

**REAL ESTATE SERVICES DIVISION  
ASSET MANAGEMENT BRANCH**

**REQUEST FOR PROPOSAL  
FOR  
AFFORDABLE INCOME HOUSING**

**EMPLOYMENT DEVELOPMENT DEPARTMENT  
HOLLYWOOD OFFICE BUILDING**

1116 N. McCadden Place and 6725 Santa Monica Boulevard  
Los Angeles, Los Angeles County

**PROJECT NO. 133539**

**FILE NO. SSL 922**

Karen M. Patche, Project Manager  
(916) 376-4120 (*phone*), (916) 376-1833 (*fax*)

**April 2, 2013**

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\*Posted to DGS' Internet Web Site at <http://www.dgs.ca.gov/resd/Home/eddhollywood.aspx>.



Governor Edmund G. Brown Jr.

## DEPARTMENT OF GENERAL SERVICES REQUEST FOR PROPOSALS

### BY INVITATION ONLY AFFORDABLE HOUSING DEVELOPMENT

EMPLOYMENT DEVELOPMENT DEPARTMENT  
HOLLYWOOD OFFICE BUILDING

APRIL 2, 2013

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This Request for Proposal (RFP) is by *invitation only*. As defined in Government Code section 11011.1, only those nonprofit affordable housing sponsors who provided written letters of interest and verification of their nonprofit status to the Department of General Services (DGS) on or before April 12, 2012, are eligible to participate in this solicitation for the surplus state property identified as the Employment Development Department Hollywood Office Building ("Project"). Chapter 178 of the Statutes of 2012 authorizes the sale of the Property and Government Code (G.C.) section 11011.1 authorizes the sale of the property for an affordable housing development.

This RFP invites nonprofit affordable housing sponsors ("Proposers") who submitted timely letters of interest to the DGS to submit a proposal for the development of an affordable housing project in compliance with G.C. section 11011.1(c)(2)(3) ("Proposal"). The real property shall be developed as affordable housing for persons and families of low and moderate income for at least 40 years and the Proposal shall also include, in draft form, a separate regulatory agreement in a form suitable for recording. The State will give instructions regarding the development of the regulatory agreement later in this RFP. The State will record the regulatory agreement at the close of sale. The regulatory agreement shall include the affordability requirements defined in G.C. section 11011.1, along with any other State or local affordable housing requirements that may be imposed on the Project, as long as those requirements are consistent with the State's affordable housing objectives identified in Government Code.

The sale of the surplus state real property to a nonprofit affordable housing sponsor pursuant to G.C. section 11011.1 shall be completed and title transferred within sixty (60) days of the

date the DGS executes the sales agreement. If no nonprofit affordable housing sponsor is interested in the surplus property, or if an agreement is not reached as provided by law, the disposal of the surplus state property will be completed through a public bidding process designed to obtain the highest most certain return for the State from a responsible bidder.

The selected Proposer will be responsible for all costs of design, development, operation, and maintenance of the Project, as well as any costs incurred by the State or another entity to administer and/or monitor the regulatory agreement on an annual or more frequent basis as necessary.

## **INTRODUCTION AND BACKGROUND**

By means of this RFP, the State of California ("State") is making available approximately 2.00 acres of improved surplus state land located at 1116 N. McCadden Place and 6725 Santa Monica Blvd., Los Angeles, California 90038, Los Angeles County ("Property"), and identified as Assessor Parcel Number 5532-021-902. See the legal description of the property in Exhibit A. All exhibits to this RFP may be found on the DGS' website at <http://www.dgs.ca.gov/resd/Home/eddhollywood.aspx>. Proposers may only submit Proposals for an affordable housing development, which will be conditioned upon continued use of the real property as housing for persons and families of low and moderate income for at least forty (40) years. Proposers will be required to demonstrate how their proposed project meets state or federal laws and requirements for affordable housing. Proposals for uses other than for low and moderate affordable housing will be rejected by the State.

### **Area Description and Access**

The location of the Property is in Hollywood, a district in the City of Los Angeles (city), California, situated approximately 10 miles northwest of downtown, within the boundaries of the Hollywood Media District. After years of decline, the Hollywood district is now undergoing rapid gentrification and revitalization with the goal of urban density in mind. Access to the Hollywood area is via Interstate 101, to the north, or Interstate 10, to the south. Santa Monica Boulevard is a major arterial road designated as California Highway 2, which interchanges with Interstate 101 east of the Property. Direct vehicle access to the Property is from N. McCadden Place and N. Las Palmas Avenue.

### **Current Use and Improvements**

The State currently owns, operates, and occupies the Property as an Employment Development Department (EDD) Field Office. The EDD plans to vacate the property in July 2013. The EDD building is a single story, reinforced masonry structure constructed in 1953 and expanded in

1963 to its current size of 29,968 square feet. The building structure consists of brick construction with a flat wooden roof covered by composition roofing. The visible building exterior is brick with aluminum-framed windows. The building interior has partition walls to create working zones and offices. The interior walls are sheet rock-finished with t-bar ceilings and recessed lighting.

### **Zoning and General Plan Designation**

The Property lies within the Hollywood Signage District and is currently zoned as M1-1VL-SN which allows limited industrial, commercial and manufacturing uses. Proposers should investigate the ability to construct an affordable housing project on the Property with the city through a General Plan Amendment or conditional use permit prior to making a Proposal. The Property is being sold "as is", with the State reserving mineral rights as required under authorizing legislation. The State will not incur any responsibility or cost for securing entitlements to construct the Project. The State also requires a profit participation on the Property through a deed restriction should all or any portion of the Property receive city entitlements for uses other than the Property's use as affordable housing during the 40-year restricted use period.

### **State Profit Participation Requirement**

In addition to the initial cash payment for the Property, the State will retain the right to profit participation in the Property in the event that all or any portion of the Property is ever used for a purpose other than for affordable housing during the 40-year restricted use period. The State will exercise this right through the recordation of a profit participation covenant as a deed restriction on the title to the Property. The provision shall be applicable to the Property in its entirety and such provision will take effect on any portion of the Property once the use or reuse on that portion of the Property is no longer determined by the State to be for affordable housing use.

### **Additional Property Information**

Proposers may access Exhibits A through G of this RFP and the additional Property information shown below on the DGS' website at <http://www.dgs.ca.gov/resd/Home/eddhollywood.aspx>. Please note the parking lot leases formerly encumbering the Property were terminated by the DGS in 2012.

- Preliminary Report dated as of January 24, 2012.
- Photographs of Building and Parking Lot
- Satellite Photograph

## **PROPOSAL REQUIREMENTS**

This section describes the Proposal requirements that Proposers must address when assembling their submitted Proposals. The Proposal must be sufficiently detailed and descriptive so the State may assess its viability. The State will be best able to consider Proposals that include, but are not limited to, the items described below beginning with QUALIFICATIONS, item number 1, through ADDITIONAL PROJECT INFORMATION, item number 7.

The State intends to select a nonprofit affordable housing sponsor who will purchase the Property for the purpose of constructing affordable housing which shall be conditioned upon the continued use of the surplus state real property as housing for persons and families of low and moderate income. The successful Proposer will be responsible for all costs associated with purchasing, developing, managing, and operating the Property as proposed.

Please read the following information and instructions carefully in preparation of your response to this RFP. You will be expected to closely adhere to these instructions. If you are unclear about any aspect of these instructions or any of the exhibits, you should use the procedures described herein to obtain clarification from the State.

Proposers should not interpret an invitation to participate in this solicitation as acceptance of their Proposal. The Proposal must be sufficiently detailed and descriptive in the State's sole discretion to assess the viability of the Proposal and address the Proposal requirements identified in this solicitation. The State reserves the right to make its selection based on its sole and absolute discretion and the State also reserves the right to reject any or all Proposals at any time for any reason.

The State may modify any part of this RFP, prior to the date fixed for submission of final Proposals, by issuing an addenda posted to the DGS' web site at <http://www.dgs.ca.gov/resd/Home/eddhollywood.aspx>. Proposers are responsible for contacting the State if the information identified in this RFP is not available on the DGS' web site. Addenda will be numbered consecutively. PROPOSERS MUST CHECK THE WEB SITE REGULARLY FOR NEW INFORMATION.

**PROPOSALS MUST BE DELIVERED TO THE STATE AT THE DEPARTMENT OF GENERAL SERVICES, ASSET MANAGEMENT BRANCH, 707 3<sup>RD</sup> STREET, 5<sup>TH</sup> FLOOR, WEST SACRAMENTO, CA 95605, ATTENTION: KAREN M. PATCHE, ON THE DATE AND TIME POSTED BELOW BY 5:00 P.M. PST OR POSTMARKED BY THE SUBMITTAL DEADLINE DATE.**

**Submittal Deadline Date: 5:00 P.M. PST, TUESDAY, April 2, 2013**

## **1. QUALIFICATIONS**

Submitted Proposals must address each of the items listed below beginning with subsection 1.1 and include the Proposer's capacity to successfully develop the property as proposed.

Proposers must identify each item discussed by section or sub-section number and provide concise and specific responses.

### **1.1. Organization**

**1.1.1.** Identify members of the proposing entity and team and provide a brief description of the firm, including the following information:

- Number of years in business
- Number of full-time employees
- Form of probable development entity (corporation, partnership, LLC, etc.)
- One page resume of key principals and managers including contact information
- Key development team members, architect, engineer, etc.
- Project manager

### **1.2. Relevant Project Experience**

**1.2.1.** Provide brief descriptions of 3 to 5 relevant recently completed projects. This information should include information about comparable projects, such as:

- Name and location of project
- Project description including land uses and intensity of development
- Special circumstances (e.g. phase development, specific plan, public amenities, etc.)
- Entitlements for comparable size projects
- Original permitted land use
- Outcome of land use and entitlement process
- Brief description of planning process
- Experience with developing and managing special needs housing
- Low and moderate income development experience
- Low and moderate income management experience
- Number of units managed
- Affordable communities managed
- Number of Regulatory Agreements administered (city, state, and federal)
- Number of HUD subsidized units

## **2. ECONOMIC AND FINANCING CRITERIA**

The State requires assurances the Proposer has the financial capability to complete the proposed Project development. Proposals must include a detailed explanation of the source of

project financing, with support as necessary. The discussion should include specific details such as the anticipated terms of financing, balloon payment, pre-payment, etc. and support the financing line items illustrated in the cash flow analysis:

- 2.1. The Proposal shall include a cash flow pro forma covering, but not limited to, financing, development, initial lease-up, operation (including management, turn-over, capital reserves, etc.), and return "on" and "of" all equity positions. Proposers must use the ***Universal Application for the Development of Affordable Rental Housing*** (Application) to prepare their pro forma and attach the completed form to their Proposal as Exhibit B. An electronic version of the form may be downloaded at <http://www.treasurer.ca.gov/ctcac/2010/application/universal.xls>. The information provided in the Application will assist the DGS in its evaluation of the viability of the Proposal and does not constitute any formal application/approval for financial assistance for funding the development of the Project. Please disregard the submittal instructions in paragraph 1 of the "Instructions" tab in the application. The Application is to be submitted to the DGS with the Proposal and marked Exhibit B. No fee will be required for submittal of the application to the DGS. The State further recognizes that given the status of the Project, the information contained in the pro forma may not reflect the information contained in a formal application for financial assistance. In addition to submitting a hard copy of the completed Application with your Proposal, proposers must also submit an electronic copy of the Application on a compact disk (CD).
- 2.2. Proposers shall include the agency name, loan type, and loan amount of all government or private loans to be used for the acquisition and development of the Property. If the Proposal includes private financing, letters of credit shall be included.
- 2.3. Assumptions used in the pro forma must be discussed and reasonably supported with market data (i.e., rents, vacancy, expenses, management fees, leasing costs, growth rates, etc.).

### **3. AFFORDABLE HOUSING PROPOSAL**

The Proposer will be entirely responsible for all project financing, including but not limited to, costs for planning, design, entitlements, environmental studies/review, mitigation, hazardous waste removal, demolition, construction, inspections, appraisals, and future operations and maintenance of the Project. Submitted Proposals must address each of the requirements listed below beginning with subsection 3.1 and discuss how each of the requirements will be satisfied. Proposers must identify the Proposal requirements by section or sub-section number and provide a narrative explanation along with supporting information to address each requirement and the Proposer's capacity to successfully

develop the Property as proposed.

