

EXAMPLE

DISPOSITION AND DEVELOPMENT AGREEMENT

By and Between the

GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT

and

DISPOSITION AND DEVELOPMENT AGREEMENT

This **DISPOSITION AND DEVELOPMENT AGREEMENT** (the "Agreement") is entered into as of _____, 2007, by and between the _____, a public body, corporate and politic (the "Agency"), and _____, a California limited liability company (the "Developer").

RECITALS

The following recitals are a substantive part of this Agreement:

A. In furtherance of the objectives of the California Community Redevelopment Law, the Agency desires to cooperate with the Developer in the redevelopment of approximately 13.1 acres of real property in the City of Garden Grove known as the "Brookhurst Triangle," which is bounded by Brookhurst Street on the east, Garden Grove Boulevard on the south, and Brookhurst Way on the northern and western edge (the "Site").

B. The Site is comprised of certain parcels of real property currently owned by the Agency (the "Agency Parcels"), and other parcels of real property currently owned by parties other than the Agency and the Developer (the "Third Party Parcels"). The Third Party Parcels include a 3.14 acre parcel owned by Dai Lee and Debbie K. Lee, on which a Hyundai automobile dealership is presently operated (the "Dai Lee Parcel"), and a 3.17 acre parcel on which a variety of businesses are presently operated (the "J. O. Trust Parcel"). The Agency has entered into separate purchase and sale agreements with the owners of the Dai Lee Parcel and the J. O. Trust Parcel.

C. The Agency and the Developer have entered into an "Exclusive Negotiating Agreement," dated as of February 28, 2006, which provides for the Parties to negotiate towards a Disposition and Development Agreement with respect to the Site.

D. The Agency and the Developer desire by this Agreement for the Agency to acquire the Third Party Parcels and to convey the assembled Site to the Developer in two separate closings, and for the Developer to purchase the Site and to develop a three phase mixed use residential and retail project thereon, together with other onsite and offsite improvements (collectively, the "Improvements").

E. Phase One of the Improvements will consist of approximately 180 attached for sale housing units in four story buildings. Phase Two of the Improvements will consist of approximately 114 attached for sale housing units in four story buildings, together with approximately 25,000 square feet of retail space. Phase Three of the Improvements will consist of approximately 200 for sale housing units in high rise tower buildings, approximately 200 attached for sale housing units in four story buildings, and approximately 25,000 square feet of retail space. The first closing will include the land necessary for the Phase One and Phase Two Improvements, and the second closing will include the land necessary for the Phase Three Improvements.

F. The Developer is an experienced developer of public-private mixed use and residential projects in conjunction with cities and redevelopment agencies.

H. The Agency's acquisition and sale of the Site to the Developer and the Developer's acquisition of the Site and the development of the Improvements thereon, as provided for in this Agreement, is in the vital and best interest of the City and the health, safety and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements under which the redevelopment of the Garden Grove Community Project has been undertaken.

NOW, THEREFORE, the Agency and the Developer hereby agree as follows:

100. DEFINITIONS

"Actual Knowledge" is defined in Section 206.1(d) hereof.

"Agency" means the Garden Grove Agency for Community Development, a public body, corporate and politic, exercising governmental functions and powers and organized and existing under Chapter 2 of the Community Redevelopment Law and any assignee of or successor to its rights, powers and responsibilities.

"Agency Parcels" means those Parcels within the Site currently owned by the Agency as of the date of this Agreement.

"Agreement" means this Disposition and Development Agreement between the Agency and the Developer, including the Attachments hereto.

"City" means the City of Garden Grove, a California municipal corporation. The City is not a party to this Agreement and has no obligations hereunder.

"Closing" means the close of Escrow for each Conveyance of a portion of the Site from the Agency to the Developer, as set forth in Section 202 hereof.

"Closing Date" means the date of each Closing, as set forth in Section 202.4 hereof.

"Community Redevelopment Law" means California Health and Safety Code Section 33000, *et seq.* as the same now exists or may hereinafter be amended.

"Conveyance" means each conveyance of a portion of the Site by the Agency to the Developer on the Closing Date.

"County" means the County of Orange.

"Dai Lee Parcel" means the 3.14 acre parcel currently owned by Dai Lee and Debbie K. Lee, on which a Hyundai automobile dealership is presently operated. The Dai Lee Parcel is described in the Legal Description and depicted in the Site Map.

"Date of Agreement" means the date this Agreement is approved by the Agency at a public meeting, which date is set forth in the first paragraph hereof.

"Declaration of Uses" means the Declaration of Uses, substantially in the form of Attachment No. 10, which is incorporated herein, which shall be recorded as an encumbrance to the parcels containing the Retail Improvements.

“Deed of Trust” means the Deed of Trust and Assignment of Rents, substantially in the form of Attachment No. 5 hereto, which is incorporated herein, which shall secure each Promissory Note.

“Default” means the failure of a Party to perform any action or covenant required by this Agreement within the time period provided herein following notice and opportunity to cure, as set forth in Section 501 hereof.

“Developer” means Garden Grove Housing Investors, LLC, and its permitted successors and assigns.

“Environmental Consultant” means the environmental consultant which may be employed by the Developer pursuant to Section 208.2 hereof.

“Environmental Report” means the report setting forth the results of the environmental investigation of the Site which may be conducted by the Environmental Consultant, as set forth in Section 208.2 hereof.

“Eligible Person” means any individual, partnership, corporation or association which qualifies as a “displaced person” pursuant to the definition provided in Government Code Section 7260(c) of the California Relocation Assistance Act of 1970, as amended, and any other applicable state laws or regulations.

“Escrow” is defined in Section 202 hereof.

“Escrow Agent” is defined in Section 202 hereof.

“Exceptions” is defined in Section 203 hereof.

“FIRPTA” means the Foreign Investment in Real Property Transfer Act.

“Governmental Requirements” means all laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the State, the County, the City, and any other political subdivision in which the Site is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over the Agency, the Developer or the Site.

“Grant Deed” means the grant deed for the Conveyance of each portion of the Site from the Agency to the Developer, substantially in the form of Attachment No. 3 hereto which is incorporated herein.

“Hazardous Materials” means any substance, material, or waste which is or becomes, regulated by any local governmental authority, the State, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a “hazardous waste,” “extremely hazardous waste,” or “restricted hazardous waste” under Section 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law)), (ii) defined as a “hazardous substance” under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a “hazardous material,” “hazardous substance,” or “hazardous waste” under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a “hazardous substance” under Section 25281 of the California Health and Safety Code, Division 20,

Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) friable asbestos, (vii) polychlorinated biphenyls, (viii) methyl tertiary butyl ether, (ix) listed under Article 9 or defined as “hazardous” or “extremely hazardous” pursuant to Article 11 of Title 22 of the California Code of Regulations, Division 4, Chapter 20, (x) designated as “hazardous substances” pursuant to Section 311 of the Clean Water Act (33 U.S.C. §1317), (xi) defined as a “hazardous waste” pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §§6901, *et seq.* (42 U.S.C. §6903) or (xii) defined as “hazardous substances” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §§9601, *et seq.*

“Housing Units” means the condominium units located in high-rise towers, and the attached units located in the four story buildings, which are constructed on the Site pursuant to the Scope of Development.

“Improvements” means the improvements to be constructed by the Developer upon the Site and the offsite perimeter improvements relating thereto, all as more particularly described in Sections 301-303 hereof and in the Scope of Development.

“J. O. Trust Parcel” means the 3.17 acre parcel located at _____ and located at _____, on which a variety of businesses are presently operated. The J. O. Trust Parcel is currently owned by Jo Ann Traasdahl, formerly known as Jo Ann Ayala, at trustee of the J. O. Trust dated August 2001, and John C. Nelson, as trustee under the will of Mildred Ruth Smith, deceased, of the separate trust for the benefit of Carri Lynn Conaty, formerly known as Carri Lynn Van Nimwegen, and as trustee under the will of Newell Roy Ownerby, deceased, for the primary benefit of Bonnie Faye Owenby. The J. O. Trust Parcel is described in the Legal Description and depicted in the Site Map.

“Legal Description” means the description of the Site and the Parcels within the Site which is attached hereto as Attachment No. 1 and incorporated herein.

“Notice” shall mean a notice in the form prescribed by Section 601 hereof.

“Option Agreement” means the option agreement substantially in the form of Attachment No. 11 hereof, which is incorporated herein.

“Outside Date” shall mean the last date each Closing shall occur, as set forth in Section 202.4 hereof.

“Parcels” means the existing legal parcels comprising the Site. The Parcels are legally described in the Legal Description and depicted on the Site Map.

“Party” means either the Agency or Developer, as applicable, and **“Parties”** means the Agency and Developer, including their respective permitted successors and assigns.

“Phase One” means the approximately 4.5 acre portion of the Site which is so identified in the Legal Description and the Site Map.

