed in the County Recorder's Office on October 8, 1975, in Book 10 of Parcel Maps at Page 5 & a Portion of Lot 14 of that Certain Map Entitled Locke Padden Colony No. 4 in Book 4 of Maps at Page 12, Solano County Records", as filed April 25, 1988, in Book 32 of Parcel Maps, at Page 73, Solano County Records.

APN: 0037-340-010 and 0037-053-560

PARCEL TWO:

That parcel of land shown as the "Remainder Parcel" on the Parcel Map filed December 16, 1982, in Book 24 of Parcel Maps, Page 22, Solano County Records.

Excepting therefrom,

1. That parcel of land described in the Deed to Ciro A. Garcia and Andrea E. Garcia, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025067, Official Records.
2. That parcel of land described in the Deed to John B. Massoud and Jeanine Massoud, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025068, Official Records.
3. That parcel of land described in the Deed to Robert C. Agudo and Marsha L. Agudo, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025069, Official Records.
4. That parcel of land described in the Deed to William M. McCoy and Joanne T. McCoy, as community property, recorded March 9, 1994, Series No. 1994-00025070, Official Records.
5. That parcel of land described in the Deed to Charlie Green and Minnie Green, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994-00025071, Official Records.
6. That parcel of land described in the Deed to Charles V. Fuller and Adra J. Fuller, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025072, Official Records.
7. That parcel of land described in the Deed to Dennis R. Keyes and Judith L. Keyes, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025073, Official Records.
8. That parcel of land described in the Deed to Thomas S. Cochran III, a single man, recorded March 9, 1994, Series No. 1994-00025074, Official Records.

9. That parcel of land described in the Deed to Astolfo Vasquez, Jr. and Linda Haverland, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025075, Official Records.
10. That parcel of land described in the Deed to Lloyd V. Scott Sr. and Kuzuko Vasquez Scott, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025076, Official Records.
11. That parcel of land described in the Deed to James E. Montee and Claudia Jo Montee, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025077, Official Records.
12. That parcel of land described in the Deed to Fairfield, Congregation of Jehovah's Witnesses, a corporation, recorded February 9, 1996, Series No. 1996-00008919, Official Records.
13. That portion lying southerly of that parcel described in the Deed recorded February 9, 1996, as Series No. 1996-8916, Official

APN: 0037-340-190 and 0037-053-700

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, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____

(Seal)

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, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
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foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

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County of _____)

On _____, before me, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT "I"

FORM OF CERTIFICATE OF COMPLETION

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Fairfield Housing Authority
Dept. of Community Resources
1000 Webster Street, 2nd Floor
Fairfield, CA 94533
Attn: Director of Community Resources

With a copy to:

MP 1700 Santa Monica Associates, L.P.
c/o MidPen Housing Corporation
303 Vintage Park Drive, Suite 250
Foster City, CA 94404
Attention: Chief Real Estate Officer

APNs: 0037-340-010 and 190;
0037-053-560 and 700

(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 MP 1700 SANTA MONICA ASSOCIATES, L.P., a California limited partnership.

RECITALS

A. FHA and Developer have entered into that certain unrecorded Disposition, Development and Loan Agreement (the "DDLA") dated as of February 4, 2020 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 3.12 of the DDLA, FHA is required to furnish Developer or its successors with a Certificate of Completion upon completion of construction of the "Project" (as defined in the DDLA), 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 DDLA.

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

NOW, THEREFORE, FHA hereby certifies as follows:

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

2. This Certificate shall not constitute evidence of compliance with or satisfaction of any obligation of Developer 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 Developer's compliance with those covenants in the DDLA that survive the issuance of this Certificate.

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

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

IN WITNESS WHEREOF, FHA has executed this Certificate of Completion this ____ day of _____, 20__.

FAIRFIELD HOUSING AUTHORITY

By: _____
Stefan T. Chatwin, Executive Director

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, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT "A"

LEGAL DESCRIPTION

The land referred to is situated in the County of Solano, City of Fairfield, State of California, and is described as follows:

PARCEL ONE:

Parcel 1, as shown on that certain map entitled: "Parcel Map for Neftali Sanchez, Being Parcel A & B as Shown on that Certain Parcel Map Filed in the County Recorder's Office on October 8, 1975, in Book 10 of Parcel Maps at Page 5 & a Portion of Lot 14 of that Certain Map Entitled Locke Padden Colony No. 4 in Book 4 of Maps at Page 12, Solano County Records", as filed April 25, 1988, in Book 32 of Parcel Maps, at Page 73, Solano County Records.

APN: 0037-340-010 and 0037-053-560

PARCEL TWO:

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Excepting therefrom,

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6. That parcel of land described in the Deed to Charles V. Fuller and Adra J. Fuller, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025072, Official Records.
7. That parcel of land described in the Deed to Dennis R. Keyes and Judith L. Keyes, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025073, Official Records.
8. That parcel of land described in the Deed to Thomas S. Cochran III, a single man, recorded March 9, 1994, Series No. 1994-00025074, Official Records.