### **3.1. Proposal Requirements**

The Proposal must include a description of the development plans for the Property. At a minimum, the description must include the following elements:

**3.1.1.** Description of the Project and discuss how it meets affordable housing federal and/or state law and requirements.

**3.1.2.** Preliminary site plan illustrating:

- Neighborhood concepts, including distribution of housing product types
- Circulation and access
- Open space concepts
- Number of affordable housing units

**3.1.3.** Project phasing and timing.

**3.1.4.** Appropriate city zoning designation that will be required for the development of the Project and the overall process of securing the needed zoning change and entitlements. The State will not assume any responsibility, risk, or cost involved in securing said entitlements.

**3.1.5.** Key development constraints for the type of Project proposed to include, but not be limited to: (1) Land Use; (2) Lot Area; (3) Landscape Coverage; (4) Parking, Access, and Circulation; (5) Frontage Improvements; (6) Building Setbacks; (7) Lot Coverage; (8) Floor Area Ratio; and (9) Building Height. The narrative discussion for the above development constraints, as well as other restrictions or local approvals typical of the type of Project proposed must include the source of the requirement, specific requirement, and discussion or illustration on how the Proposal satisfies the requirement.

**3.1.6.** All local and regional service providers regarding any such requirements said providers may impose on the Project, including utilities and drainage requirements, on-site collection, detention, treatment, and connections to public systems. Local and regional service providers include, but are not limited to:

- City of Los Angeles
- Southern California Department of Water and Power
- Southern California Gas
- Los Angeles County Flood Control District
- Los Angeles County Fire Department
- South Coast Air Quality Management District

- California Department of Transportation

**3.1.7.** Development Schedule identifying key dates typical of a development timeline. If the proposed project will be phased, the Development Schedule must include the key milestone dates for each phase of the Project. The Development Schedule must include the following seven (7) key milestone dates: (1) Entitlement Application to city; (2) Permit Application to city; (3) Permit Issuance; (4) Design Plan Approval; (5) Construction Start; (6) Construction Completed; and (7) Stabilized Occupancy.

#### **4. COMPLIANCE WITH THE CITY OF LOS ANGELES' AFFORDABLE HOUSING GOALS AND REQUIREMENTS**

The State requires that the selected Proposer cooperate with the city to achieve affordable housing goals to the extent they are consistent with the State's objectives. Therefore, Proposals should describe how the Project is consistent with issues important to the city.

##### **4.1 Local Requirements**

Include a narrative discussion of how the proposed project satisfies the city's design guidelines for the type of project proposed. The discussion need not include minute detail, but there should be sufficient detail for the State to determine the general level of compliance with the city's objectives and guidelines for an affordable housing project.

#### **5. PURCHASE AND SALE AGREEMENT**

The Proposer of the selected Proposal will be required to enter into a Purchase and Sale Agreement ("Purchase Agreement") with the State subject to the requirements of G.C. section 11011.1 and the conditions specified in a regulatory agreement to be recorded with the Grant Deed. Proposers shall include in their Proposal the identity of the contractor(s) or entity(ies) who will be conducting the inspections and the nature and scope of the inspections or testing to be completed on the Property prior to the close of escrow. The State will include, but is not limited to including, the following requirements in the Purchase Agreement.

- 5.1.** The Property will be purchased "as is" in its present condition. The Purchase Agreement will be in substantial form to the State's Standard Purchase Agreement shown in Exhibit C, subject to the addition/revision of terms as required in this RFP. The sale of the property shall be conditioned on the use of the property for the purpose of constructing affordable housing for persons and families of low and moderate income for a period of forty (40) years and on the terms of a regulatory agreement as discussed below in item 6.

- 5.2. The Purchase Agreement shall be executed by the Proposer within sixty (60) days after the State determines the affordable housing Proposal is to receive the real property and the sale of the Property to the Proposer shall be completed and close escrow within 60 days after the DGS executes the Purchase Agreement.
- 5.3. Prior to the execution of the Purchase Agreement and subject to prior approval of the State, the selected Proposer, its representatives, authorized agents, or contractors, may enter on the Property to make such inspections of the Property under the terms of an executed Right-of-Entry Agreement granted by the State. The State will allow reasonable access to the Property to conduct due diligence investigations requested by the Proposer in this RFP. See Standard Form of the Right-of-Entry (Exhibit D).

## **6. REGULATORY AGREEMENT**

The Project Proposal shall include a draft regulatory agreement in a format suitable for recording, similar to Exhibit E (Sample Regulatory Agreement), which shall include the requirements of G.C. section 11011.1(c)(3) as related to affordable housing. The State will record the regulatory agreement at the time of recording the Grant Deed (Exhibit F).

- 6.1. The State shall record a regulatory agreement on the Property imposing the affordability requirements as a first priority lien for a period of forty (40) years at the time the State conveys the Property to the successful Proposer. The regulatory agreement shall not be subordinated to any other lien or encumbrance except for any federal loan program whose statutes or regulations require a first lien priority for that federal loan (verification of federal loan will be required).
- 6.2. The selected Proposer will be responsible for the State's cost to administer and monitor the terms of the regulatory agreement. A fee estimate of the charges for such monitoring will be provided to the selected Proposer prior to the execution of the Purchase Agreement. The selected Proposer will be required to pay the costs for monitoring when and how specified in the Purchase Agreement.
- 6.3. The State will require at least annual monitoring of the regulatory agreement with reports submitted to the State once a year or as requested by the State. The selected Proposer must agree to the monitoring requirement and must cooperate by providing all information described in the Regulatory Agreement and paying all associated costs.

## **7. ADDITIONAL PROJECT INFORMATION**

This section allows Proposers to expand on any element of the Project not addressed in other sections of the Proposal (e.g., elements not specified in Project Requirements). This is

the respondent's opportunity to add elements of the Proposal that make the Proposal more attractive to the State.

### **SELECTION CRITERIA**

The selection process will not rely on a single item or monetary figure (e.g., bid) in selecting a successful Proposal, but rather upon consideration of both economic and non-economic factors as described herein. The State will select the Proposal which, at the sole discretion of the State, offers the best opportunity to meet the State's affordable housing objectives defined in Government Code section 11011.1. Proposers may receive requests during the State's evaluation process to answer additional questions and/or provide clarification to the RFP.

The State will select a Proposal, which, in the sole discretion of the State, poses the best opportunity for the State to meet its affordable housing objectives as set forth in this RFP. The State reserves the right to reject any and all Proposals for any reason.

The State will consider the following criteria to select the successful Proposal:

1. Proposer's financial capacity to facilitate and complete the Project proposed.
2. Proposer's qualifications and experience in developing projects similar to the Project proposed.
3. Project Proposal's development schedule.
4. Project qualities evidenced by proposed architecture, design, materials, units developed, and consistency with public goals.

#### **SCHEDULE\*** (Approximate Dates)

Invitation to Participate	February 14, 2013
Deadline for Questions	March 22, 2013
State's Response to Questions	Within three (3) business days of receipt by DGS, but DGS will not respond to any questions after March 27, 2013
<b>RFP Submittal Deadline</b>	<b>April 2, 2013</b>
Final Selection	April 30, 2013
Buyer's Execution of Purchase Agreement	Within 60 days of selection
State's Review & Recommendation	Within 60 days of selection
State's Execution of Purchase Agreement	Within 60 days of selection
Escrow Opened	To be determined
Estimated Close of Escrow	Within 60 days of State's execution of the Purchase Agreement
Project Construction to Begin	Within 24 months of close of escrow

**\*Note: State reserves the right to revise the projected schedule dates at its sole discretion.**

### **SUBMITTAL REQUIREMENTS**

This section describes the organization and format Proposers should follow in their written

response to this RFP. Proposers are to submit three (3) full hard copies and one digital copy on CD or DVD of their response to this RFP (spiral bound or equivalent). No fax or email copies of the Proposal will be accepted. Submittals received after the specified time and date will not be considered and will be returned unopened to the sender. The State reserves the right to extend the submission deadline and such an extension will be facilitated by addenda posted to the DGS' Internet Web Site. A complete Proposal consists of the following documentation:

**1. Responses to items number 1. through 7.**

**2. Statement & Support of Sale Financing**

A Statement of Intended Sale Financing shall accompany the Proposal and address Proposer's ability to consummate the sale as per the State's objective to develop affordable housing.

**3. Cover Letter**

Proposers are to submit a cover letter with their Offer Form and Proposal which clearly indicates the Project name and the following information:

- Federal Tax Identification Number of the Firm
- Summary of Project Proposal
- Secretary of State Certification identifying California legal operating name. If operating under a fictitious business name, provide all supporting documentation, i.e., fictitious business name statement certified by the appropriate county clerk. If the legal operating name is proposed and filings will not occur unless selected, provide supporting information to include key officers and type of entity. If selected, the Secretary of State Certification will be required prior to the execution of the Purchase Agreement.
- Copy of Proposer's California license(s) as applicable, i.e., Architect/Engineer, General Contractor, etc.

**PROPOSALS MUST BE DELIVERED TO THE DEPARTMENT OF GENERAL SERVICES, ASSET MANAGEMENT BRANCH, 707 3<sup>RD</sup> STREET, 5<sup>TH</sup> FLOOR, WEST SACRAMENTO, CA 95605, ATTENTION: KAREN M. PATCHE, BY 5:00 P.M. PST OR POSTMARKED BY APRIL 2, 2013.**

THE SUBMISSION DEADLINE WILL BE STRICTLY ENFORCED.

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**COMMUNICATIONS, QUESTIONS & ANSWERS**

All questions must be submitted in writing via mail, fax, or email to the attention of Karen M. Patche, Department of General Services, Asset Management Branch, 707 3<sup>rd</sup> Street, 5<sup>th</sup> Floor, West Sacramento, CA 95605, fax (916) 376-1833, email [Karen.Patche@dgs.ca.gov](mailto:Karen.Patche@dgs.ca.gov). No questions will be accepted after 5:00 P.M. PST, March 22, 2013. Questions will be compiled and posted, along with the State's responses, as addenda to the State's Internet Web Site at <http://www.dgs.ca.gov/resd/Home/eddhollywood.aspx>.

Information obtained outside this RFP process cannot be relied upon as fact. The State is not responsible for the receipt of Proposals, questions, or any failure to respond to questions submitted by Proposers.

**EXHIBIT A**  
**LEGAL DESCRIPTION**

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## **EXHIBIT A**

### **LEGAL DESCRIPTION HOLLYWOOD EDD OFFICE BUILDING**

LOTS 7, 8, 9, 10, 11, 12, 17, 18, 19 AND THE WEST 10 FEET OF LOT 13 IN BLOCK "B" OF STRONG AND DICKINSON'S HOLLYWOOD HIGH SCHOOL TRACT, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 7 PAGE 79 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT FROM LOT 19 ALL OIL, OIL RIGHTS, MINERALS, MINERAL RIGHTS, NATURAL GAS, NATURAL GAS RIGHTS, AND OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN THAT MAY BE WITHIN OR UNDER THE PARCEL OF LAND HEREINABOVE DESCRIBED, TOGETHER WITH THE PERPETUAL RIGHT OF DRILLING, MINING, EXPLORING AND OPERATING THEREFOR AND REMOVING THE SAME FROM SAID LAND OR ANY OTHER LAND, INCLUDING THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL AND MINE FROM LANDS OTHER THAN THOSE HEREINABOVE DESCRIBED, OIL AND GAS WELLS, TUNNELS AND SHAFTS INTO, THROUGH OR ACROSS THE SUBSURFACE OF THE LAND HEREINABOVE DESCRIBED, AND TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS AND SHAFTS UNDER AND BENEATH OR BEYOND THE EXTERIOR LIMITS THEREOF, AND TO REDRILL, RETUNNEL, EQUIP. MAINTAIN, REPAIR, DEEPEN AND OPERATE ANY SUCH WELLS OR MINES, WITHOUT, HOWEVER, THE RIGHT TO DRILL, MINE, EXPLORE AND OPERATE THROUGH THE SURFACE OR THE UPPER 500 FEET OF THE SUBSURFACE OF THE LAND HEREINABOVE DESCRIBED.