“Phase One Improvements” means the approximately 180 attached for sale Housing Units in four story buildings to be constructed by Developer on Phase One.

“Phase One/Phase Two Closing” means the Closing for the Agency’s Conveyance of Phase One and Phase Two to the Developer.

“Phase One/Phase Two Purchase Price” means the purchase price payable by Developer to Agency in consideration for the Agency’s Conveyance of Phase One and Phase Two to the Developer, in the amount set forth in Section 201 hereof.

“Phase Two” means the approximately 4.17 acre portion of the Site which is so identified in the Legal Description and the Site Map.

“Phase Two Improvements” means the approximately 114 attached for sale Housing Units in four story buildings, and the approximately 25,000 square feet of retail improvements to be constructed by Developer on Phase Two.

“Phase Three” means the approximately 5.24 acre portion of the Site which is so identified in the Legal Description and the Site Map.

“Phase Three Closing” means the Closing for the Agency’s Conveyance of Phase Three to the Developer.

“Phase Three Improvements” means the approximately 200 for sale Housing Units in high rise tower buildings, approximately 200 attached for sale Housing Units in four story buildings, and approximately 25,000 square feet of retail space to be constructed by the Developer on Phase Three.

“Phase Three Purchase Price” means the purchase price payable by Developer to Agency in consideration for the Agency’s Conveyance of Phase Three to the Developer, in the amount set forth in Section 201 hereof.

“Promissory Note” means each promissory note substantially in the form of Attachment No. 4 hereof, which is incorporated herein, which sets forth the Developer’s obligation to pay a portion of the Purchase Price, as described in Sections 201.1 and 201.2 hereof.

“Purchase Price” is defined in Section 201 hereof.

“Redevelopment Plan” means the Redevelopment Plan for the Redevelopment Project, adopted by ordinance of the City Council of the City of Garden Grove, as amended from time to time.

“Redevelopment Project” means the Garden Grove Community Project, adopted by the City pursuant to the Redevelopment Plan.

“Release of Construction Covenants” means the document which evidences the Developer’s satisfactory completion of the Improvements, as set forth in Section 310 hereof. The Release of Construction Covenants shall be in the form of Attachment No. 9 hereto which is incorporated herein.

“Retail Improvements” means the retail uses to be constructed on the Site in accordance with the Scope of Development.

“Schedule of Performance” means the Schedule of Performance attached hereto as Attachment No. 7 and incorporated herein, setting out the dates and/or time periods by which certain conditions and obligations set forth in this Agreement must be accomplished.

“Scope of Development” means the Scope of Development which describes the scope, amount and quality of development of the Improvements to be constructed by the Developer pursuant to the terms and conditions of this Agreement, as provided in Section 301 hereof. The Scope of Development is attached hereto as Attachment No. 6 and incorporated herein.

“Site” means that certain approximately 15.5 acres of real property in the City of Garden Grove known as the “Brookhurst Triangle,” which is bounded by Brookhurst Street on the east, Garden Grove Boulevard on the south, and Brookhurst Way on the northern and western edge. The Site is legally described in the Legal Description and depicted on the Site Map.

“Site Map” means the map of the Site which is attached hereto as Attachment No. 2 and incorporated herein.

“State” means the State of California.

“Third Party Parcels” means the Dai Lee Parcel and the J. O. Trust Parcel.

“Title Company” is defined in Section 203 hereof.

“Title Policy” is defined in Section 204 hereof.

“Title Report” means the preliminary title report, as described in Section 203 hereof.

“Transfer” is defined in Section 603.1 hereof.

200. ACQUISITION AND CONVEYANCE OF THE SITE

201. Agreement to Purchase and Sell; Purchase Price. The Developer agrees to purchase the Site from the Agency and the Agency agrees to sell the Site to the Developer, in accordance with and subject to all of the terms, covenants, and conditions of this Agreement. The combined purchase price for Phase One and Phase Two shall be _____ Dollars (\$_____) [**Insert appraised fair market value of the 7 acre Agency Parcel plus a pro rata portion of the \$14 Million purchase price of the Dai Lee parcel**] (the “Phase One/Phase Two Purchase Price”). The purchase price for Phase Three shall be _____ Dollars (\$_____) [**Insert \$11,935,725 plus \$1,405,000 plus pro rata portion of the \$14 Million purchase price of the Dai Lee parcel**] (the “Phase Three Purchase Price”). Each Purchase Price is equal to or greater than the fair market value of the applicable portion of the Site, as determined by an appraisal performed by a state-certified appraiser.

201.1 Payment of Phase One/Phase Two Purchase Price. The Developer shall deposit into the Escrow for the Phase One/Phase Two Closing the sum of Twelve Million Dollars (\$12,000,000) in cash, wire transfer or other immediately available funds. The Developer shall also deposit into the Escrow a Promissory Note, substantially in the form of Attachment No. 4 hereto, for the amount of _____ Dollars (\$_____) [**Insert Purchase Price minus \$12 Million**]. The Developer’s obligation to pay the amounts required pursuant to the Phase One/Phase Two Promissory Note shall be secured by the recordation of a Deed of Trust,

substantially in the form attached hereto as Attachment No. 5, which shall be recorded as an encumbrance to Phase One and Phase Two. The Phase One/Phase Two Promissory Note shall accrue interest at the rate of _____. The Parties shall agree upon a payment schedule in connection with the Agency's approval of construction financing for Phase One and Phase Two pursuant to Section 311 hereof. The term of the Phase One/Phase Two Promissory Note shall be thirty-six (36) months, with all remaining amounts due and payable upon the end of the term of the Promissory Note. In the event that the date in the Schedule of Performance for completion of the Phase Two Improvements is extended, the due date of the Phase One/Phase Two Promissory Note shall be extended by the same number of days as the Schedule of Performance extension. The Phase One/Phase Two Deed of Trust shall be subordinate to the deed of trust recorded in connection with financing for Phase One and Phase Two which is approved by the Agency pursuant to Section 311 hereof. **[Also address the \$2 Million loan from Developer to Agency]**

201.2 Payment of Phase Three Purchase Price. The Developer shall deposit into the Escrow for the Phase Three Closing the sum of Eleven Million Nine Hundred Thirty-Five Thousand Seven Hundred Twenty-Five Dollars (\$11,935,725) in cash, wire transfer, or other immediately available funds. The Developer shall also deposit into the Escrow a Promissory Note, substantially in the form of Attachment No. 4 hereto, for the amount of _____ Dollars (\$_____) **[Insert Purchase Price minus \$11,935,725]**. The Developer's obligation to pay the amounts required pursuant to the Phase Three Promissory Note shall be secured by the recordation of a Deed of Trust, substantially in the form attached hereto as Attachment No. 5, which shall be recorded as an encumbrance to Phase Three. The Phase Three Promissory Note shall accrue interest at the rate of _____. The Parties shall agree upon a payment schedule in connection with the Agency's approval of construction financing for Phase Three pursuant to Section 311 hereof. The term of the Phase Three Promissory Note shall be thirty-six (36) months, with all remaining amounts due and payable upon the end of the term of the Promissory Note. In the event that the date in the Schedule of Performance for completion of the Phase Three Improvements is extended, the due date of the Phase Three Promissory Note shall be extended by the same number of days as the Schedule of Performance extension. The Phase Three Deed of Trust shall be subordinate to the deed of trust recorded in connection with financing for Phase Three which is approved by the Agency pursuant to Section 311 hereof.

202. Escrow. Within five (5) days after the Date of Agreement, the Parties shall open escrow ("Escrow") with _____ Title Insurance Company in its Orange County office or with another escrow company mutually satisfactory to both Parties (the "Escrow Agent").

202.1 Costs of Escrow. The Agency and the Developer shall each pay its respective share of the premium for each Title Policy as set forth in Section 204 hereof, the Agency shall pay the documentary transfer taxes due with respect to the Conveyance of each Phase of the Site, and the parties shall each pay one-half of all other usual fees, charges, and costs which arise from Escrow.

202.2 Escrow Instructions. This Agreement constitutes the joint escrow instructions of Developer and Agency, and Escrow Agent to whom these instructions are delivered is hereby empowered to act under this Agreement. The Parties hereto agree to execute and deliver such documents (in recordable form as required), pay or deposit such funds, do all such acts consistent with their respective obligations hereunder as may be reasonably necessary to close the Escrow for each Phase in the shortest possible time and in any event on or before the Outside Date for each

Phase. All funds received in the Escrow shall be deposited with other escrow funds in a general escrow account(s) and may be transferred to any other such escrow trust account in any State or National Bank doing business in the State. All disbursements shall be made by check from such account. If in the opinion of Escrow Agent or either Party it is necessary or convenient in order to accomplish the Closing of this transaction, such Party may require that the Parties sign supplemental escrow instructions; provided that if there is any inconsistency between this Agreement and the supplemental escrow instructions, then the provisions of this Agreement shall control. The Parties agree to execute such other and further documents as may be reasonably necessary, helpful or appropriate to effectuate the provisions of this Agreement. Escrow Agent is instructed to release Agency's and Developer's escrow closing statements to both Parties.