9. That parcel of land described in the Deed to Astolfo Vasquez, Jr. and Linda Haverland, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025075, Official Records.
10. That parcel of land described in the Deed to Lloyd V. Scott Sr. and Kuzuko Vasquez Scott, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025076, Official Records.
11. That parcel of land described in the Deed to James E. Montee and Claudia Jo Montee, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025077, Official Records.
12. That parcel of land described in the Deed to Fairfield, Congregation of Jehovah's Witnesses, a corporation, recorded February 9, 1996, Series No. 1996-00008919, Official Records.
13. That portion lying southerly of that parcel described in the Deed recorded February 9, 1996, as Series No. 1996-8916, Official

APN: 0037-340-190 and 0037-053-700

EXHIBIT "J"

BASE PROJECT FINANCING SUMMARY

1. Fairfield Housing Authority Land Donation, current appraised market value:		\$2,287,000
2. Fairfield Housing Authority Loan:		\$2,200,000
3. Fee Credits in an amount not to exceed:		\$1,000,000
4. Fee Deferral approximate amount*: *Fee Deferrals will be paid at a later date	\$ 1,500,000	
	<i>Subtotal</i>	<i>\$5,487,000</i>
5. Tax Credit Investor Equity, Bank Loan, Deferred Developer Fee, and Other Soft Loans		\$33,825,555
	Total Development Costs	\$39,312,555

EXHIBIT "K"

FORM OF FEE DEFERRAL AGREEMENT

(Attached.)

RECORDING REQUESTED BY AND
WHEN RECORDED, MAIL TO:

City of Fairfield
Dept. of Community Resources
1000 Webster Street, 2nd Floor
Fairfield, CA 94533
Attn: Director of Community Resources

With a copy to:

MP 1700 Santa Monica Associates, L.P.
c/o MidPen Housing Corporation
303 Vintage Park Drive, Suite 250
Foster City, CA 94404
Attention: Chief Real Estate Officer

APNs: 0037-340-010 and 190;
0037-053-560 and 700

(Exempt from recording fees pursuant to Gov't Code § 6103)

FEE DEFERRAL AGREEMENT

THIS FEE DEFERRAL AGREEMENT (the "AGREEMENT") is dated as of _____, 2020 and is entered into by and between CITY OF FAIRFIELD, a municipal corporation (the "CITY"), and MP 1700 SANTA MONICA ASSOCIATES, L.P., a California limited partnership (the "DEVELOPER").

RECITALS

- A. The CITY has adopted a Fee Deferral Ordinance (Fairfield Municipal Code Section 5.4.3 in Chapter 5);
- B. The purpose of the Fee Deferral Ordinance is to facilitate the development of affordable housing;
- C. DEVELOPER is the owner of certain real property in the City of Fairfield, County of Solano as described more particularly on Exhibit "A" hereto (the "Property");
- D. DEVELOPER intends to construct a project on the Property that will be rent- and income- restricted for very-low and low-income households (the "Project"); and
- E. The Fairfield Housing Authority ("FHA") and Developer have entered into a Disposition, Development and Loan Agreement dated February 4, 2020 ("DDLA") which provided for the conveyance of the Property by FHA to Developer and the construction of the

Project by Developer, and the recording of Affordable Restrictions and Regulatory Agreements restricting the Project, including this Agreement.

F. The DDLA provides that the granting of the fee deferral described herein is a condition to FHA's and Developer's obligations to close the conveyance and acquisition of the Property, and the DDLA contemplates that this Agreement will be recorded prior to any deed of trust, and shall remain senior to all deeds of trust encumbering the Property.

NOW, THEREFORE, in consideration of the above Recitals and of the mutual covenants contained herein, the Parties agree as follows:

AGREEMENT

1. Fee Deferral(s). The Director of Planning and Development of the City has approved the following fee deferral(s) for the Project:
 - a. _____.
 - b. _____.
2. Payment of Deferral Fees. All deferred fees shall be due and payable upon the earlier of: (i) the closing of so-called "permit" financing (i.e., financing used to repay construction financing for the Project); or (ii) thirty (30) calendar months after the date on which the building permit for the Project issued.
3. Lien. Developer hereby grants to City a lien on the Property (and any improvements), with power of sale, to secure the payment of the deferred fees, and City may foreclose such lien non-judicially, in accordance with California Civil Code Sections 2924, et. seq.
4. DEVELOPER'S Covenant to Pay and Costs of Enforcement. DEVELOPER further agrees to pay the CITY's and/or the COUNTY's reasonable costs of collection enforcement or collection of the fees required to be paid hereunder and costs of foreclosure.
5. Attorneys' Fees. If any legal action or proceeding arising out of or relating to this Agreement is brought by any party, the prevailing party shall be entitled to receive from the other party, in addition to any other relief that may be granted, the reasonable attorneys' fees, costs, and expenses incurred in the action or proceeding by the prevailing party. DEVELOPER further agrees to pay the CITY's reasonable attorneys' fees related to collection of the fees required to be paid hereunder.
6. Notices. All notices required or permitted under the terms of this Agreement shall be in writing and sent to:

CITY: City of Fairfield
 1000 Webster Street
 Fairfield, CA 94533-4883
 Attn: Director of Community Development

DEVELOPER: MP 1700 Santa Monica Associates, L.P.
c/o MidPen Housing Corporation
303 Vintage Park Drive, Suite 250
Foster City, CA 94404

7. **Consideration.** CITY's agreement to defer payment of the Fees has been made in consideration of DEVELOPER's agreement to provide and maintain a certain number of affordable housing units as part of the Project, as reflected in the "Affordability Restrictions and Regulation Agreement (Density Bonus; Fee Deferral; Fee Credits) document recorded against the Property (which is not, and shall not be, subordinate to any deed of trust or liens, other than liens for property taxes and assessments not yet delinquent).
8. **Entire Agreement.** This Agreement constitutes the entire agreement between CITY and the DEVELOPER with respect to the specific subject matter hereof, and no alteration or amendment or any part thereof shall be effective unless in writing signed by parties sought to be charged or bound thereby.

IN WITNESS WHEREOF, this Fee Deferral Agreement has been executed by the parties as of the date and year first above written.

CITY:

CITY OF FAIRFIELD,
a municipal corporation

Stefan T. Chatwin, City Manager

DEVELOPER:

MP 1700 SANTA MONICA ASSOCIATES, L.P.,
a California limited partnership

By: MP 1700 Santa Monica LLC,
a California limited liability company,
its general partner

By: Mid-Peninsula Pickering, Inc.,
a California nonprofit public
benefit corporation,
its sole member/manager

By: _____
Jan M. Lindenthal
Assistant Secretary

CALIFORNIA ALL PURPOSE ACKNOWLEDGMENT

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(ies), 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.

Signature of Notary Public

Place Notary Seal Above

CALIFORNIA ALL PURPOSE ACKNOWLEDGMENT

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(ies), 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.

Signature of Notary Public

Place Notary Seal Above

Exhibit "A"

Legal Description of the Property

The land referred to is situated in the County of Solano, City of Fairfield, State of California, and is described as follows:

PARCEL ONE:

Parcel 1, as shown on that certain map entitled: "Parcel Map for Neftali Sanchez, Being Parcel A & B as Shown on that Certain Parcel Map Filed in the County Recorder's Office on October 8, 1975, in Book 10 of Parcel Maps at Page 5 & a Portion of Lot 14 of that Certain Map Entitled Locke Padden Colony No. 4 in Book 4 of Maps at Page 12, Solano County Records", as filed April 25, 1988, in Book 32 of Parcel Maps, at Page 73, Solano County Records.

APN: 0037-340-010 and 0037-053-560

PARCEL TWO:

That parcel of land shown as the "Remainder Parcel" on the Parcel Map filed December 16, 1982, in Book 24 of Parcel Maps, Page 22, Solano County Records.

Excepting therefrom,

1. That parcel of land described in the Deed to Ciro A. Garcia and Andrea E. Garcia, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025067, Official Records.
2. That parcel of land described in the Deed to John B. Massoud and Jeanine Massoud, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025068, Official Records.
3. That parcel of land described in the Deed to Robert C. Agudo and Marsha L. Agudo, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025069, Official Records.
4. That parcel of land described in the Deed to William M. McCoy and Joanne T. McCoy, as community property, recorded March 9, 1994, Series No. 1994-00025070, Official Records.
5. That parcel of land described in the Deed to Charlie Green and Minnie Green, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994-00025071, Official Records.
6. That parcel of land described in the Deed to Charles V. Fuller and Adra J. Fuller, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025072, Official Records.
7. That parcel of land described in the Deed to Dennis R. Keyes and Judith L. Keyes, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025073, Official Records.
8. That parcel of land described in the Deed to Thomas S. Cochran III, a single man, recorded March 9, 1994, Series No. 1994-00025074, Official Records.

9. That parcel of land described in the Deed to Astolfo Vasquez, Jr. and Linda Haverland, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025075, Official Records.
10. That parcel of land described in the Deed to Lloyd V. Scott Sr. and Kuzuko Vasquez Scott, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025076, Official Records.
11. That parcel of land described in the Deed to James E. Montee and Claudia Jo Montee, husband and wife, as joint tenants, recorded March 9, 1994, Series No. 1994- 00025077, Official Records.
12. That parcel of land described in the Deed to Fairfield, Congregation of Jehovah's Witnesses, a corporation, recorded February 9, 1996, Series No. 1996-00008919, Official Records.
13. That portion lying southerly of that parcel described in the Deed recorded February 9, 1996, as Series No. 1996-8916, Official

APN: 0037-340-190 and 0037-053-700