**EXHIBIT B**  
**UNIVERSAL APPLICATION FOR THE**  
**DEVELOPMENT OF**  
**AFFORDABLE RENTAL HOUSING**

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**EXHIBIT C**  
**STANDARD FORM OF PURCHASE AGREEMENT**



# PURCHASE AND SALES AGREEMENT

AGENCY NAME  
PROJECT DESCRIPTION  
STATE SURPLUS PARCEL NO. SSL XXX

This Purchase and Sales Agreement (**Agreement**) is made and entered into on this XXth day of MONTH, 20XX (Effective Date), by and between the STATE OF CALIFORNIA, acting by and through the Department of General Services, (with the approval of the State Public Works Board) [Leave out PWB language if approval not required by legislation], (**STATE**), and the VESTING NAME OF BUYER (**BUYER**), collectively "**PARTIES**".

## RECITAL

- A. The STATE OF CALIFORNIA owns that certain real property located at ADDRESS OF PROPERTY in the [LOCATION, i.e., City of Sacramento, Unincorporated area of Los Angeles County), County of COUNTY, California, and more particularly described in EXHIBIT A, which is incorporated herein as if fully set forth, ("Property"), and which the California Legislature authorized for disposal pursuant to Chapter XXX of the Statutes of YEAR. The Property includes all land and all buildings, appurtenances, improvements, easements, rights-of-way, and all associated water rights located on or related to the land.
- B. **BUYER** has submitted the offer to purchase the Property, deemed most acceptable to the State, from multiple offers received in response to State's invitation to bid.

## AGREEMENT

In consideration of the foregoing Recitals which are incorporated herein as if fully set forth and for other good and valuable consideration, the **PARTIES** agree as follows:

### 1. PROPERTY

- 1.1. **Property.** **STATE** agrees to sell and convey to **BUYER**, and **BUYER** agrees to purchase from **STATE**, the Property subject to the terms and conditions set forth in this Agreement.

### 2. PURCHASE PRICE

- 2.1. **Purchase Price.** The total purchase price to be paid by **BUYER** to **STATE** for Property shall be PURCHASE PRICE AND NO/100 DOLLARS (\$X,000,000.00).

- 2.2. **Deposit.** **BUYER** has made a deposit of DEPOSIT AMOUNT DOLLARS (\$XX,000.00) which shall be held by **STATE** in a suspense account. If **STATE** fails to execute this Agreement, the aforementioned funds shall be refunded to **BUYER**. Upon **STATE'S** execution of the Agreement, the **BUYER'S** total deposit shall be non-refundable except upon the **STATE'S** breach of this Agreement or **BUYER'S** right to terminate as described in paragraph 6.4. The total deposit of \$DOLLAR AMOUNT will be applied to the purchase price of the Property at close of escrow.

If escrow should fail to close for any reason, **BUYER'S** deposit shall not be released to **BUYER** until **STATE** and Escrow Holder have received valid *lien releases* or *STOP NOTICE WAIVERS* from all contractors who worked on the Property at **BUYER'S** request in accordance with paragraph 6.2.

- 2.3. **Terms of Payment.** At least one (1) business day prior to close of escrow, **BUYER** shall deposit with the Escrow Holder the total purchase price set forth in Paragraph 2.1, in cash or its equivalent, less the amount on deposit with **STATE** described in Paragraph 2.2.

### 3. CONDITIONS OF SALE

- 3.1. **State's Review Period and Acceptance of Buyer's Offer.** The offer will be subject to review by **STATE** for a period of up to TYPE NUMBER (XX) calendar days [number of days for review at discretion of State] from the date of receipt of the bid offer prior to recommendation for approval and acceptance of the offer by the Director of the Department of General Services (Director).

- 3.2. **State Public Works Board (SPWB) Approval and Acceptance.** **BUYER** acknowledges and agrees that if required by law, the acceptance and approval of the offer by the SPWB must occur to constitute formal acceptance of **BUYER'S** offer. **STATE** will not submit the offer to the SPWB for approval and acceptance until after **BUYER** completes a period of Due Diligence, as described in Section 6 herein, unless **BUYER** waives all or a portion of the Due Diligence period in writing to **STATE**.

**BUYER** further acknowledges that neither the preparation nor presentation of this offer, nor the negotiations leading up to this offer, creates any obligation or commitment on the part of **STATE** to accept **BUYER'S** offer, unless and until the SPWB approves the transaction and issues a signed Resolution and **STATE** communicates such approval and acceptance to **BUYER** in writing. **STATE'S** written communication of the acceptance and approval of **BUYER'S** offer by the SPWB shall constitute **STATE'S** formal acceptance of the offer and shall thereafter obligate **STATE** to sell the Property to **BUYER** unless **BUYER** fails to perform or otherwise breaches the terms of the Agreement.

In the event the SPWB does not approve the sale of the Property to **BUYER**, this Agreement shall terminate without any liability or obligation of either the **STATE** or **BUYER**. Upon such termination, **BUYER** shall be entitled to a refund of its entire Deposit, less any amounts used for reimbursement obligations for Hazardous Material remediation work.

- 3.3. **Rejection of Offers.** **STATE** reserves the right to reject any or all offers and to waive any informality or irregularity in any offer, and/or to accept any offer deemed to be in the best interest of **STATE**.
- 3.4. **Close of Escrow.** The date upon which **STATE** executes this Agreement shall constitute the commencement of the NUMBER (X)-day time frame within which **BUYER** shall perform due diligence and complete the purchase. [Number of days negotiable.]

- 3.5. **Buyer's Costs.** BUYER shall pay all recording fees, documentary transfer taxes, escrow fees, policies of title insurance, and any other costs connected with the closing of this transaction.
- 3.6. **Title and Escrow.** Within NUMBER (X)-calendar days [days negotiated by Parties] of BUYER'S receipt of written notification of acceptance of the offer, BUYER must deposit the balance of the purchase price (the remaining balance less the deposit retained by STATE) with Escrow Holder. Title to said Property shall pass immediately upon close of escrow. The issuance of any escrow instructions shall be the sole responsibility of STATE and shall govern the escrow.

An escrow account has been opened with NAME OF ESCROW COMPANY, ADDRESS, PHONE. The escrow account established for this transaction is Escrow No. XXXXXXXX. The NAME OF TITLE COMPANY Title Company has issued a Preliminary Report, dated DATE OF PRELIMINARY REPORT, prepared under Order No. XXXXXXXX for Property indicating exceptions to title, which is attached hereto as EXHIBIT B and by this reference incorporated herein.

- 3.7. **As-Is Purchase.** BUYER acknowledges that BUYER is purchasing the Property solely in reliance on BUYER'S own investigations. Except as provided in paragraph 4.4, BUYER specifically acknowledges and agrees that STATE will sell and BUYER will purchase the Property on an "as-is" with all faults basis, and that BUYER, having been given the opportunity to inspect the Property and review information and documentation affecting the Property, including any investigations, studies or documents identified under paragraph 6.5 below, is not relying on any representations or warranties of any kind whatsoever, express or implied, from STATE or its agents as to any matters concerning the Property, including without limitation: (i.) the quality, nature, adequacy, and physical condition of the Property including soils, geology, and any groundwater; (ii.) the existence, quality, nature, adequacy, and physical condition of utilities serving the Property; (iii.) the development potential of the Property and the Property's use, merchantability, fitness, suitability, value, or adequacy of the Property for any particular purpose; (iv.) the zoning or other legal status of the Property or any other public or private restrictions on use of the property; (v.) the compliance of the property or its operation with any applicable codes, laws, regulations, statutes, ordinances, covenants, conditions, and restrictions of any governmental or quasi-governmental entity or of any other person or entity; (vi.) the presence of Hazardous Materials (as defined in paragraph (3.7.2) on, under, or about the property or the adjoining or neighboring property; (vii.) the condition of title to the Property; and (viii.) the economics of the operation of the Property. BUYER agrees to purchase the Property in the condition that it is in at close of escrow. BUYER shall be responsible at BUYER'S sole expense for all demolition and any Hazardous Materials remediation required to make Property usable for BUYER'S intended purpose and BUYER releases the State of California, STATE, the Name of the agency property owner, i.e., CAL FIRE] and their employees or agents from any claims, damages, costs or damages related to any Hazardous Materials, on, under or in the Property or releases of any Hazardous Materials from the Property.

- 3.7.1. **Land Use Entitlements & CEQA Requirements.** Pursuant to Government Code section 11011(k)(1), the disposition of a parcel of surplus state real property, pursuant to Section 11011.1, made on an "as-is" basis shall be exempt from Chapter 3 (commencing with Section 21100) to Chapter 6 (commencing with Section 21165), inclusive, of Division 13 of the Public Resources Code. Upon title to the parcel vesting in a purchaser or transferee of the property, the purchaser or

transferee shall be subject to any local governmental land use entitlement approval requirements and to Chapter 3 (commencing with Section 21100) to Chapter 6 (commencing with Section 21165), inclusive, of Division 13 of the Public Resources Code.

- 3.7.2. **Hazardous Materials.** As used herein, the term "Hazardous Materials" includes, without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. §9601 et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. §18901 et seq.), the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. §6901 et seq.), Section 25117 of the California Health and Safety Code, Section 25316 of the California Health and Safety Code, and in the regulations adopted and publications promulgated pursuant to them, or any other Federal, State, or local environmental laws, ordinances, rules, or regulations concerning the environment, industrial hygiene or public health or safety now in effect or enacted after this date.
- 3.8. **Title Conditions.** BUYER has reviewed the Preliminary Report referred to in paragraph 3.6 above.
- 3.8.1. **No Buyer Exceptions.** BUYER agrees that if a CLTA title policy will be issued by the title company in accordance with the title exceptions identified in the Preliminary Report, that there are no conditions or contingencies related to title.
- 3.9. **Further Documents and Assurances.** BUYER and STATE shall each, diligently and in good faith, undertake all actions and procedures reasonably required to place the escrow in condition for closing as and when required by this Agreement. BUYER and STATE agree to execute and deliver all further documents and instruments reasonably required by Title Company. STATE shall deliver or cause to be delivered to Escrow Holder in time for delivery to BUYER at the closing an original ink-signed and notarized Quitclaim Deed, conveying fee title to the Property to BUYER, in the form attached hereto as EXHIBIT C.
- 3.10. **Applicable Law.** These provisions shall in all respects be governed by the laws of the State of California and any action to enforce the terms of these provisions shall be commenced and maintained in the Superior Court of the County of Sacramento.
- 3.11. **Professional Fees and Costs.** STATE shall be entitled to recover from BUYER all its fees and costs for all attorneys, auditors, accountants, and any other professional services needed to enforce the provisions in this Agreement if STATE is the prevailing party in such action.
- 3.12. **Continuing Obligations.** All terms and conditions in this Agreement which represent continuing obligations and duties of the parties that have not been satisfied prior to close of escrow shall survive close of escrow and transfer of title to BUYER and shall continue to be binding on the respective obligated party in accordance with their terms.
- 3.13. **Failure of Condition.** Notwithstanding anything to the contrary in this Agreement, in the event that a material condition to closing for BUYER'S benefit fails, BUYER shall have the right to terminate this Agreement and receive a refund of the

entire deposit. In such an event, neither party shall have any further obligations to each other, except for the **PARTIES'** obligations to return funds and documents, any indemnification obligations contained herein, and any rights or obligations relating to a default hereunder.