202.3 Authority of Escrow Agent. Escrow Agent is authorized to, and shall:

(a) Pay and charge the Agency and the Developer for their respective shares of the premium of the Title Policies, any endorsements thereto as set forth in Section 204 and any amount necessary to place title in the Condition of Title provided for in Section 203 of this Agreement.

(b) Pay and charge Agency and Developer each for one-half of any escrow fees, charges, and costs payable in accordance with Section 202.1 of this Agreement.

(c) Disburse funds, deliver the Promissory Notes to the Agency, and deliver and record the Grant Deed, the Deeds of Trust and the Declaration of Uses.

(d) Do such other actions as necessary, including, without limitation, obtaining the Title Policies for each Phase, to fulfill its obligations set forth in this Agreement and to close the transactions contemplated hereby.

(e) Within the discretion of Escrow Agent, direct the Agency and the Developer to execute and deliver any instrument, affidavit, and statement, and to perform any act reasonably necessary to comply with the provisions of FIRPTA and any similar state act and regulation promulgated thereunder. Agency agrees to execute a Certificate of Non-Foreign Status by individual transferor and/or a Certification of Compliance with Real Estate Reporting Requirement of the 1986 Tax Reform Act as may be required by Escrow Agent, on the form to be supplied by Escrow Agent.

(f) Prepare and file with all appropriate governmental or taxing authorities a uniform settlement statement, closing statement, tax withholding forms including an IRS 1099-S form, and be responsible for withholding taxes, if any such forms are provided for or required by law.

202.4 Closing. The Site shall be conveyed in two parts: the first for the conveyance of the combined Phase One and Phase Two, and the second for Phase Three. Each conveyance shall close (the "Closing") simultaneously with or as soon as practical after satisfaction of all of the Conditions Precedent to Closing set forth in Section 205 hereof, pursuant to the terms of this Agreement. In no event, however, shall the Closing for Phase One and Phase Two occur later than _____, 200__, and in no event shall the Closing for Phase Three occur later than _____, 200__ (the "Outside Dates"). The "Closing" shall mean the time and day the

Grant Deed for the applicable portion of the Site is filed for recorded with the County Recorder. The “Closing Date” shall mean the day on which the Closing occurs.

202.5 Termination. If the Escrow for a portion of the Site is not in a condition to close by the Outside Date, then either Party which is not then in Default (and has not received Notice of a potential Default hereunder which has not been cured) may, in writing, demand the return of its money, documents, or property and terminate the Escrow for such portion of the Site. If either Party makes a written demand for the return of its money, documents, or properties, the Escrow shall not terminate until five (5) days after Escrow Agent shall have delivered copies of such demand to the other Party at its address shown in this Agreement. If any objections are raised within said five (5) day period, Escrow Agent is authorized to hold all funds, documents, and property until instructed by a court of competent jurisdiction or by mutual written instructions of the Parties. Termination of the Escrow shall be without prejudice as to whatever legal rights either Party may have against the other as set forth in Sections 503 and 504 hereof. If no demands are made, the Escrow Agent shall proceed with the Closing as soon as possible.

202.6 Closing Procedure. Escrow Agent shall close each Escrow for the Site as follows:

- (a) Record the Grant Deed for the applicable Phases;
- (b) Record the Deed of Trust encumbering the applicable Phases;
- (c) Record the Declaration of Uses for the applicable Retail Improvement parcels;
- (d) Deliver to the Agency the Purchase Price for the applicable Phases, less Escrow and title costs payable by the Agency;
- (e) Deliver to the Agency the Promissory Note for the applicable Phases;
- (f) Deliver and record any loan or financing documents as may be requested by the Developer or its construction lender (if applicable);
- (g) Instruct the Title Company to deliver the owner’s Title Policy to the Developer and the lender’s Title Policy to the Agency;
- (h) File any informational reports required by Internal Revenue Code Section 6045(e), as amended, and any other applicable requirements; and
- (i) Deliver the FIRPTA Certificate, if any, to the Developer; and
- (j) Forward to both the Developer and the Agency a separate accounting of all funds received and disbursed for each Party and copies of all executed and recorded or filed documents deposited into Escrow, with such recording and filing date and information endorsed thereon.

203. Review of Title. Within the time set forth in the Schedule of Performance, the Agency shall cause _____ Title Insurance Company or another title company mutually agreeable to both parties (the “Title Company”), to deliver to the Developer a

preliminary title report or reports (collectively, the “Title Report”) with respect to the title to the Parcels comprising each Phase of the Site, together with legible copies of the documents underlying the exceptions (“Exceptions”) set forth in the Title Report. The Developer shall have the right to reasonably approve or disapprove the Exceptions; provided, however, that the Developer hereby approves the following Exceptions:

- (a) The Redevelopment Plan,
- (b) The lien of any non-delinquent property taxes and assessments (to be prorated as of the Closing Date), and
- (c) The provisions set forth in the Grant Deed, Deed of Trust and the Declaration of Uses.

The Developer shall have thirty (30) days from the date of its receipt of the Title Report to give written Notice to the Agency and Escrow Agent of the Developer’s approval or disapproval of any of such Exceptions set forth in the Title Report, within its reasonable discretion. Developer’s failure to provide Notice of its approval of the Title Report within such time limit shall be deemed disapproval of the Title Report. If the Developer delivers Notice to the Agency of its disapproval of any Exceptions in the Title Report, the Agency shall have the right, but not the obligation, to elect to remove any disapproved Exceptions within thirty (30) days after receiving written Notice of the Developer’s disapproval or to deliver Notice to the Developer providing assurances satisfactory to the Developer within said time period that such Exception(s) will be removed on or before the Closing. If the Agency cannot or does not elect to remove any of the disapproved Exceptions within that period, the Developer shall have fifteen (15) days after the expiration of such thirty (30) day period to either give the Agency written Notice that the Developer elects to proceed with the purchase of the Site subject to the disapproved Exceptions or to give the Agency written Notice that the Developer elects to terminate this Agreement and the Developer’s failure to give timely written Notice shall be deemed as an election to terminate this Agreement. Fee simple merchantable title subject only to the Exceptions to title approved by the Developer as provided herein shall hereinafter be referred to as the “Condition of Title.” The Developer shall have the right to approve or disapprove any further Exceptions reported by the Title Company after the Developer has approved the Condition of Title for the Site (which are not created by the Developer). The Agency shall not voluntarily create any new exceptions to title following the Date of Agreement.

204. Title Insurance. Concurrently with recordation of the Grant Deed conveying title to each Phase of the Site, the Title Company shall issue to the Developer, at the Developer’s election, a CLTA or an ALTA owner’s policy of title insurance (the “Title Policy”), together with such endorsements as are reasonably requested by the Developer, insuring that the title to such Phase of the Site is vested in the Developer in the Condition of Title approved by the Developer as provided in Section 203 of this Agreement. The Title Company shall provide the Agency with a copy of the Title Policy. The Agency shall pay the portion of the premium for the Title Policy equal to the cost of a CLTA standard policy of title insurance in the amount of the Purchase Price for such Phase, and the Developer shall pay for any additional costs thereof, including the incremental additional cost of obtaining an ALTA policy, any endorsements to the title policy, and the cost of any survey which is performed. In addition, the Title Company shall issue to the Agency an ALTA lender’s policy of title insurance in connection with each Closing, each with coverage in the amount of the Promissory Note, ensuring the second lien priority of each Deed of Trust. The Developer shall be responsible for the cost of the lender’s title policies issued to the Agency.

205. Conditions Precedent to Closing. The Closing of the Conveyance of each portion of the Site is conditioned upon the satisfaction (or written waiver by the benefited Party or Parties in its or their sole and absolute discretion) of the following terms and conditions within the times designated below:

205.1 Agency's Conditions of Closing. The Agency's obligation to proceed with the Closing of the Conveyance of each portion of the Site is subject to the fulfillment or waiver by Agency of each and all of the conditions precedent (a) through (h), inclusive, described below (the "Agency's Conditions Precedent"), which are solely for the benefit of the Agency, and which shall be fulfilled or waived by the time periods provided for herein:

(a) **No Default.** At the Closing, the Developer shall not be in material Default in any of its obligations set forth in this Agreement and all representations and warranties of Developer contained herein shall be true and correct in all material respects.

(b) **Execution of Documents.** The Developer shall have executed the Grant Deed, the Promissory Note, the Deed of Trust, and the Declaration of Uses for such Phase, and any other documents required to be executed by the Developer hereunder, and delivered such documents into Escrow.

(c) **Payment of Funds.** Prior to the Close of Escrow, the Developer shall have paid the cash portion of the Purchase Price and deposited into Escrow all costs of Closing that are the Developer's responsibility in accordance with Sections 201, 202, and 204 hereof.

(d) **Land Use Approvals.** The Developer shall have received all land use approvals, permits and other entitlements that are required for development of the Improvements on the applicable Phase of the Site pursuant to Sections 302 and 303 of this Agreement. There shall be no litigation pending which challenges such land use approvals, permits or other entitlements, or the validity of this Agreement.

(e) **Insurance.** The Developer shall have provided proof of insurance as required by Section 306 hereof.

(f) **Financing.** The Agency shall have approved financing of the Improvements as provided in Section 311.1 hereof, and such financing shall have closed and funded or shall be ready to close and fund upon the Closing.

(g) **Acquisition of Site.** The Agency shall have acquired fee title to all of the Phases being conveyed.

(h) **Title Policy.** The Title Company is unconditionally committed to issue to Agency a lender's Title Policy for each Phase being conveyed in accordance with Section 204 hereof.

205.2 Developer's Conditions of Closing. Developer's obligation to proceed with the purchase of each Phase of the Site is subject to the fulfillment or waiver by Developer of each and all of the conditions precedent (a) through (g), inclusive, described below (the "Developer's Conditions Precedent"), which are solely for the benefit of Developer, and which shall be fulfilled or waived by the time periods provided for herein:

(a) **No Default.** At the Closing, the Agency shall not be in material Default in any of its obligations set forth in this Agreement and all representations and warranties of Agency contained herein shall be true and correct in all material respects.

(b) **Execution of Documents.** The Agency shall have executed the Grant Deed and the Declaration of Uses and any other documents required to be executed by the Agency hereunder, and delivered such documents into Escrow.

(c) **Financing.** The financing of the Improvements shall have closed and funded or shall be ready to close and fund upon the Closing.

(d) **Land Use Approvals.** The Developer shall have received all land use approvals, permits and other entitlements that are required for development of the Improvements on the applicable Phases of the Site pursuant to Sections 302 and 303 of this Agreement. There shall be no litigation pending which challenges such land use approvals, permits or other entitlements, or the validity of this Agreement.

(e) **Acquisition of Site.** The Agency shall have acquired fee title to all of the Phases being conveyed.

(f) **Condition of Site.** Developer shall have approved the condition of the Site pursuant to Section 208 hereof.

(g) **Title Policy.** The Title Company is unconditionally committed to issue to Developer an owner's Title Policy for each Phase being conveyed in accordance with Section 204 hereof.

206. Representations and Warranties.

206.1 Agency Representations. The Agency represents and warrants to the Developer as follows:

(a) **Authority.** The Agency is a public body, corporate and politic, existing pursuant to the Community Redevelopment Law, which has been authorized to transact business pursuant to action of the City. The Agency has full right, power and lawful authority to acquire and convey the Site as provided herein, and the execution, performance and delivery of this Agreement by the Agency has been fully authorized by all requisite actions on the part of the Agency.

(b) **FIRPTA.** The Agency is not a "foreign person" within the parameters of FIRPTA or any similar state statute, or is exempt from the provisions of FIRPTA or any similar state statute, or the Agency has complied and will comply with all the requirements under FIRPTA or any similar state statute.

(c) **No Conflict.** The Agency's execution, delivery and performance of its obligations set forth in this Agreement will not constitute a default or a breach under any contract, agreement or order to which the Agency is a party or by which it is bound.

(d) **Condition of the Site.** To its Actual Knowledge, the Agency is not aware of and neither the Agency nor the City has received any notice or communication from any

government agency having jurisdiction over the Site notifying the Agency or the City of the presence of surface or subsurface zone Hazardous Materials in, on, or under the Site, or any portion thereof. "Actual Knowledge," as used herein, shall not impose a duty of investigation, and shall be limited to the best knowledge of Agency and City employees and agents who are responsible for the acquisition and management of the Site or have participated in the preparation of this Agreement, and all documents and materials in the possession of the Agency and the City.

(e) **No Litigation.** To the Agency's Actual Knowledge, there is no threatened or pending litigation against the City or Agency challenging the validity of this Agreement or any of the actions proposed to be undertaken by the City, Agency, or Developer pursuant to this Agreement (including without limitation any of the existing or proposed land use entitlements, permits or approvals).

Until each Closing has occurred, the Agency shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 206.1 to not be true as of such Closing, immediately give written Notice of such fact or condition to the Developer. So long as the representations and warranties contained herein were true as of the Date of Agreement, a change of facts or conditions that renders any such representation or warranty to no longer be true at a later date shall not be deemed a Default by the Agency hereunder if the Agency does not take any affirmative action to cause such representation or warranty to no longer be true, and in such event (i.e., in the event the Agency is not in Default) the changed fact or condition shall constitute an exception which the Developer shall have a right to approve or disapprove if the Developer determines in its reasonable discretion that such exception would have an effect on the value and/or development of the Site. If the Developer elects to close Escrow following the Agency's disclosure of such exception(s), the Agency's representations and warranties contained herein shall be deemed to have been made as of the Closing subject to such exception(s). If, following the disclosure of such exception(s), the Developer elects to not close Escrow, then this Agreement and the Escrow may be terminated by Developer as set forth in Section 503 hereof. The representations and warranties set forth in this Section 206.1 shall survive the Closings.

206.2 Developer's Representations. The Developer represents and warrants to the Agency as follows:

(a) **Experience.** The Developer is an experienced developer of mixed use residential and commercial/retail developments.

(b) **Authority.** The Developer is a duly organized limited liability company formed within and in good standing under the laws of the State of California. The Developer has full right, power and lawful authority to purchase and accept the Conveyance of the Site and undertake all obligations as provided herein and the execution, performance and delivery of this Agreement by the Developer has been fully authorized by all requisite actions on the part of the Developer.

(c) **No Conflict.** The Developer's execution, delivery and performance of its obligations set forth in this Agreement will not constitute a default or a breach under any contract, agreement or order to which the Developer is a party or by which it is bound.

(d) **No Developer Bankruptcy.** The Developer is not the subject of a current or threatened bankruptcy proceeding.

Until each Closing has occurred, the Developer shall, upon learning of any fact or condition which would cause any of the representations and warranties in this Section 206.2 to not be true as of each of the Closings, immediately give written Notice of such fact or condition to the Agency. So long as the representations and warranties contained herein were true as of the Date of Agreement, a change of facts or conditions that renders any such representation or warranty to no longer be true at a later date shall not be deemed a Default by the Developer hereunder if the Developer does not take any affirmative action to cause such representation or warranty to no longer be true, and in such event (i.e., in the event the Developer is not in Default) the changed fact or condition shall constitute an exception which Agency shall have a right to approve or disapprove if the Agency determines in its reasonable discretion that such exception would have an effect on the Developer's authority or ability to timely develop the Site as provided in this Agreement. If the Agency elects to close Escrow following the Developer's disclosure of such exception(s), the Developer's representations and warranties contained herein shall be deemed to have been made as of the Closing subject to such exception(s). If, following the disclosure of such exception(s), the Agency elects to not close Escrow, then this Agreement and the Escrow may be terminated by the Agency as provided in Section 504 hereof. The representations and warranties set forth in this Section 206.2 shall survive the Closings.

207. Studies and Reports; Access to the Site for Inspection and Testing. Within the time set forth in the Schedule of Performance, the Agency shall deliver to the Developer a copy of all information in its possession and/or in the possession of the City with respect to the physical and environmental condition of the Site, if any. The Developer shall be permitted to enter onto the Agency Parcels within the first one hundred twenty (120) days after the date of this Agreement for the purpose of obtaining data and making surveys and tests necessary to carry out this Agreement, including the investigation of the physical and environmental condition of the Agency Parcels (the "Tests"). The Developer shall execute a right of entry agreement, in the form provided by the Agency, prior to its In addition, prior to the date that the Agency is required to approve (or disapprove) the physical and environmental condition of the Dai Lee Parcel and the J. O. Trust Parcel pursuant to purchase and sale agreements for such Parcels, the Agency shall use good faith efforts to enable the Developer to enter onto the Dai Lee Parcel and the J. O. Trust Parcel for the purpose of conducting Tests of such Parcels. Such efforts by the Agency shall include, as needed, a right of entry agreement from the existing owner(s) of the Dai Lee Parcel and the J. O. Trust Parcel. Any preliminary investigation or work undertaken on the Site by Developer shall be done at the sole expense of the Developer. Any preliminary investigation or work shall be undertaken only after securing any necessary permits from the appropriate governmental agencies.