- 3.14. **Liquidated Damages.** PROVIDED **BUYER** HAS NOT ELECTED TO TERMINATE THIS AGREEMENT PURSUANT TO ANY OF **BUYER'S** RIGHTS TO DO SO CONTAINED HEREIN, IF **BUYER** COMMITS A DEFAULT UNDER THIS AGREEMENT AND THE CLOSE OF ESCROW FAILS TO OCCUR SOLELY BY REASON OF SUCH DEFAULT, THEN ESCROW HOLDER MAY BE INSTRUCTED BY **STATE** TO CANCEL THE ESCROW AND **STATE** SHALL THEREUPON BE RELEASED FROM ITS OBLIGATIONS HEREUNDER. **BUYER** AND **STATE** AGREE THAT BASED UPON THE CIRCUMSTANCES NOW EXISTING, KNOWN AND UNKNOWN, IT WOULD BE IMPRACTICAL OR EXTREMELY DIFFICULT TO ESTABLISH **STATE'S** DAMAGE BY REASON OF **BUYER'S** DEFAULT. ACCORDINGLY, **BUYER** AND **STATE** AGREE THAT IT WOULD BE REASONABLE AT SUCH TIME TO AWARD **STATE** "LIQUIDATED DAMAGES" EQUAL TO THE AMOUNT OF THE DEPOSIT OF DEPOSIT AMOUNT, WHICH HAS BEEN DEPOSITED WITH **STATE** BY **BUYER** PURSUANT TO THIS AGREEMENT.

**STATE** AND **BUYER** ACKNOWLEDGE AND AGREE THAT THE FOREGOING AMOUNT IS REASONABLE AS LIQUIDATED DAMAGES AND SHALL BE, EXCEPT AS PROVIDED BELOW, **STATE'S** SOLE AND EXCLUSIVE REMEDY IN LIEU OF ANY OTHER RELIEF, RIGHT OR REMEDY, AT LAW OR IN EQUITY, TO WHICH **STATE** MIGHT OTHERWISE BE ENTITLED BY REASON OF **BUYER'S** DEFAULT UNDER THIS AGREEMENT. ACCORDINGLY, IF **BUYER** COMMITS A DEFAULT UNDER THIS AGREEMENT AND THE CLOSE OF ESCROW FAILS TO OCCUR SOLELY BY REASON OF SUCH DEFAULT, **STATE** MAY INSTRUCT THE ESCROW HOLDER TO CANCEL THE ESCROW, WHEREUPON **STATE** SHALL BE RELIEVED FROM ALL LIABILITY HEREUNDER, AND, PROMPTLY FOLLOWING ESCROW HOLDER'S RECEIPT OF SUCH INSTRUCTION, ESCROW HOLDER SHALL (i.) CANCEL THE ESCROW, AND (ii.) **STATE** SHALL DISBURSE THE AMOUNT OF \$XX,000 BEING HELD BY **STATE** AS THE DEPOSIT FROM **BUYER** IN THE MANNER PRESCRIBED BY THE LAW DECLARING THE PROPERTY SURPLUS (SEE CHAPTER XXX OF THE STATUTES OF YEAR.)

\_\_\_\_\_  
**STATE'S INITIALS**

\_\_\_\_\_  
**BUYER'S INITIALS**

#### **4. STATE'S REPRESENTATIONS, WARRANTIES, AND DISCLOSURES**

In addition to any express agreements of **STATE** contained herein, the following constitute representations and warranties of **STATE** to **BUYER**, of this Agreement.

- 4.1. **Reliability of Information.** **STATE** obtained the information contained in this Agreement from sources deemed reliable; however, **STATE** makes no representations, warranties or guarantees as to the accuracy of the information provided. **STATE** provides the information solely as an aid to **BUYER** and **BUYER** should conduct its own investigations of the Property.

- 4.2. **Authority of State.** **STATE** is a government entity, duly organized and validly existing under the laws of the State of California. **STATE** has full power and authority to sell,

and convey the Property to **BUYER** and to enter into and perform its obligations pursuant to this Agreement.

- 4.3. **Taxes.** The State of California is exempt from income taxes and property taxes and assessments and none are or will be owing at close of escrow.
- 4.4. **Disclosures.** **BUYER** acknowledges that **BUYER** is purchasing the Property solely in reliance on **BUYER'S** own investigations and except as otherwise expressly set forth herein, no representations or warranties of any kind whatsoever, expressed or implied, have been made by **STATE**, **STATE'S** agents, or brokers (if any), including any investigations, studies, or documents identified under paragraph 6.5 below.
- 4.5. **Broker.** **STATE** has not retained the services of any broker in regards to the transaction contemplated under this Agreement.
- 4.6. **Absence of Fraud and Misleading Statements.** To the best of **STATE'S** knowledge, no statement of **STATE** in this Agreement or in any document, certificate, or schedule furnished or to be furnished to **BUYER** pursuant hereto or in connection with the transaction contemplated hereby contains any untrue statement of material fact.

## 5. **BUYER'S REPRESENTATIONS AND WARRANTIES**

In addition to any express agreements of **BUYER** contained herein, the following constitute representations and warranties of **BUYER** to **STATE**, of this Agreement.

### 5.1. **Representations Regarding Buyer's Authority.**

- 5.1.1. **BUYER** has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transactions contemplated in this Agreement.
- 5.1.2. The individuals executing this Agreement and the instruments referenced herein on behalf of **BUYER** have the legal power, right, and actual authority to bind **BUYER** to the terms and conditions hereof and thereof.
- 5.1.3. This Agreement is, and all other instruments, documents and agreements required to be executed and delivered by **BUYER** in connection with this Agreement are and shall be, duly authorized, executed and delivered by **BUYER** and shall be valid, legally binding obligations of and enforceable against **BUYER** in accordance with their terms.
- 5.1.4. No further approvals or actions are required for **BUYER** to consummate the transactions contemplated in this Agreement and **BUYER** has the funds necessary to consummate the transactions contemplated in this Agreement.

- 5.2. **Regulatory Authority.** **BUYER** further acknowledges, represents and warrants that as of the close of escrow **BUYER** is aware of all zoning regulations, other governmental

requirements, site and physical conditions, including the presence of Hazardous Materials or other adverse environmental conditions, if any, and other matters affecting the use and condition of the Property.

- 5.3. **Broker.** BUYER has not retained the services of any broker in regards to the transactions contemplated under this Agreement.
- 5.4. **General Representation.** No representation, warranty or statement of BUYER in this Agreement or in any document, certificate or schedule furnished or to be furnished to STATE pursuant hereto contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make statements or facts contained therein not misleading. BUYER'S representations and warranties made in this Agreement shall be continuing and shall be true and correct as of the date of the close of escrow with the same force and effect as if remade by BUYER in a separate certificate at that time. The truth and accuracy of BUYER'S representations and warranties made herein shall constitute a condition for the benefit of STATE to the close of escrow (as elsewhere provided herein) and shall not merge into the close of escrow or the recordation of the quitclaim deed in the Official Records, and shall survive the close of escrow.

## 6. DUE DILIGENCE

- 6.1. **Buyer's Investigation of Property Condition.** Real property often contains defects and conditions which are not readily apparent and which may affect the value or desirability of the Property. Therefore, it is the affirmative duty of BUYER to exercise reasonable care to discover those facts which are unknown to BUYER or within the diligent attention and observation of BUYER. BUYER acknowledges that BUYER has been given the opportunity to complete an investigation of the Property prior to the execution of this Agreement, and that BUYER accepts the condition of the Property "as-is" as of the date of this Agreement.
- 6.2. **Buyer's Acceptance of Property Condition and Inspections.** BUYER'S acceptance of the condition of the Property is a condition to performance under this Agreement. Accordingly, BUYER shall have the right to conduct inspections, investigations, tests, surveys, and other studies at BUYER'S expense upon execution of a Right of Entry (ROE) from STATE in the form attached as EXHIBIT D. BUYER agrees to provide to STATE, at no cost, upon request of STATE, complete copies of all inspection reports obtained by BUYER concerning the property. BUYER shall provide to STATE in writing the identity of the contractor(s) or entity(s) conducting the inspections and the nature and scope of the inspections for inclusion in the ROE. **STATE PROHIBITS ENTRY ONTO THE PROPERTY WITHOUT AN EXECUTED ROE.** Subject to the terms of the ROE, the BUYER, its representatives, authorized agents, or contractors may enter on the Property to make such inspections of the Property provided that BUYER keeps the Property free of liens and repairs all damage to the Property resulting from such inspections(s).
- 6.3. **Buyer's Inspection Period.** The Due Diligence Period shall continue for a period of no more than NUMBER (X) [Negotiable] calendar days, commencing on the Effective Date of this Agreement. BUYER must specify all proposed investigations and/or studies as required in paragraph 6.2 of this Agreement. BUYER may waive all or a portion of the Due Diligence period by informing STATE of such waiver IN WRITING.

6.4. **Buyer's Removal or Waiver of Contingencies.** BUYER shall, within NUMBER (X) [Negotiable] calendar days of the Effective Date of this Agreement, identify to STATE IN WRITING any conditions related to the Property that BUYER desires STATE to resolve before close of escrow. STATE will notify BUYER IN WRITING within NUMBER (X) [Negotiable] business days after notice from BUYER what conditions related to the property identified by BUYER the STATE is willing and able to resolve.

If STATE is unwilling or unable to resolve some or all of the conditions identified by BUYER, then BUYER must either remove or waive any and all of BUYER'S contingencies based on such conditions, if any, IN WRITING and submit such written notification to STATE, or elect to terminate this Agreement. If BUYER has elected to terminate this Agreement, then BUYER shall deliver to STATE a WRITTEN TERMINATION NOTICE no later than NUMBER (X) [Negotiable] days after STATE notifies BUYER of STATE'S unwillingness and/or inability to resolve BUYER'S identified conditions. Upon termination, BUYER and STATE shall be released from any obligation to proceed with the terms of this Agreement and neither party shall have a right to enforce this Agreement or pursue any claims related to this Agreement.

If BUYER does not provide STATE with a WRITTEN NOTICE of conditions related to the Property as provided for above, then BUYER shall have been deemed to have waived any contingency related to the condition of the Property and BUYER'S failure to so notify STATE shall conclusively be considered BUYER'S approval of the condition of the Property for BUYER'S intended use.

6.5. **Scope of Buyer's Investigations.** BUYER agrees and warrants, or by the failure to do so shall have waived any rights to do so hereunder, that at close of escrow BUYER shall have investigated the condition and suitability of all aspects of the Property and all matters affecting the value or desirability of the Property, including but not limited to the following:

6.5.1. **Condition of systems and components.** Building foundations, improvements, plumbing, siding, electrical, heating, mechanical, roof, air conditioning, built-in appliances, security, and any other structural or nonstructural systems and components, and the energy efficiency of the Property.

6.5.2. **Size and age of improvements.** Structure count, room count, room dimensions, square footage in improvements, lot size, and age of the improvements.

6.5.3. **Lines and boundaries.** Property lines and boundaries.

6.5.4. **Waste disposal.** Type, size, adequacy, and condition of sewer and/or septic systems and components.

6.5.5. **Governmental requirements and limitations.** Availability of required governmental permits, inspections, certificates, or other determinations affecting the Property, including historical significance. Any limitations, restrictions, zoning, building size requirements, or other requirements affecting the current or future use or development of the Property.

6.5.6. **Rent and occupancy controls.** Any restrictions that may limit the amount of rent that can legally be charged and the maximum number of persons who can lawfully occupy the Property.

- 6.5.7. **Water and utilities; well systems and components.** Availability, adequacy, and condition of public or private systems.
- 6.5.8. **Environmental hazards.** The presence of asbestos, formaldehyde, radon, methane, other gases, lead based paint, other lead contamination, fuel or chemical storage tanks, waste disposal sites, electromagnetic fields, and other substances, materials, products, or conditions.
- 6.5.9. **Geologic conditions.** Geologic/seismic conditions soil stability/suitability, and drainage.
- 6.5.10. **Neighborhood, area, subdivision requirements.** Neighborhood or area conditions including schools; proximity and adequacy of law enforcement; proximity to commercial, industrial, or agricultural activities; crime statistics; fire protection; other governmental services; existing and proposed transportation; construction and development which may affect noise, view or traffic; airport noise; and noise or odor from any source, wild or domestic.
- 6.5.11. **Matters of record.** Covenants, conditions, and restrictions; deed restrictions; easements; and other title encumbrances of record.
- 6.5.12. **Other matters.** Any and all other matters such as leases and licenses affecting the Property and the availability of suitable public infrastructure, assessment, other special service districts, and soil or other conditions on the Property, not herein listed, which are or may be pertinent to **BUYER'S** purpose for acquiring the Property.
- 6.6. **Risk of Loss.** Notwithstanding anything to the contrary in this Agreement, if any portion of the Property is destroyed or damaged by fire or any other cause or taken by condemnation (a "Destruction/Condemnation Event") prior to the Closing Date, **STATE** shall promptly give notice to the **BUYER** of the Destruction/Condemnation Event. Prior to the Closing Date, **BUYER** shall have the option in the exercise of its sole discretion, which option shall be exercised by WRITTEN NOTICE to **STATE** within ten (10) days after receipt of **STATE'S** notice of a Destruction/Condemnation Event or if there are not ten (10) days prior to the Closing Date, as soon as possible prior to the Closing Date, of (a) accepting such Property in its destroyed, damaged or condemned condition in which event any condemnation or other proceeds payable to **STATE** with respect to said Property shall be assigned to **BUYER** or (b) terminating this Agreement and receiving a refund of the deposit, together with all interest accrued thereon. After the Closing Date, any such condemnation proceeds or other proceeds (other than insurance proceeds) shall belong, and to the extent necessary, shall be assigned, to **BUYER** without any reduction in Purchase Price. Notwithstanding the foregoing **BUYER** acknowledges that **BUYER** shall not be entitled to receive any insurance proceeds that the **STATE** may be entitled to receive as consequence of any Destruction/Condemnation Event, and that **BUYER** shall not be entitled to terminate this Agreement as set forth in (b) above, but shall accept the Property in its damaged condition, if the cost to repair any such damage is less than \$50,000.

## 7. **INDEMNIFICATION**

**BUYER** shall defend, indemnify, and hold **STATE** harmless from and against any and all claims, liabilities, obligations, losses, damages, costs, and expenses, including, but not limited to, attorney's fees, court costs, and litigation expenses that **STATE** may incur or sustain by reason of or in connection with any misrepresentation made by **BUYER** pursuant to this Agreement or by **BUYER'S** representatives, authorized agents, or contractors exercise of rights under Section 6 of this Agreement.

**8. MINERAL RESERVATIONS**

For any property sold consisting of 15 acres or less, **STATE** shall except and reserve to the State all mineral deposits, as defined in Section 6407 of the Public Resources Code, below a depth of 500 feet, without surface rights of entry. As to property sold consisting of more than 15 acres, **STATE** shall except and reserve to the State all mineral deposits, as defined in Section 6407 of the Public Resources Code, together with the right to prospect for, mine, and remove the deposits. The rights to prospect for, mine, and remove the deposits shall be limited to those areas of the Property conveyed that the Director of the Department of General Services, after consultation with the State Lands Commission, determines to be reasonably necessary for the removal of the deposits. [Use mineral reservation language used in the enabling legislation.]

**9. PRIOR AGREEMENTS**

This Agreement, in effect as of the Effective Date, supersedes any and all prior agreements between **STATE** and **BUYER** regarding the Property.

**10. NOTICES**

Any notice, tender, delivery, or other communication pursuant to this Agreement shall be in writing and shall be deemed to be properly given if delivered, mailed or sent by wire or other telegraphic communication in the manner provided in this Agreement, to the following persons:

**TO STATE:           DEPARTMENT OF GENERAL SERVICES  
ASSET MANAGEMENT BRANCH  
707 3<sup>RD</sup> STREET, 5<sup>TH</sup> FLOOR  
WEST SACRAMENTO, CA 95605  
ATTN: KAREN M. PATCHE**

**TO BUYER:           NAME OF BUYER  
STREET ADDRESS  
CITY, STATE ZIP CODE  
ATTN: CONTACT NAME**

**11. CALCULATION OF TIME**

Under this Agreement, when the day upon which performance would otherwise be required or permitted is a Saturday, Sunday, or holiday, then the time for performance shall be extended to the next day which is not a Saturday, Sunday, or holiday. The term "holiday" shall mean all and only those State holidays specified in Sections 6700 and 7701 of the Government Code.

**12. TIME OF ESSENCE**

Time is of the essence of this Agreement and each and every provision hereof.

**13. ENTIRE AGREEMENT**

This Agreement, together with any ROE executed by the **PARTIES** shall constitute the entire understanding and agreement of the **PARTIES** hereto regarding the purchase and sale of the Property and all prior agreements, understandings, representations or negotiations are hereby superseded, terminated, and canceled in their entirety and are of no further force or effect.

**14. AMENDMENTS**

This Agreement may not be modified or amended except in writing by the **PARTIES**.

**15. APPLICABLE LAW**

The **PARTIES** hereto acknowledge that this Agreement has been negotiated and entered into in the State of California. The **PARTIES** hereto expressly agree that this Agreement shall in all respects be governed by the laws of the State of California and any action to enforce the terms of this Agreement shall be commenced and maintained in the Superior Court of the County of Sacramento.

**16. SEVERABILITY**

Nothing contained herein shall be construed as to require the commission of any act contrary to law, and wherever there is any conflict between any provision contained herein and any present statute, law, ordinance or regulation as to which the **PARTIES** have no legal right to contract, the latter shall prevail, but the affected provisions of this Agreement shall be limited only to the extent necessary to bring them within the requirements of such law.

**17. SEPARATE COUNTERPARTS**

This Agreement may be executed in separate counterparts, each of which when so executed shall be deemed to be an original. Such counterparts shall, together, constitute and be one and the same instrument.

**18. EXHIBITS**

The following Exhibits are attached to this Agreement and incorporated by reference herein.

- EXHIBIT A Property Description
- EXHIBIT B Preliminary Report
- EXHIBIT C Quitclaim Deed
- EXHIBIT D Right of Entry

**19. SURVIVAL**

All terms and conditions in this Agreement, which represent continuing obligations and duties of the **PARTIES**, that have not been satisfied prior to close of escrow shall survive

close of escrow and transfer of title to **BUYER** and shall continue to be binding on the respective obligated party in accordance with their terms. All representations and warranties and statements made by the respective parties contained herein or made in writing pursuant to this Agreement are intended to be, and shall remain, true and correct as of the close of escrow, shall be deemed to be material, and, together with all conditions, covenants and indemnities made by the respective parties contained herein or made in writing pursuant to this Agreement (except as otherwise expressly limited or expanded by the terms of this Agreement), shall survive the execution and delivery of this Agreement and the close of escrow, or, to the extent the context requires, beyond any termination of this Agreement.

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

**BUYER**

VESTING

By: \_\_\_\_\_  
NAME OF BUYER  
Address

By: \_\_\_\_\_  
NAME OF BUYER  
Address

Date: \_\_\_\_\_  
MONTH DAY, YEAR

Date: \_\_\_\_\_  
MONTH DAY, YEAR

**STATE**

DIRECTOR  
STATE OF CALIFORNIA  
DEPARTMENT OF GENERAL SERVICES  
REAL ESTATE SERVICES DIVISION

BY: \_\_\_\_\_  
JOE MUGARTEGUI, Branch Chief  
ASSET MANAGEMENT BRANCH

Date: \_\_\_\_\_  
MONTH DAY, YEAR

**EXHIBIT D**  
**STANDARD FORM OF RIGHT OF ENTRY**

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## EXHIBIT "D"

### RIGHT OF ENTRY PERMIT

#### DUE DILIGENCE

AGENCY:

PROJECT:

FILE:

This RIGHT OF ENTRY PERMIT is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2013, between the STATE OF CALIFORNIA, acting by and through its DIRECTOR OF THE DEPARTMENT OF GENERAL SERVICES, hereinafter called STATE, and the CITY OF-----, its officers, employees, agents and contractors, hereinafter called PERMITTEE,

STATE hereby gives permission to PERMITTEE to enter upon those STATE lands as described in the attached Exhibit "A", for the purpose of performing due diligence studies, tests and inspections specific to PERMITTEE'S intention to purchase said property.

This Right of Entry is subject to the following terms and conditions:

1. PERMITTEE'S entry onto said property shall be allowed by STATE only upon STATE'S execution of this PERMIT.
2. This RIGHT OF ENTRY is subject to existing contracts, leases, licenses, encumbrances and claims which may affect said property.
3. PERMITTEE waives all claims against STATE, its officers, agents and employees, for loss or damage caused by, arising out of, or in any way connected with the exercise of this PERMIT, and PERMITTEE agrees to indemnify, defend, protect, and hold harmless STATE, its officers, agents and employees from any and all loss, damage or liability, including, without limitation, all legal fees, expert witness or consultant fees and expenses related to the response to, settlement of, or defense of any claims or liability, which may be suffered or incurred by STATE, third parties, PERMITTEE, PERMITTEE'S agents or contractors, or any lessee(s), caused by, arising out of, or in any way connected with exercise by PERMITTEE of the rights hereby granted, except those arising out of the sole negligence of STATE. PERMITTEE shall be solely responsible and liable for any damage to equipment, personal property, real property, or persons caused by, arising out of, or in any way connected with the exercise of the rights hereby granted to PERMITTEE.
4. STATE reserves the right to use said property in any manner, provided such use does not unreasonably interfere with PERMITTEE'S rights herein.
5. This RIGHT OF ENTRY PERMIT shall only be for the period beginning on the above date and ending on the --- day of -----, 201--.
6. Access to said property shall be as designated by STATE.
7. In making any entry, work, or excavation on said property of STATE, PERMITTEE shall make the same in such manner as will cause the least injury to the surface of the ground around such entry, work, or excavation, and shall replace the earth so removed by it and restore the surface of the ground and any improvement thereon to as near the same condition as they were prior to such entry, work, or excavation as is practical. All such work and any other work conducted or materials furnished with respect to the property by and for PERMITTEE shall be paid for by PERMITTEE. In the event PERMITTEE fails to leave the property in the condition it was prior to such entry, work or excavation, STATE may restore property to its original condition and all costs of such restoration shall be paid by PERMITTEE upon demand by STATE.
8. PERMITTEE shall have sole responsibility for obtaining all city, county, state, and federal authorizations necessary to enjoy this RIGHT OF ENTRY PERMIT.

## EXHIBIT "C" Page 2 of 3

9. PERMITTEE agrees to pay for all work performed while exercising its rights found herein.
10. Provision of the temporary rights found herein to PERMITTEE by STATE does not imply intent by STATE nor does it bind STATE to enter into any subsequent agreements with PERMITTEE.
11. PERMITTEE shall furnish a certificate of insurance issued to STATE with amounts of Commercial General Liability of at least ONE MILLION DOLLARS (\$1,000,000) per occurrence and Fire and Legal Liability of at least FIVE HUNDRED THOUSAND DOLLARS (\$500,000) naming the STATE of California, its officers, agents and employees as additional insured. Said certificate of insurance shall be issued by an insurance company with a minimum Best Insurance Guide rating of A- or better.

It is agreed that STATE shall not be liable for the payment of any premiums or assessments on the insurance coverage required by this provision. The certificate of insurance shall provide that the insurer will not cancel the insured's coverage without thirty (30) days prior written notice to STATE. PERMITTEE agrees that the insurance herein provided for shall be in effect at all times during the term of this PERMIT.

In the event that said insurance coverage expires or is terminated at any time or times during the term of this PERMIT, PERMITTEE agrees to provide STATE at least thirty (30) days prior to said expiration or termination date, a new certificate of insurance evidencing insurance coverage as provided for herein

In the event PERMITTEE fails to keep in effect at all times insurance coverage as herein provided, STATE may, in addition to any other remedies it may have, immediately terminate this RIGHT OF ENTRY PERMIT upon the occurrence of such event.

If PERMITTEE is self-insured, PERMITTEE shall provide STATE with written acknowledgement of this fact at the time of the execution of this PERMIT. PERMITTEE shall thereafter, provide STATE with a written acknowledgement of the continuation of its self-insured status upon renewal of said policy if said renewal period occurs during the term of this PERMIT specified herein. If at any time after the execution of this PERMIT, PERMITTEE abandons its self-insured status, PERMITTEE shall immediately notify STATE of this fact.