208. Physical and Environmental Condition of the Site.

208.1 As-Is Condition; Exceptions. The Agency shall assign to the Developer any indemnification which it obtains in connection with the Agency's acquisition of the Third Party Parcels from each seller of the Third Party Parcels with respect to the presence of Hazardous Materials on and under such Third Party Parcels, with such assignment to become effective at the Closing. Except as otherwise set forth in this Agreement, the Site shall be conveyed to the Developer in an "as is" physical and environmental condition, with no warranty, express or implied, by the Agency as to the condition of any existing improvements on the Site, the soil, its geology, the presence of known or unknown faults or Hazardous Materials or toxic substances, and it shall be the sole responsibility of the Developer at its expense to investigate and determine the physical and environmental conditions for the Improvements to be constructed and the proposed use of same. If the physical or environmental condition is not in all respects entirely suitable for the use or uses to

which the Site will be put, the Developer may terminate this Agreement as provided in Section 208.2 hereof. If the Developer approves the physical and environmental condition of the Site and accepts the Conveyance of the Site (and assuming the Agency has not elected to pay for the cost of curing or correcting physical or environmental defects or problems with the Site pursuant to the optional provisions of the fourth sentence of Section 208.2), then it shall be the sole responsibility and obligation of the Developer to take such action as may be necessary to place the physical and environmental conditions of the Site in a condition entirely suitable for its development.

208.2 Physical and Environmental Investigation and Testing of Site. Subject to the Agency's success in obtaining rights of access pursuant to Section 207 hereof, the Developer shall have the right, at its sole cost and expense, to engage its own environmental consultant (the "Environmental Consultant") to make such investigations of the Site as the Developer deems necessary, including any "Phase I" and/or "Phase II" investigations of the Site, and the Agency shall promptly be provided a copy of all reports and test results provided to the Developer by the Environmental Consultant (collectively, the "Environmental Report"). The Developer shall reasonably approve or disapprove of the physical and environmental condition of the Site within the time set forth in the Schedule of Performance. The Developer's failure to deliver written Notice of its approval within such time limit shall be deemed disapproval of the physical and environmental condition of the Site. If the Developer, based upon the above environmental reports, reasonably disapproves the physical or environmental condition of the Site, then the Agency shall have the right, but not the obligation, to elect to pay for the cost of correcting or curing any physical or environmental defect or problem with the Site identified by the Developer, provided that the Developer must approve in writing the content and timing of any plan requiring removal and/or remediation of Hazardous Materials. If the Agency and the Developer do not agree on such matters within thirty (30) days after the date the Developer initially disapproves or is deemed to have disapproved the physical and environmental condition of the Site, as provided above, the Developer shall be deemed to have adhered to its initial disapproval and the Developer may terminate this Agreement by written Notice to the Agency pursuant to Section 503 hereof.

208.3 Release of Agency. The Developer understands and acknowledges that the Agency has no control over the management and maintenance of the Third Party Parcels which it is acquiring hereunder, and agrees that it is fair and equitable for the Developer to assume the risk of Hazardous Materials on the Third Party Parcels rather than the Agency bearing such risk. Accordingly, the Developer hereby waives, releases and discharges forever the Agency and the City, and their respective employees, officers, agents and representatives, from all present and future claims, demands, suits, legal and administrative proceedings and from all liability for damages, losses, costs, liabilities, fees and expenses, present and future, arising out of or in any way connected with the physical and environmental condition of the Third Party Parcels, any Hazardous Materials on or under the Third Party Parcels, or the existence of Hazardous Materials contamination due to the generation of Hazardous Materials from the Third Party Parcels, however they came to be placed there, except that arising out of the negligence or misconduct of the Agency or City or their respective employees, officers, agents or representatives.

The Developer acknowledges that it is aware of and familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially

affected his settlement with the debtor.”

As such relates to this Section 208.3, the Developer hereby waives and relinquishes all rights and benefits which it may have under Section 1542 of the California Civil Code.

208.4 Developer Precautions After Closing. Upon and after each Closing, the Developer shall take all necessary but reasonable precautions to prevent the release into the environment of any Hazardous Materials which are located in, on or under the portions of the Site which have been conveyed to the Developer, except as may be provided otherwise by applicable Governmental Requirements. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials. In addition, the Developer shall install and utilize such equipment and implement and adhere to such procedures as are consistent with commercially reasonable standards as respects the disclosure, storage, use, removal and disposal of Hazardous Materials.

208.5 Developer Indemnity. Upon and after each Closing, the Developer agrees to indemnify, defend and hold the Agency and City and their respective employees, officers, agents and representatives harmless from and against any claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense (including, without limitation, reasonable attorneys’ fees), resulting from, arising out of, or based upon (i) the presence, release, use, generation, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from the Site which occurs during the period of the Developer’s ownership of the Site, or (ii) the violation, or alleged violation, of any statute, ordinance, order, rule, regulation, permit, judgment or license relating to the use, generation, release, discharge, storage, disposal or transportation of Hazardous Materials on, under, in or about, to or from, the Site which occurs during the period of the Developer’s ownership of the Site. This indemnity shall include, without limitation, any damage, liability, fine, penalty, or expense arising from or out of any claim, action, suit or proceeding for personal injury (including sickness, disease or death), tangible or intangible property damage, compensation for lost wages, business income, profits or other economic loss, damage to the natural resource or the environment, nuisance, contamination, leak, spill, release or other adverse effect on the environment. At the request of the Developer, the Agency shall cooperate with and assist the Developer in its defense of any such claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense; provided that the Agency shall not be obligated to incur any expense in connection with such cooperation or assistance.

300. DEVELOPMENT OF THE SITE

301. Scope of Development.

301.1 Developer’s Obligation to Construct Improvements. Subject to all of the other terms and conditions set forth in this Agreement, the Developer shall develop or cause the development of the Improvements in accordance with the Scope of Development, the City’s Municipal Code, and the plans, drawings and documents submitted by the Developer and reasonably approved by the City as set forth herein. The Improvements shall generally consist of the following: (a) Phase One of the Improvements shall consist of approximately 180 attached for sale Housing Units in four story buildings, (b) Phase Two of the Improvements shall consist of approximately 114 attached for sale Housing Units in four story buildings, together with approximately 25,000 square feet of retail space, (c) Phase Three of the Improvements shall consist of approximately 200 for sale

Housing Units in high rise tower buildings, approximately 200 attached for sale Housing Units in four story buildings, and approximately 25,000 square feet of retail space, and (d) Developer shall also construct related onsite improvements and all public improvements, all as identified in the Scope of Development or required pursuant to the land use approvals listed in Sections 302-303 hereof.

301.2 Local Contractors. The Developer shall use good faith efforts to solicit and obtain bids from local businesses for the construction of the Improvements by making available to local contractors all plans for the Improvements in the manner reasonably selected by the Developer, which may include, without limitation, submission to the Building and Trades Council of Orange County, the Plan Room and/or the Green Sheet. To the extent the Developer reasonably determines it is feasible, contracts for work to be performed in connection with the construction of the Improvements shall be awarded to business concerns which are located in, or owned in substantial part by persons residing within, the City, provided, however, the Developer shall not be required to award contracts to the lowest bidder, and may award contracts in accordance with the Developer's normal contracting and purchasing policies based upon criteria such as the experience, financial strength, and dependability of the contractors and subcontractors submitting bids.

302. Design Review.

302.1 Developer Submissions. Before commencement of construction of the Improvements upon the Site, and at or prior to the time set forth in the Schedule of Performance, the Developer shall submit to the City any plans and drawings (collectively, the "Design Development Drawings") which may be required by the City with respect to any permits and entitlements which are required to be obtained to develop the Improvements. Developer, on or prior to the date set forth in the Schedule of Performance, shall further submit to the City such plans for the Improvements as required by the City in order for Developer to obtain building permits for the Improvements. To the extent required by the City in order to accept such plans and permit applications for processing (given that the Developer may not own fee title to the Site at the time and may not have obtained the written authorization from the owners of the Parcels to apply for and process such plans and permits), the Agency shall sign any such application as a co-applicant with the Developer and cooperate with the Developer in order to expedite the City's review thereof (but without any representation or warranty by the Agency that the City will approve any such application or approve such application with or without any particular conditions). Within thirty (30) days after the City's disapproval or conditional approval of such plans, Developer shall revise the portions of such plans identified by the City as requiring revisions and resubmit the revised plans to the City; provided, however, that the Developer reserves the right to deliver a Notice of termination to the Agency pursuant to Section 503 hereof if the Developer determines in its sole and absolute discretion that the required revisions adversely and materially affect the value or development of the Site.

302.2 City Review and Approval. The City shall have all rights to review and approve or disapprove all Design Development Drawings and other required submittals in accordance with the City Municipal Code, and nothing set forth in this Agreement shall be construed as the City's approval of any or all of the Design Development Drawings.

302.3 Revisions. Subject to the Developer's reserved termination right as set forth herein, any and all change orders or revisions required by the City and its inspectors which are required under the Municipal Code and all other applicable Uniform Codes (e.g. Building, Plumbing, Fire, Electrical, etc.) and under other applicable laws and regulations shall be included by the

Developer in its Design Development Drawings and other required submittals and shall be completed during the construction of the Improvements.