12. This agreement may be executed in one or more counterparts, any one or all of which shall constitute but one agreement. Facsimile signatures shall be considered and treated as original signatures. Document originals shall be returned to STATE by PERMITTEE within 5 days.
13. PERMITTEE shall comply with all California laws and regulations while exercising its rights found herein.
14. Entry upon said lands of STATE by PERMITTEE for the purposes stated herein shall constitute acceptance by PERMITTEE of all terms and conditions of this RIGHT OF ENTRY PERMIT.

<p>STATE OF CALIFORNIA Department of General Services</p> <p>By _____</p> <p>Title _____</p> <p>APPROVED:</p> <p>By _____</p> <p>Title _____</p>	<p>CITY OF _____</p> <p>By _____</p> <p>Title _____</p> <p>By _____</p> <p>Title _____</p>
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EXHIBIT "C" Page 3 of 3

STANDARD FORM OF RIGHT OF ENTRY



**EXHIBIT E**  
**SAMPLE REGULATORY AGREEMENT**



## SAMPLE REGULATORY AGREEMENT

Recording requested by and  
when recorded mail to:

Tax Credit Allocation Committee  
915 Capitol Mall, Room 485  
P.O. Box 942809  
Sacramento, CA 94209-0001

Free Recording Requested  
In Accordance With  
Government Code 27383

Space above this line  
for Recorder's use

### REGULATORY AGREEMENT

Federal Credits (including ARRA funds)

This Regulatory Agreement (this "Agreement") is made between the California Tax Credit Allocation Committee ("TCAC"), established under Section 50199.8 of the Health and Safety Code of the State of California, and [redacted], L.P. ("Owner") and is dated as of December 9, 2009 (the "Effective Date"). The Owner has requested TCAC's determination and TCAC has determined that the Project (as herein defined) satisfies the requirements of the State of California's Qualified Allocation Plan relating to the low-income housing tax credit (the "Federal Tax Credit") under Section 42 of the Internal Revenue Code of 1986. The Tax Credit relates to a multifamily rental housing project known as [redacted], identified in the records of TCAC by TCAC# CA-[redacted] (formerly known as CA-2007-106) and IRS Building Identification Number CA-[redacted], and located on the real property described in Exhibit A of this Agreement, attached hereto and incorporated herein (the "Project"). This Agreement is intended to constitute the extended low income housing commitment required by Section 42(h)(6) of the Internal Revenue Code. Accordingly, in consideration of the allocation relating to the Tax Credit by TCAC and the requirements of the Internal Revenue Code, the Owner and TCAC hereby agree as follows:

#### Section 1. Definitions.

a. Unless the context otherwise requires, capitalized terms used in this Agreement shall have the following meanings:

"Agreement" means this Regulatory Agreement between TCAC and the Owner.

"Applicable Fraction" means the smaller of the Unit Fraction or the Floor Space Fraction, all calculated in accordance with Section 42(c)(1) of the Code.

"Area Median Gross Income" means the median gross income of the area in which the Project is located as determined by the Secretary for purposes of Section 42 of the Code, including adjustments for family size.

"ARRA" means American Recovery and Reinvestment Act of 2009.

"Assumption Agreement" shall have the meaning assigned in Section 14 hereof.

"Code" means those provisions of the Internal Revenue Code of 1986, as amended, and regulations promulgated pursuant thereto.

"Compliance Period" means the period of 30 consecutive taxable years beginning with the first taxable year of the Credit Period, or such longer period as is prescribed at Appendix A.

"Credit Period" means, with respect to the State Tax Credit, the period of four taxable years beginning with the taxable year the Project is placed in service or (at the election of the Owner) the succeeding taxable year, and with respect to the Federal Tax Credit, the period of ten taxable years beginning with the taxable year the Project is placed in service or (at the election of the Owner) the succeeding taxable year, as further provided pursuant to Section 2b hereof.

"Effective Date" means the date first set forth herein above.

"Federal Tax Credit" means the low-income housing tax credit under Section 42 of the Code or ARRA funds.

"Floor Space Fraction" means the fraction, the numerator of which is the total floor space of the Low-Income Units in a building and the denominator of which is the total floor space of the Units in such building.

"Gross Rent" means all amounts paid by a Tenant for rent, determined in a manner consistent with Section 42(g)(2) of the Code. If the Tenant pays utilities directly, Gross Rent shall include any utility allowance prescribed by the Secretary.

"Income" means the income of a Tenant determined in a manner consistent with the requirements of Section 142(d)(2)(B) of the Code.

"Low-Income" means, with respect to any Tenant, an income level not exceeding 50% or 60% of Area Median Gross Income, as provided in Section 4c hereof, or such alternative income level as may be set forth in Appendix A.

"Low-Income Tenant" means a Tenant who, when the Tenant originally occupied the Unit, had an Income qualifying as Low-Income. For so long as the Tenant occupies the particular Unit [or another unit in the same building], the Tenant will remain a Low-Income Tenant if the Tenant's Income, upon the most recent income certification, does not exceed 140% of Low-Income.

"Low-Income Unit" means a Unit in the Project that is occupied by a Low-Income Tenant, is Rent-Restricted and meets the other requirements of Section 42 of the Code, in particular, Section 42(i)(3).

"Minimum Amount" means the number of Units in the Project required to be Low-Income Units, which Minimum Amount for this Project is 20% or 40% of the Units, as provided in Section 4c hereof. Notwithstanding the Minimum Amount, the Applicable Fraction for this project shall be no less than that set forth at Section 4d hereof.

"Owner" means l , or successors.

"Project" means the residential rental housing project known as \_\_\_\_\_ (formerly known as CA \_\_\_\_\_), and located on the real property described in Exhibit A.

"Qualified Low-Income Housing Project" means a residential rental project meeting the requirements of Section 4 hereof.

"Rent-Restricted" means, with respect to any Unit, that the Gross Rent with respect to such Unit is not more than 30% of the imputed income limitation applicable to such Unit pursuant to Section 42(g)(2)(C) of the Code, as modified by Appendix A, if applicable.

"Secretary" means the Secretary of the Treasury of the United States.

"Service" means the United States Internal Revenue Service and any successor thereto.

"Tax Credit" means the low-income housing tax credit under Section 42 of the Code or ARRA funds.

"TCAC" means the Tax Credit Allocation Committee and its successor.

"TCAC Compliance Monitoring Procedures" means those procedures and requirements adopted or imposed by TCAC for the purpose of discharging its responsibilities pursuant to Section 42(m)(1)(B)(iii) of the Code to monitor compliance by the Owner and the Project with the provisions of Section 42 of the Code and notify the Service of instances of noncompliance.

"Tenant" means the individual or individuals entitled to occupy a Unit in the Project by lease or other legal relationship with the Owner.

"Unit" means any residential rental unit in the Project consisting of an accommodation containing separate and complete facilities for living, sleeping, eating, cooking, and sanitation; provided, however, that single room occupancy units used on a nontransient basis may be treated as Units.

"Unit Fraction" means the fraction, the numerator of which is the number of Low-Income Units in a building and the denominator of which is the number of Units in such building.

b. Any term or phrase which is used in this Agreement and not defined herein shall have the meaning, if any, assigned thereto in Section 42 of the Code. Any term or phrase which is defined herein shall, unless the context shall clearly indicate otherwise, be interpreted in a manner consistent with the provisions and requirements of Section 42 of the Code.

## Section 2. Term.

a. This Agreement shall commence as of the Effective Date and shall terminate on the last day of the Compliance Period (the "Term"), unless earlier terminated pursuant to Section 2c hereof.

b. The Credit Period commences with respect to each building in the Project (i) the taxable year in which the building is placed in service or (ii) the succeeding taxable year, at the irrevocable election of the Owner pursuant to Section 42(f) (1)(B) of the Code. In the case of the

Project, the Credit Period begins in the calendar year 2010 or **as set forth at Appendix A with respect to individual buildings.**

c. Notwithstanding subsection 2.a., this Agreement shall terminate with respect to any building in the Project on the date such building is acquired by foreclosure or instrument in lieu of foreclosure unless the Secretary determines that such acquisition is part of an arrangement a purpose of which is to terminate such period; provided, however, that, except for eviction for good cause, the Tenant of any Low-Income Unit shall be entitled to occupy such Unit in accordance with the provisions of this Agreement for a period of three years following such termination.

Section 3. Filing. This Agreement, and all amendments hereto, shall be recorded as a restrictive covenant in the official records of the County of Los Angeles in which the Project is located. The Owner shall pay all fees and charges incurred in connection with such recording.

The Owner intends, declares and covenants, on behalf of itself and all future owners and operators of the Project during the Term of this Agreement, that this Agreement and the covenants and restrictions set forth in this Agreement regulating and restricting the use, occupancy and transfer of the Project (i) shall be and are covenants running with the Project land, encumbering the Project land for the Term of this Agreement and binding upon the Owner's successors in title and all subsequent owners and operators of the Project land, and (ii) shall bind the Owner (and the benefits shall inure to TCAC and any past, present or prospective Tenant of the Project) and its respective successors and assigns during the Term of this Agreement. The Owner hereby agrees that any and all requirements of the laws of the State of California to be satisfied in order for the provisions of this Agreement to constitute deed restrictions and covenants running with the land shall be deemed to be satisfied in full, and that any requirements or privileges of estate are intended to be satisfied, or in the alternate, that an equitable servitude has been created to insure that these restrictions run with the Project land. For the Term of this Agreement, each and every contract, deed or other instrument hereafter executed conveying the Project or portion thereof shall expressly provide that such conveyance is subject to this Agreement; provided, however, that the covenants contained herein shall survive and be effective regardless of whether such contract, deed or other instrument hereafter executed conveying the Project or portion thereof provides that such conveyance is subject to this Agreement.

Section 4. Qualified Low-Income Housing Project.

a. The Owner shall maintain the Project as a Qualified Low-Income Housing Project within the meaning of Section 42 of the Code at all times, commencing with the last day of the first year of the Credit Period and continuing throughout the Term of this Agreement. To this end, and without limitation, the Owner shall --

(i) operate the Project such that at least the Minimum Amount of the Units in the Project are Low-Income Units, and

(ii) assure that Units in the Project are (A) available for use by the general public, (B) suitable for occupancy and (C) used on other than a transient basis.

b. During the Term of this Agreement, the Owner shall not evict, terminate the tenancy, or refuse to renew the lease or rental agreement of any tenant of any Low-Income Unit without good cause.

c. For purposes of this Agreement and Section 42 of the Code, the Owner has elected to comply with [ ] the "20-50 test" pursuant to which "Low-Income" is defined as 50% of Area Median Gross Income and the Minimum Amount is 20% of the Units in the Project or [X] the "40-60 test" pursuant to which "Low-Income" is defined as 60% of Area Median Gross Income and the Minimum Amount is 40% of the Units in the Project.

d. The amount of Tax Credit allocated to the Project is based on the requirement that the Applicable Fraction for buildings in the Project will be at least 100% or as specified, building-by-building, at Appendix A. The Owner's failure to ensure that each building in the Project complies with such requirement will cause TCAC to report such fact to the Service which may result in the reduction and recapture by the Service of Tax Credit, and (ii) to take other appropriate enforcement action, including, but not limited to, the remedies provided herein.

e. The Owner may not refuse to lease a Unit in the Project to a prospective Tenant who holds a voucher or certificate of eligibility for assistance pursuant to Section 8 of the United States Housing Act of 1937, as amended, because of the status of such prospective Tenant as the holder of such voucher or certificate.

f. The Project and the Owner are subject to the additional and/or modified requirements, if any, set forth at Appendix A, which requirements are incorporated herein and made a part hereof.