302.4 Defects in Plans. The Agency and the City shall not be responsible either to the Developer or to third parties in any way for any defects in the Design Development Drawings, nor for any structural or other defects in any work done according to the approved Design Development Drawings, nor for any delays reasonably caused by the City review and approval processes established by this Section 302.

303. Land Use Approvals. Before commencement of construction of the Improvements upon the Site, the Developer shall, at its own expense, secure or cause to be secured any and all land use, development and building entitlements, permits and approvals which may be required for the Improvements by the City or any other governmental agency with jurisdiction over such construction or work. The staff of the Agency shall cooperate with and assist the Developer in obtaining such entitlements, permits and approvals (including without limitation signing any applications for such entitlements, permits, and approvals as a co-applicant with the Developer, as provided in Section 302 hereof); provided, however, that this Agreement does not constitute the granting of such entitlements, permits and approvals. The Developer shall, without limitation, apply for and exercise commercially reasonable efforts to secure the following, to the extent required by the City, and the Developer shall pay all normal costs, charges and fees associated therewith:

- (a) General Plan Amendment and zoning change for the Site.
- (b) Site Plan.
- (c) A subdivision map.
- (d) A development agreement between the Developer and the City that provides for the Developer's payment of the City's standard development impact fee ("DIF") for the Improvements.
- (e) All other discretionary entitlements, permits, and approvals required by the City, County, and other governmental agencies with jurisdiction over the Improvements.
- (f) Any environmental studies and documents required pursuant to the California Environmental Quality Act ("CEQA"), Public Resources Code Section 21000, *et seq.*, with respect to any of the discretionary entitlements, permits, and approvals referred to in clauses (a)-(e), inclusive.
- (g) All ministerial entitlements, permits, and approvals that may be required, including without limitation and to the extent applicable a final tract map, rough and precise grading permit(s), and approval of final building plans and permits, utility plans, public works improvement plans for the perimeter offsite improvements and any encroachment permits required for work to be performed within the public right-of-way, and landscaping plans.

304. Schedule of Performance. The Developer shall submit all Design Development Drawings, Plan Drawings and Construction Drawings, commence and complete all construction of the Improvements, and satisfy in all material respects all other obligations and conditions of this

Agreement, and the Agency shall satisfy all of its obligations and conditions pursuant to this Agreement, within the times established therefor in the Schedule of Performance.

305. Cost of Construction. All of the costs of planning, designing, developing and constructing all of the Improvements, demolition and clearance of existing improvements, site preparation and grading shall be borne solely by the Developer.

306. Insurance Requirements. The Developer shall take out and maintain or shall cause its contractor to take out and maintain until the issuance of the Release of Construction Covenants pursuant to Section 310 of this Agreement, a commercial general liability policy including contractual liability, in the minimum amount of _____ Million Dollars (\$____,000,000), and an automobile liability policy in the minimum amount of _____ Million Dollars (\$____,000,000), combined single limit, as shall protect the Developer, the City, and the Agency from claims for such damages, and which policies shall be issued by an “A” rated insurance carrier. Such policy or policies shall be written on an occurrence form. The Developer shall also furnish or cause to be furnished to the Agency evidence satisfactory to the Agency that the Developer and any contractor with whom it has contracted for the performance of work on the Site or otherwise pursuant to this Agreement carries workers’ compensation insurance as required by law. Prior to and as an Agency Condition Precedent to the Closing, the Developer shall furnish a certificate of insurance countersigned by an authorized agent of the insurance carrier on a form approved by the Agency setting forth the general provisions of the insurance coverage. This countersigned certificate shall name the City and the Agency and their respective officers, agents, and employees as additionally insured parties under the policy, and the certificate shall be accompanied by a duly executed endorsement evidencing such additional insured status. The certificate and endorsement by the insurance carrier shall contain a statement of obligation on the part of the carrier to notify the City and the Agency of any material change, cancellation or termination of the coverage at least thirty (30) days in advance of the effective date of any such material change, cancellation or termination. Coverage provided hereunder by the Developer shall be primary insurance and not be contributing with any insurance maintained by the Agency or the City, and the policy shall contain such an endorsement. The insurance policy or the endorsement shall contain a waiver of subrogation for the benefit of the City and the Agency. The required certificate shall be furnished by the Developer at the time set forth therefor in the Schedule of Performance.

307. Developer’s Indemnity. The Developer shall defend, indemnify, assume all responsibility for, and hold the Agency and the City, and their representatives, volunteers, officers, employees and agents, harmless from all claims, demands, defense costs, and liability of any kind or nature arising out of or related to the design, construction, or operation of the Improvements or the Site, which may be caused by any acts or omissions of the Developer, whether such acts or omissions be by the Developer or by anyone directly or indirectly employed or contracted with by the Developer and whether such damage shall accrue or be discovered before or after termination of this Agreement. The Developer shall further defend, indemnify, assume all responsibility for, and hold the Agency and the City, and their officers, employees, agents, representatives and volunteers, harmless from challenges to the approval, validity, applicability, interpretation or implementation of this Agreement or the California Environmental Quality Act approvals made in connection therewith. The Developer shall not be liable for and this Section 307 not apply to any such matters occasioned by the negligence or intentional misconduct of the Agency or its agents or employees, or the Agency’s Default of its obligations or breach of its representations or warranties hereunder.

The Developer shall have the obligation to defend any such action as to which this Section 307 applies; provided, however, that this obligation to defend shall not be effective if and to the extent that Developer determines in its reasonable discretion that such action is meritorious or that the interests of the parties justify a compromise or a settlement of such action, in which case Developer shall compromise or settle such action in a way that fully protects Agency and City from any liability or obligation. In this regard, Developer's obligation and right to defend shall include the right to hire (subject to written approval by the Agency and City) attorneys and experts necessary to defend, the right to process and settle reasonable claims, the right to enter into reasonable settlement agreements and pay amounts as required by the terms of such settlement, and the right to pay any judgments assessed against Developer, Agency, or City. If Developer defends any such action as to which this Section 307 applies, as set forth above, it shall indemnify and hold harmless Agency and City and their officers, employees, representatives and agents from and against any claims, losses, liabilities, or damages assessed or awarded against either of them by way of judgment, settlement, or stipulation.

308. Rights of Access. Prior to the issuance of a Release of Construction Covenants (as specified in Section 310 of this Agreement), for purposes of assuring compliance with this Agreement, representatives of the Agency shall have the right of access to the Site, without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including but not limited to, the inspection of the work being performed in constructing the Improvements so long as Agency representatives comply with all safety rules. The Agency (or its representatives) shall, except in emergency situations, notify the Developer prior to exercising its rights pursuant to this Section 308. The Agency shall defend, indemnify, assume all responsibility for, and hold the Developer and its representatives, officers, employees, agents, contractors, and subcontractors harmless from all claims, demands, defense costs, and liability of any kind or nature arising out of the Agency's exercise of this right of access, except to the extent caused by the negligence or willful misconduct of the Developer or its representatives, officers, employees, agents, contractors, or subcontractors.

309. Compliance With Laws. The Developer shall carry out the design, construction, and operation of the Improvements in conformity with all applicable laws, including the City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City's Municipal Code, and all applicable disabled and handicapped access requirements, including without limitation the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, and the Unruh Civil Rights Act, Civil Code Sections 51, *et seq.*

309.1 Taxes and Assessments. The Developer shall pay prior to delinquency all ad valorem real estate taxes and assessments on the Site accruing after the Closing Date, subject to the Developer's right to contest in good faith any such taxes. The Developer shall remove or have removed any levy or attachment made on any portion of the Site which has been conveyed to the Developer with respect to real estate taxes and assessments on the Site accruing after the Closing Date, or assure the satisfaction thereof within a reasonable time. The Developer shall not apply for or receive any exemption from the payment of property taxes or assessments on any interest in or to the Site or the Improvements.

309.2 Relocation; Obligations. The Agency shall be responsible for causing all occupants of the Site to vacate prior to the Closing, and for complying and/or causing compliance with all applicable laws and regulations concerning the displacement and/or relocation of all Eligible

Persons from the Site, if any, including without limitation, compliance with the California Relocation Assistance Law, California Government Code Section 7260, *et seq.*, all state and local regulations implementing such laws, and all other applicable state and local laws and regulations relating to such Eligible Persons. The costs incurred for relocation of the occupants of Phase Three shall be the responsibility of the Developer, and the cost thereof shall be added to the Phase Three Promissory Note through one or more amendments to such Promissory Note and the Deed of Trust securing such Promissory Note.

309.3 Public Works Requirements. The Developer shall carry out the construction of the Improvements and the development of the Site in conformity with all applicable federal and state labor laws. If applicable, Developer and its contractors and subcontractors shall pay prevailing wages and employ apprentices in compliance with Health and Safety Code Sections 33423 through 33426, and Labor Code Section 1770, *et seq.*, and shall be responsible for the keeping of all records required pursuant to Labor Code Section 1776, complying with the maximum hours requirements of Labor Code Sections 1810 through 1815, and complying with all regulations and statutory requirements pertaining thereto. Such requirements are set forth in greater detail in Attachment No. 8 attached hereto, which is incorporated herein. Upon the request of the Agency, the Developer shall certify to the Agency that it is in compliance with the requirements of this Section 309.3. Although the parties believe that California law does not require the payment of prevailing wages or the hiring of apprentices because the Site is being sold at its fair market price and the Agency is not providing any subsidies hereunder, Developer shall be solely responsible for determining and effectuating compliance with such laws, and the Agency makes no representation as to the applicability or non-applicability of any of such laws to the construction of the Improvements or any part thereof. Developer hereby expressly acknowledges and agrees that the Agency has not previously affirmatively represented to the Developer or its contractor(s) for the construction or development of the Improvements, in writing or otherwise, in a call for bids or otherwise, that the work to be covered by this Agreement is not a “public work,” as defined in Section 1720 of the Labor Code. Developer hereby agrees that Developer shall have the obligation to provide any and all disclosures or identifications required by Labor Code Section 1781, as the same may be amended from time to time, or any other similar law. Developer shall indemnify, protect, defend and hold harmless the Agency, City and their respective officers, employees, contractors and agents, with counsel reasonably acceptable to Agency and City, from and against any and all loss, liability, damage, claim, cost, expense and/or “increased costs” (including reasonable attorneys’ fees, court and litigation costs, and fees of expert witnesses) which, in connection with the development, or construction (as defined by applicable law) of the Improvements, including, without limitation, any and all public works (as defined by applicable law), results or arises in any way from any of the following: (1) the noncompliance by Developer of any applicable local, state and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including, without limitation, if applicable, the requirement to pay state prevailing wages and hire apprentices); (2) the implementation of Section 1781 of the Labor Code, as the same may be amended from time to time, or any other similar law; and/or (3) failure by Developer to provide any required disclosure or identification as required by Labor Code Section 1781, as the same may be amended from time to time, or any other similar law. It is agreed by the parties that, in connection with the development and construction (as defined by applicable law) of the Improvements, including, without limitation, any and all public works (as defined by applicable law), Developer shall bear all risks of payment or non-payment of prevailing wages under California law and/or the implementation of Labor Code Section 1781, as the same may be amended from time to time, and/or any other similar law. “Increased costs,” as used in this Section 309.3, shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be amended from time to time. The foregoing indemnity shall

survive termination of this Agreement and shall continue after completion of the construction and development of the Improvements by the Developer.

310. Release of Construction Covenants. Promptly after completion of the Improvements or any portion thereof in conformity with this Agreement, and upon the request of the Developer, the Agency Director shall furnish the Developer with a “Release of Construction Covenants” substantially in the form of Attachment No. 9 hereto which is incorporated herein by reference. The Agency Director shall not unreasonably withhold, condition, or delay delivery of such Release of Construction Covenants. The Release of Construction Covenants shall be a conclusive determination of satisfactory completion of the applicable portion of the Improvements and the Release of Construction Covenants shall so state.

If the Agency Director refuses or fails to furnish the Release of Construction Covenants, after written request from the Developer, the Agency Director shall, within fifteen (15) days of written request therefor, provide the Developer with a written statement of the reasons the Agency Director refused or failed to furnish the Release of Construction Covenants. The statement shall also contain the Agency Director’s opinion of the actions the Developer must take to obtain the Release of Construction Covenants. If the Agency shall have failed to provide such written statement within such fifteen day period, the Developer shall be deemed entitled to the Release of Construction Covenants as to the Site. The Release of Construction Covenants shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of any mortgage, or any insurer of a mortgage securing money loaned to finance the Improvements, or any part thereof. The Release of Construction Covenants is not a notice of completion as referred to in Section 3093 of the California Civil Code.

311. Financing of the Improvements.

311.1 Approval of Financing. As required herein, the Developer shall submit to the Agency Director reasonable evidence that the Developer has obtained sufficient equity capital and/or that the Developer has obtained commitments for construction financing necessary to undertake the development of the Site and the construction of the Improvements in accordance with this Agreement. Such evidence of financing shall include, as applicable, the following: (a) a copy of a loan commitment(s) obtained by Developer from one or more financial institutions for the mortgage loan or loans for financing to fund the construction of the Improvements, subject to such lenders’ reasonable, customary and normal conditions and terms, and/or (b) evidence reasonably satisfactory to Agency that Developer has sufficient funds for such construction, and that such funds have been committed to such construction, and/or other documentation reasonably satisfactory to the Agency Director as evidence of other sources of capital sufficient to demonstrate that Developer has adequate funds to cover the difference between the total cost of the construction of the Improvements, less financing authorized by those loans set forth in clause (a) above.

The Agency Director shall approve or disapprove such evidence of financing capacity or commitments within thirty (30) days of receipt of a complete submission. Approval shall not be unreasonably withheld, delayed or conditioned. If the Agency Director shall disapprove any such evidence of financing, he or she shall do so by written Notice to Developer stating the reasons for such disapproval. Upon receipt of the Agency Director’s disapproval of the proposed financing, the Developer shall either promptly obtain and submit new evidence of financing to the Agency Director or terminate this Agreement as provided in Section 503 hereof. The Agency Director shall approve or disapprove such new evidence of financing in the same manner and within the same times

established in this Section 311.1 for the approval or disapproval of the evidence of financing as initially submitted. If any portion of the Developer's financing consists of secured third party loans, the Developer shall close the approved construction financing at the Closing.

311.2 No Encumbrances Except Mortgages, Deeds of Trust, or Sale and Lease-Back for Development. Mortgages, deeds of trust and sales and leasebacks shall be permitted prior to the issuance of the Release of Construction Covenants only with the Agency Director's prior written approval, which shall not be unreasonably withheld or delayed, but only for the purpose of securing loans of funds to be used for financing the construction of the Improvements (including architecture, engineering, legal, and related direct costs as well as indirect costs) on or in connection with the Site, and any other purposes necessary and appropriate in connection with development under this Agreement. The Developer shall notify the Agency Director in advance of any mortgage, deed of trust or sale and lease-back financing, if the Developer proposes to enter into the same before completion of the construction of the Improvements. The words "mortgage" and "trust deed" as used hereinafter shall include sale and leaseback. Prior to the Agency's issuance of its Release of Construction Covenants for the Site, the Developer shall not enter into any such conveyance for financing encumbering the Site without the prior written approval of the Agency Director.

311.3 Holder Not Obligated to Construct Improvements. The holder of any mortgage or deed of trust authorized by this Agreement shall not be obligated by the provisions of this Agreement to construct or complete the Improvements or any portion thereof, or to guarantee such construction or completion; nor shall any covenant or any other provision in this Agreement be construed so as to obligate such holder. Nothing in this Agreement shall be deemed to construe, permit or authorize any such holder to devote the Site to any uses or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

311.4 Notice of Default to Mortgagee or Deed of Trust Holders; Right to Cure. With respect to any mortgage or deed of trust granted by the Developer as provided herein, whenever the Agency may deliver any notice or demand to the Developer with respect to any Default by the Developer in completion of construction of the Improvements, the Agency may at the same time deliver to each holder of record of any mortgage or deed of trust authorized by this Agreement a copy of such notice or demand. Each such holder shall (insofar as the rights granted by the Agency are concerned) have the right, at its option, within sixty (60) days after the receipt of the notice, to cure or remedy or commence to cure or remedy and thereafter to pursue with due diligence the cure or remedy of any such Default and to add the cost thereof to the mortgage debt and the lien of its mortgage. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction or completion of the Improvements, or any portion thereof (beyond the extent necessary to conserve or protect the improvements or construction already made) without first having expressly assumed the Developer's obligations to the Agency by written agreement reasonably satisfactory to the Agency. The holder, in that event, must agree to complete, in the manner provided in this Agreement, the improvements to which the lien or title of such holder relates. Any such holder properly completing such improvement shall be entitled, upon compliance with the requirements of Section 310 of this Agreement, to a Release of Construction Covenants. It is understood that a holder shall be deemed to have satisfied the sixty (60) day time limit set forth above for commencing to cure or remedy a Developer Default which requires title and/or possession of the Site (or portion thereof) if and to the extent any such holder has within such sixty (60) day period commenced proceedings to obtain title and/or possession and thereafter the holder diligently pursues such proceedings to completion and cures or remedies the Default.