Section 5. Annual Determinations; Low-Income Units. Upon initial occupancy and, unless otherwise allowed under Section 42 of the Code and specifically authorized by TCAC, at least annually thereafter, the Owner shall determine and certify the Income of each Low-Income Tenant. If, upon any such annual certification, the Tenant of a Low-Income Unit who was, at the last income certification, a Low-Income Tenant, is found no longer to be a Low-Income Tenant, such Unit will continue to be treated as a Low-Income Unit until the next available Unit of comparable or smaller size in the building (i) is rented to a person who is not a Low-Income Tenant or (ii) is rented without being Rent-Restricted. A Low-Income Unit that has been vacated will continue to be treated as a Low-Income Unit provided that (I) reasonable attempts are made to rent the Unit and (II) no other Units of comparable or smaller size in the building are rented to persons who are not Low-Income Tenants or are rented without being Rent-Restricted. In no case will a Unit be treated as a Low-Income Unit if all the Tenants of the Unit are students (as determined under Section 151(c)(4) of the Code), no one of whom is entitled to file a joint income tax return; provided, however, that such rule shall not apply to the types of students identified at Section 42(i)(3)(D) of the Code, or any successor to such provision, as applicable to the Project.

Section 6. Compliance Monitoring. The Owner acknowledges that TCAC is required, pursuant to Section 42(m)(1)(B)(iii) of the Code, (i) to monitor the Owner's and the Project's compliance with the requirements of Section 42 of the Code and (ii) to notify the Service of any noncompliance which is found. The Owner agrees (I) to maintain records that substantiate and document such compliance, preserving such records for the period required by the Service and TCAC, (II) to take all actions required by TCAC pursuant to the TCAC Compliance Monitoring Procedures to assist or cooperate with TCAC in monitoring such compliance and (III) to pay the

fee prescribed by TCAC with respect to such monitoring. The TCAC Compliance Monitoring Procedures require, among other things, that the Owner annually certify to TCAC (on such forms as are prescribed by TCAC) the number of Units in the Project which are Low-Income Units, the percentage of floor space in the Project which is allocable to Low-Income Units, that the Project continues to be a Qualified Low-Income Housing Project; provided, however, that in the first year of the Credit Period, the Owner shall certify individually with respect to each month of such year the number of Low-Income Units in the Project and the percentage of floor space devoted to such Units on the last day of the month. The Owner is responsible for full adherence to the TCAC Compliance Monitoring Procedures without regard to whether particular requirements of those procedures are enumerated in this Agreement. The Owner agrees TCAC may, at any time during the construction, rehabilitation, or operation of the Project, enter and inspect the Project to evaluate its physical and financial condition, construction, rehabilitation, operation, management and maintenance.

Section 7. Notification of Noncompliance. The Owner agrees to notify TCAC or its designee if there is a determination by the Service that the Project is not a "qualified low-income housing project" within the meaning of Section 42(g) of the Code. Notification to TCAC will be made within ten business days of receipt of any such determination.

Section 8. Security for Performance. The Owner hereby assigns its interest in the rents from the Project to TCAC as security for the performance of the Owner's obligations under this Agreement. However, until and unless the Owner defaults in its obligations under this Agreement, the Owner is entitled to collect, retain and apply such rents.

Section 9. Remedies. In the event the Owner defaults in its obligations under this Agreement and such default is not cured within a reasonable time period, the remedies of TCAC, the Tenants and any former or prospective Low-Income Tenants shall include, but are not limited to, the following:

a. collecting all rents with respect to the Project and applying them (i) to meet the ongoing costs of operating the Project, (ii) to pay debt service, (iii) to reimburse any Low-Income Tenants who may have been charged a Gross Rent above the applicable Rent-Restricted level or (iv) to assure the long-term, Low-Income use of the Project consistent with the requirements of Section 42 of the Code and this Agreement;

b. taking possession of the Project and operating the Project in accordance with the requirements of this Agreement, including the collection and application of rents in accordance with subsection a of this Section 9, until the Owner demonstrates that it will operate the Project in accordance with this Agreement;

c. applying to any court for specific performance of any of the obligations herein set forth;

d. securing the appointment of a receiver to operate the Project in a manner consistent with this Agreement, including subsections a and b of this Section 9;

e. suit against the Owner for damages or for the disgorgement of rents collected in excess of those which would have been received had the Owner complied with the requirements of this Agreement; and

f. requiring the replacement of the manager of the Project with a property manager approved by TCAC, in the event the Owner fails to maintain the Project in sound and habitable condition,

such that each Low-Income Unit is suitable for occupancy in accordance with the requirements of Section 42 (I) (3) (B) (I) of the Code and Section 4a of this Agreement;

g. requiring the payment of an increased compliance monitoring fee by the owner for such period as TCAC determines appropriate; and

h. such other relief as may be appropriate.

Section 10. Enforceability. This Agreement may be enforced by TCAC or its designee, including any agency of State or local government identified at Appendix A hereto or otherwise in a written notice provided by TCAC to Owner. In addition, the Agreement shall be deemed a contract enforceable by, and shall inure to the benefit of, one or more Tenants or persons meeting the Low-Income restriction, whether past, present, or prospective Tenants, as third-party beneficiaries hereof. TCAC, its designee and/or any Tenant or other third-party beneficiary shall be entitled to reasonable attorneys' fees and other legal costs in any judicial or administrative action in which such party shall prevail.

Section 11. No Conflicting Agreements. The Owner warrants that it is not bound by and will not execute any other agreement with provisions that bind it to violate the provisions of this Agreement; provided, however, that with the approval of TCAC, this Agreement may be subordinated, if required, to any lien or encumbrance of any banks or other institutional lenders to the Project; provided, further, that the terms of any such subordination shall provide that (i) prior to any such lender's acquisition of the Project by foreclosure or instrument in lieu of foreclosure, the exercise of any remedy or authority by any such lender shall be subject to all of the requirements of the Agreement, and (ii) subsequent to any such lender's acquisition of the Project by foreclosure or instrument in lieu of foreclosure, the requirement of Section 2c hereof, with respect to the continuation of occupancy and rent restrictions for three years following certain terminations of this Agreement, shall remain in effect.

Section 12. Successors Bound. This Agreement and the covenants and conditions contained herein shall run with the land and shall bind, and the benefits shall inure to, respectively, the Owner and its successors and assigns and all subsequent owners of the Project or any interest therein, and TCAC and its successors and assigns, for the Term of this Agreement, without regard to whether any such parties shall have executed an Assumption Agreement with respect hereto. Upon termination of this Agreement, the covenants and conditions contained herein shall expire, except that the requirement of Section 2c hereof, with respect to the continuation of occupancy and rent restrictions for three years following certain terminations of this Agreement, shall remain in effect.

Section 13. Amendments; Waivers. Except as otherwise provided in this Agreement, this Agreement may not be amended, changed, modified, altered or terminated except by written instrument executed and acknowledged by each of the parties hereto or their successors and duly recorded in the official records of the county in which this Agreement is recorded. Any waiver of any provision of this Agreement shall not be deemed to be an amendment hereof. Upon request by TCAC, the Owner agrees that it will take all actions necessary to effect any amendment of this Agreement which may be necessary in TCAC's sole discretion to comply with the Code, and any and all applicable rules, regulations, policies, procedures, rulings or other official statements pertaining to the Tax Credits.

Section 14. Assignment by Owner. The Owner may not sell or otherwise dispose of any portion of any building in the Project unless it disposes of the entire building to the same person.

Upon sale or transfer of the Project, the Owner shall be relieved of all obligations under the Agreement and the transferee shall succeed to and be bound by all of the Owner's rights and obligations hereunder, without regard to whether the transferee has executed an Assumption Agreement as hereinafter provided. Prior to any transfer of the Project, the Owner shall notify TCAC in writing and provide the name(s) and address(es) and financial reports of the prospective successor owner and operator. The Owner shall require, as a condition precedent to any sale, transfer or exchange or any other disposition of the Project prior to termination of this Agreement, that the purchaser or successor assume, in writing, in an Assumption Agreement acceptable to TCAC, the Owner's obligations hereunder and under Section 42 of the Code and applicable regulations, which Assumption Agreement shall be delivered to TCAC in executed, recordable form prior to any such sale, transfer or exchange. This provision shall not act to waive any other restriction on sale, transfer or exchange of the Project or any building in the Project. The Owner agrees that any sale, transfer or exchange of the Project without execution of an Assumption Agreement or otherwise in contravention of the provisions of this Section 14 shall be voidable at the discretion of TCAC. Changes in the constituents of the Owner shall not constitute a default under this Agreement. Owner acknowledges that the sale, transfer or exchange of the Project, or any interest in the Project or the Owner, consistent with the requirements of this Agreement, does not relieve the Owner or any of its constituents from any obligations which it may have under Section 42 of the Code, including those with respect to recapture of Tax Credit or any alternative thereto.

Section 15. Notices. All notices, certificates or other communications shall be sufficiently given and shall be deemed received on the second day following the date on which the same have been mailed by certified mail, postage prepaid, or sent by other method which produces evidence of delivery thereof, addressed as follows:

To the TCAC:

California Tax Credit Allocation Committee  
915 Capitol Mall, Room 485  
P.O. Box 942809  
Sacramento, CA 94209-0001

To the Owner:

TCAC and the Owner may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 16. Indemnification. The Owner agrees to indemnify and hold harmless the Chairperson, TCAC committee members, TCAC officers, directors and employees from and against all liabilities, losses, claims, damages, judgments, costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by TCAC as a result of any material inaccuracy in any of the representations and warranties contained in this Agreement, or as a result of any action by the Owner, including claims by third parties.

The Owner agrees that should any claims, demands, suits or other legal proceedings be made or instituted by any person against TCAC which arise out of any of the matters relating to this

Agreement, the Owner will cooperate fully with TCAC in the defense or other disposition thereof.

Section 17. Severability. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions thereof.

Section 18. Governing Law. This Agreement shall be governed by the laws of the State of California, excluding conflicts provisions, and, where applicable, the laws of the United States of America.

Section 19. Survival of Obligations. The obligations of the Owner as set forth herein and in the application shall survive the allocation of the Tax Credit and shall not be deemed to terminate or merge with the awarding of the allocation.

Section 20. Interpretation. TCAC's interpretation of this Agreement shall be controlling for purposes of determining whether (i) the Compliance Period shall have commenced, (ii) this Agreement shall have been terminated in accordance with Section 2 hereof, and (iii) the Additional Use Restrictions elected at Appendix A hereto, if any, shall have been complied with.

Section 21. Asset Management. Owner shall provide asset management information and fees as required.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective duly authorized representatives, as of the day and year first written above.

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

By \_\_\_\_\_  
Executive Director

a California limited partnership

By:  
a California nonprofit public benefit corporation,  
its General Partner

By: \_\_\_\_\_  
Name:  
Title: Executive Director

The undersigned, owners of the property described on Exhibit A hereto, hereby consent to recordation of this Regulatory Agreement against such property, and agree that such property shall be bound by the provisions thereof.

a California limited partnership

By:

a California nonprofit public benefit corporation,  
its General Partner

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

Name:

Title: Executive Director

EXHIBIT A  
to Regulatory Agreement

Description of the real property  
on which the Project is located

CA-2009-502

Location:

**Legal Description:**

Real property in the ( \_\_\_\_\_ ), County ( \_\_\_\_\_ ), State of California, described as follows:

Parcel 1:

\_\_\_\_\_ of \_\_\_\_\_ in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 5, Page 361 of Maps, in the Office of the County Recorder of said County.

Parcel 2:

\_\_\_\_\_ in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in \_\_\_\_\_ of Maps, in the Office of the County Recorder of said County.

Also that portion of \_\_\_\_\_ subdivision of the \_\_\_\_\_ t, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in \_\_\_\_\_ of Miscellaneous Records, in the Office of the County Recorder, which lies East of \_\_\_\_\_ as shown on said map and North of the North line of \_\_\_\_\_ street, (formerly \_\_\_\_\_ ) extending Westerly as shown on said map \_\_\_\_\_ to the \_\_\_\_\_

Also that portion of the \_\_\_\_\_ in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in \_\_\_\_\_ of Miscellaneous Records, in the Office of the County Recorder of said County, which lies East of \_\_\_\_\_, as shown on said map and South of the North line of said \_\_\_\_\_ of \_\_\_\_\_ l, extended Westerly to \_\_\_\_\_

Except therefrom that portion of said land described in the deed to the State of California, recorded on \_\_\_\_\_ as Instrument N \_\_\_\_\_ Official Records of said County, and particularly described as follows:

Also except therefrom all oil, gas and other hydrocarbon substances lying in and under 500 feet from the surface of said land, but with no right of surface entry thereto, as reserved in deed recorded \_\_\_\_\_ instrument \_\_\_\_\_ l Records.

Assessor's Parcel Number:

Project Size Description:

1 Building  
95 Low-Income Units; 2 Managers' Units  
96 Studio, 1 1-Bedroom; 0 2-Bedroom;  
0 3-Bedroom; 0 4-Bedroom;  
0 5-Bedroom

ACKNOWLEDGMENT

State of California  
County of \_\_\_\_\_ )

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

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

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

APPENDIX A  
ADDITIONAL USE RESTRICTIONS

**Housing Type**

- Large Family
- Senior
- SRO
- Special Needs
- At-Risk
- Non-targeted

**Average Income Target**

Throughout the Compliance Period, unless otherwise permitted by TCAC, Units must be occupied by Tenants such that the income of Tenants residing in 10 of the Units is at or below 30% of Area Median Gross Income, and in 75 of the Units is at or below 40% of Area Median Gross Income, and in 10 of the Units is at or below 50% of Area Median Gross Income, and such Units shall be Rent-Restricted in accordance with such income level.

**Longer Compliance Period**

The Compliance Period shall be a period of 55 consecutive taxable years commencing with the first year of the Credit Period.

**Designation of First Year of Credit Period by Building**

Building Id. \_\_\_\_\_ First Year of Credit Period 2010

**Material Participation by Qualified Nonprofit Organization**

Throughout the Compliance Period, a "qualified nonprofit organization" within the meaning of Section 42(h)(5)(C) of the Code shall own an interest in the Project and shall materially participate (within the meaning of Section 469(h)) in the development and operation of the Project.

## Targeted Population and Physical Facility Features

### Large Family Project

- At least thirty percent (30%) of the units in the project are three-bedroom or larger units, with the remaining units configured based on the demand established in the basic threshold requirements except that for projects qualifying for and applying under the At-risk set-aside, the Executive Director may grant a waiver of this requirement if the applicant shows it would be cost prohibitive to comply;
- One-bedroom units must include at least 500 square feet and two-bedroom units must include at least 750 square feet of living space. These limits may be waived for rehabilitation projects, at the discretion of the Executive Director. Three-bedroom units shall include at least 1,000 square feet of living space and four-bedroom units shall include at least 1,200 square feet of living space, unless these restrictions conflict with the requirements of another governmental agency to which the project is subject to approval (bedrooms shall be large enough to accommodate two persons each and living areas shall be adequately sized to accommodate families based on two persons per bedroom);
- Four-bedroom and larger units shall have at least two full bathrooms.
- The project shall provide outdoor play/recreational facilities suitable and available to all tenants, for children of all ages, except for small developments as defined in Section 10315(c). The Executive Director, in her/his discretion may waive this requirement upon demonstration of nearby, readily accessible, recreational facilities;
- The project shall provide an appropriately sized common area(s). For purposes of this part, common areas shall include all interior common areas, such as rental office and meeting rooms, but shall not include laundry rooms or manager living units, and shall meet the following size requirement: projects comprised of 30 or less units, at least 600square feet; projects from 31 to 60 units, at least 1000 square feet; projects from 61 to 100 total units, at least 1400 square feet; projects over 100 units, at least 1800 square feet. Small developments, defined in Section 10315 (d), are exempt from this requirement;
- A public agency shall provide direct or indirect long term financial support for at least fifteen percent (15%) of the total project development costs, or the owner's equity (includes syndication proceeds) shall constitute at least thirty percent (30%) of the total project development costs;
- Adequate laundry facilities shall be available on the project premises, with no fewer than one washer/dryer per 10 units. To the extent that tenants will be charged for the use of central laundry facilities, washers and dryers must be excluded from eligible basis. If no centralized laundry facilities are provided, washers and dryers shall be provided in each unit, subject to the further provision that gas connections for dryers shall be provided where gas is otherwise available at the property;
- Dishwashers shall be provided in all units unless a waiver is granted by the Executive Director because of planning or financial impracticality;
- Projects are subject to a minimum low-income use period of 55 years.

### Senior project

- All units shall be restricted to households eligible under the provisions of California Civil Code 51.3 (except for projects utilizing federal funds whose programs have differing definitions for senior projects), and further be subject to state and federal fair housing laws with respect to senior housing;
- The project shall be on a suitable site. Access to basic services shall be available by other than resident-owned transportation;

- Projects over two stories shall have an elevator;
- No more than twenty percent (20%) of the low-income units in the project shall be larger than one-bedroom units, unless waived by the Executive Director, when supported by a full market study. One larger units may be included for use as a manager's unit without a waiver;
- One-bedroom units must have at least 500 square feet and two-bedroom units must include at least 750 square feet of living space. These limits may be waived for rehabilitation projects, at the discretion of the Executive Director;
- For projects receiving credit after 2000, emergency call systems shall only be required in units intended for occupancy by frail elderly populations requiring assistance with activities of daily living, and/or applying as special needs units. When required, they shall provide 24-hour monitoring, unless an alternative monitoring system is approved by the Executive Director;
- Common area(s) shall be provided on site, or are within approximately one-half mile of the subject property. For purposes of this part, common areas shall include all interior common areas, such as rental office and meeting rooms, but shall not include laundry rooms or manager living units, and shall meet the following size requirement: projects comprised of 30 or less units, at least 600square feet; projects from 31 to 60 units, at least 1000 square feet; projects from 61 to 100 total units, at least 1400 square feet; projects over 100 units, at least 1800 square feet. Small developments, defined in Section 10315 (d), are exempt from this requirement;
- A public agency shall provide direct or indirect long-term financial support for at least fifteen percent (15%) of the total project development costs, or the owner's equity (includes syndication proceeds) shall constitute at thirty percent (30%) of the total project development costs;
- Adequate laundry facilities shall be available on the project premises, with no fewer than one washer/dryer per 15 units. To the extent that tenants will be charged for the use of central laundry facilities, washers and dryers must be excluded from eligible basis. If no centralized laundry facilities are provided, washers and dryers shall be provided in each unit, subject to the further provision that gas connections for dryers shall be provided where gas is otherwise available at the property. ;
- Projects are subject to a minimum low-income use period of 55 years.

**SRO project**

- Average income is no more than forty percent (40%) of the area median income;
- SRO units are efficiency units, which may include a complete private bath and kitchen but do not have a separate bedroom, unless the configuration of an already existing building being proposed to be used for an SRO dictates otherwise. The maximum size for an SRO unit shall be 500 square feet. At least ninety percent (90%) of the units in the project must meet these requirements;
- At least one bath is provided for every eight units;
- If the project does not have a rental subsidy committed, the applicant shall demonstrate that the target population can pay the proposed rents. For instance, if the target population will rely on General Assistance, the applicant shall show that those receiving General Assistance are willing to pay rent at the level proposed;
- The project configuration, including community space and kitchen, shall meet the needs of the population;
- A public agency shall provide direct or indirect long-term financial support for at least fifteen percent (15%) of the total project development costs, or the owner's equity (includes syndication proceeds) shall constitute at least thirty percent (30%) of the total project development costs;

- Adequate laundry facilities shall be available on the project premises, with no fewer than one washer/dryer per 15 units;
- Projects are subject to a minimum low-income use period of 57 years;
- A ten percent (10%) vacancy rate shall be used unless otherwise approved by the Executive Director. Justification of a lower rate shall be included;
- A signed contract or memorandum of understanding between the developer and the service provider, together with the resolution of the service provider, must accompany the tax credit application;
- A summary of the experience of the developer and the service provider in the providing for the population to be serviced must accompany the tax credit application;
- New construction projects for seniors shall not qualify as Single Room Occupancy housing.

**Special Needs project**

- Average income is no more than forty percent (40%) of the area median income;
- Third party verification from a federal, state or local agency of the availability of services appropriate to the targeted population;
- The units and building configurations (including community space) meet the specific needs of the population.
- If project does not have a rental subsidy committed, the applicant shall demonstrate that the target population can pay the proposed rents. For instance, if the target population will rely on General Assistance, the applicant shall show that those receiving General Assistance are willing to pay rent at the level proposed;
- A public agency shall provide direct or indirect long-term financial support for at least fifteen percent (15%) of the total project development costs, or the owner's equity (includes syndication proceeds) shall constitute at least thirty percent (30%) of the total project development costs;
- Adequate laundry facilities shall be available on the project premises, with no fewer than one washer/dryer per 15 units;
- Projects are subject to a minimum low-income use period of 57 years;
- A ten percent (10%) vacancy rate shall be used unless otherwise approved by the Executive Director. Justification of a lower rate shall be included;
- Where services are required as a condition of occupancy, special attention shall be paid to the assessment of service costs as related to maximum allowable Credits rents. A tax professional's opinion as to compliance with IRC Section 42 may be required by the Executive Director;
- A signed contract or memorandum of understanding between the developer and the service provider, together with the resolution of the service provider, must accompany the tax credit application;
- A summary of the experience of the developer and the service provider in the providing for the population to be serviced must accompany the tax credit application;
- A preliminary service plan that specifically identifies the services to be provided to the special needs population. The Executive Director shall, in her/his sole discretion, determine whether the plan is adequate to qualify the project as a special needs project.

**At-Risk**

- Projects are subject to a minimum low-income use period of 55 years;
- Application shall meet the requirements of R & T Code subsection 17058(c)(4).

**Site Amenities**

Throughout the Compliance Period, unless otherwise permitted by TCAC, the Project shall include the following site amenities:

- **Within ¼ mile of a transit stop with service every 30 minutes & 25 units per acre project density**
- **Within ¼ mile of a public park or community center open to the general public**
- **Within ¼ mile of a convenience market where staples are sold**
- **Within ½ mile of a medical clinic or hospital**
- **Within ¼ mile of a pharmacy**

**Service Amenities**

The Project shall include the following service amenities, which must be of a regular, ongoing nature, provided to tenants free of charge (with exception of licensed child care), appropriate to the population being served, and committed for a minimum of 10 years:

- **High-speed Internet access in each unit**
- **Bona fide service coordinator available**

**Minimum Applicable Fraction by Building**

Building Id. \_\_\_\_\_ Minimum Applicable Fraction \_\_\_\_%

**Agency Designated to Enforce**

At any time during the Compliance Period, the California Tax Credit Allocation Committee may designate an agency of local government to enforce the terms of this Agreement. The California Tax Credit Allocation Committee designates the following agency of local government for such purpose:

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**EXHIBIT F**  
**STANDARD FORM OF GRANT DEED**

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WHEN RECORDED MAIL TO

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SPACE ABOVE THIS LINE FOR RECORDER'S USE

# Grant Deed

Agency: DEPARTMENT OF GENERAL SERVICES  
Project:  
Reference:

APN(S):

Pursuant to the provisions of Chapter \_\_\_\_\_ of the Statutes of \_\_\_\_\_, the STATE OF CALIFORNIA, through its duly appointed and qualified Director of General Services, hereby grants to \_\_\_\_\_, all that real property in the \_\_\_\_\_, State of California described on the attached Exhibit A consisting of \_\_\_\_\_ page(s) and by this reference made a part hereof.

EXCEPTING AND RESERVING to the State of California all mineral deposits as defined in Section 6407 of the Public Resources Code below a depth of 500 feet, without surface rights of entry.

IN WITNESS WHEREOF, the State has caused this Grant Deed to be executed this \_\_\_\_\_ day of \_\_\_\_\_

STATE OF CALIFORNIA  
DEPARTMENT OF GENERAL SERVICES  
WILLIAM C. BUSH, DIRECTOR

By \_\_\_\_\_  
JOE MUGARTEGUI  
Acting Branch Chief  
Asset Management Branch

STATE OF CALIFORNIA

COUNTY OF YOLO

}

On \_\_\_\_\_, 2008 before me, \_\_\_\_\_  
personally appeared \_\_\_\_\_  
personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to  
the within Instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by  
his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the  
instrument.

WITNESS my hand and official seal.

\_\_\_\_\_  
NOTARY PUBLIC IN AND FOR THE STATE OF CALIFORNIA