311.5 Failure of Holder to Complete Developer Improvements. In any case where, thirty (30) days after the holder of any mortgage or deed of trust creating a lien or encumbrance upon the Site or any part thereof receives a notice from Agency of a Default by the Developer in completion of construction of the Developer Improvements under this Agreement, and such holder has not exercised the option to construct as set forth in Section 311, or if it has exercised the option but has Defaulted hereunder and failed to timely cure such Default, the Agency may purchase the mortgage or deed of trust by payment to the holder of the amount of the unpaid mortgage or deed of trust debt, including principal and interest and all other sums secured by the mortgage or deed of trust. If the ownership of the Site or any part thereof has vested in the holder, the Agency, if it so desires, shall be entitled to a conveyance from the holder to the Agency upon payment to the holder of an amount equal to the sum of the following:

(a) The unpaid mortgage or deed of trust debt at the time title became vested in the holder (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings);

(b) All expenses with respect to foreclosure including reasonable attorneys' fees;

(c) The net expense, if any (exclusive of general overhead), incurred by the holder as a direct result of the subsequent management of the Site or part thereof;

(d) The costs of any improvements made by such holder;

(e) An amount equivalent to the interest that would have accrued on the aggregate of such amounts had all such amounts become part of the mortgage or deed of trust debt and such debt had continued in existence to the date of payment by the Agency; and

(f) Any customary prepayment charges or defeasance costs imposed by the lender pursuant to its loan documents and agreed to by the Developer.

(g) Any or all other amounts, costs or expenses payable to the holder under the holder's loan document approved pursuant to Section 311.2.

(h) The Agency's right to purchase any mortgage or deed of trust under this Section 311.5 shall terminate upon the issuance of a Release of Construction Covenants pursuant to Section 310.

311.6 Right of the Agency to Cure Mortgage or Deed of Trust Default. In the event of a mortgage or deed of trust default or breach by the Developer prior to the completion of the construction of any of the Improvements or any part thereof, the Developer shall immediately deliver to Agency a copy of any mortgage holder's notice of default. If the holder of any mortgage or deed of trust has not exercised its option to construct, the Agency shall have the right but no obligation to cure the default. In such event, the Agency shall be entitled to reimbursement from the Developer of all proper costs and expenses incurred by the Agency in curing such default. The Agency shall also be entitled to a lien upon the Site to the extent of such costs and disbursements. Any such lien shall be junior and subordinate to the mortgages or deeds of trust pursuant to this Section 311.

400. USE, MAINTENANCE, AND NON-DISCRIMINATION COVENANTS AND RESTRICTIONS

401. Use and Operation in Accordance with the Agreement and the Redevelopment Plan. The Developer covenants and agrees for itself, its successors, assigns, and every successor in interest to the Site or any part thereof to use, operate, and maintain the Site in accordance with in the Redevelopment Plan and this Agreement. All uses conducted on the Site, including, without limitation, all activities undertaken by the Developer pursuant to this Agreement, shall conform to the Redevelopment Plan, all applicable provisions of the City Municipal Code and the recorded documents pertaining to and running with the Site. The foregoing covenant shall run with the land.

402. Use of Retail Improvements. The Retail Improvements shall be used only for retail and commercial purposes for a period of ___ years after the date of the Certificate of Occupancy issued by the City for such Retail Improvements. Upon the Closing for each Phase, the Agency and Developer shall execute and record a Declaration of Uses, substantially in the form attached hereto as Attachment No. 10 and incorporated herein, which sets forth the permitted and unpermitted uses for such Retail Improvements.

403. Maintenance and CC&Rs. The Developer shall maintain or cause to be maintained the Project and the Site in a decent, safe and sanitary manner, in accordance with the standard of maintenance of similar developments within Orange County, California. The Developer shall prepare and submit to the Agency's legal counsel for its reasonable approval a Declaration of Covenants, Conditions and Restrictions for each of the separate housing [and retail developments] to be constructed within the Site (the "Association CC&Rs"), which establishes a property owner's association for such Housing Units [and retail development] (each, an "Association"). Each Association CC&Rs shall require the owners of the Housing Units [and retail space] constructed on the Site to be members of the Association. The Association CC&Rs shall require the maintenance of the residential improvements and the Site in accordance with the standards of this Section 403 and the standards of similar residential developments within the County. The Association CC&Rs shall be enforceable by the Agency, and any substantive amendments to such Association CC&Rs shall require the consent of the Agency, which consent shall not unreasonably be withheld. The Association CC&Rs shall be recorded against the applicable portion of the Site before the sale of any Housing Units. The Association CC&Rs shall specifically state that the Agency is an intended third party beneficiary of the Association CC&Rs with the ability to enforce all the obligations set forth therein, including, without limitation, the ability to cause any and all maintenance and repair obligations to be performed. Upon the formation of the Association and its acquisition of the common areas of the Project, the Association shall assume the Developer's obligations under this Section 403.

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

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

All deeds, leases or contracts entered into by Developer relating to the Site shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

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

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

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

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

“Notwithstanding the immediately preceding paragraph, with respect to familial status, the immediately preceding paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the immediately preceding paragraph shall be construed to affect Sections 51.2,

51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the immediately preceding paragraph.”

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

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

(d) The foregoing covenants shall, without regard to technical classification and designation, be binding for the benefit and in favor of Agency, its successors and assigns, any occupants of the Site, and any successor in interest to the Site. The covenants against discrimination shall remain in effect in perpetuity. In no event shall anything in this Section 404 be construed as authority to lease Residential Units unless otherwise permitted herein.

405. Effect of Violation of the Terms and Provisions of this Agreement After Completion of Construction. The covenants established in this Agreement and the deeds shall, without regard to technical classification and designation, be binding for the benefit and in favor of the Agency, its successors and assigns, as to those covenants which are for its benefit. The covenants contained in this Agreement shall remain in effect for the periods of time specified therein. The covenants against discrimination shall remain in effect in perpetuity. The Agency is deemed the beneficiary of the terms and provisions of this Agreement and of the covenants running with the land, for and in its own rights and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided. The Agreement and the covenants shall run in favor of the Agency, without regard to whether the Agency has been, remains or is an owner of any land or interest therein in the Site or in the Redevelopment Project Area. The Agency shall have the right, if the Agreement or covenants are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and covenants may be entitled. After issuance of a Release of Construction Covenants for the Improvements, all of the terms, covenants, agreements and conditions set forth in this Agreement relating to the construction and development of the Site shall cease and terminate.

500. DEFAULTS, TERMINATION, AND REMEDIES

501. Default Remedies. Subject to any extensions of time of the deadlines for performance that may be permitted in accordance with Section 602 of this Agreement, failure by either Party to perform any action or covenant required by this Agreement within the time periods provided herein following Notice and failure to cure, as described hereafter, constitutes a “Default” under this Agreement. A Party claiming a Default shall give written Notice of Default to the other Party specifying the Default complained of. Except as otherwise expressly provided in this Agreement, the claimant shall not institute any proceeding against the other Party, and the other Party shall not be in Default if such Party cures such Default within thirty (30) days from receipt of such Notice, or if such Default cannot reasonably be cured within such thirty (30) day period, if the other Party immediately, with due diligence, commences to cure, correct or remedy such failure or delay and completes such cure, correction or remedy with diligence, but in no event later than ninety (90) days after the date of receipt of the Notice.

502. Institution of Legal Actions. In addition to any other rights or remedies and subject to the restrictions otherwise set forth in this Agreement, either Party may institute an action at law or equity to seek specific performance of the terms of this Agreement, or to cure, correct or remedy any Default, to recover damages for any Default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Orange, State of California.

503. Termination by the Developer Prior to the Conveyance. In the event that prior to the Conveyance of any Phase of the Site the Developer is not in Default of its obligations set forth in this Agreement and either (a) one or more of the Developer’s Conditions Precedent is not fulfilled within the time set forth in the Schedule of Performance, or (b) the Agency is in Default of this Agreement and fails to cure such Default within the time set forth in Section 501 hereof after its receipt of written Notice of Default from the Developer, then this Agreement may, at the option of the Developer, be terminated by written Notice thereof to the Agency. From the date of the written Notice of termination of this Agreement by the Developer to the Agency and thereafter this Agreement shall be deemed terminated, and *[Insert regarding repayment of \$2 Million loan to Agency]*. Upon such a termination, there shall be no further rights or obligations between the Parties with respect to the Site by virtue of or with respect to this Agreement, except that (i) this Agreement shall remain in effect as to any Phases of the Site which have previously been conveyed to the Developer, and (ii) the Developer reserves all of its damages remedies in the event of a termination made pursuant to clause (b) above.

504. Termination by the Agency Prior to the Conveyance. In the event that prior to the Conveyance of any Phase of the Site the Agency is not in Default of its obligations set forth in this Agreement and either (a) one or more of the Agency’s Conditions Precedent is not fulfilled within the time set forth in the Schedule of Performance, or (b) the Developer is in default of this Agreement and fails to cure such Default within the time set forth in Section 501 hereof after its receipt of written Notice of Default from the Agency, then this Agreement may, at the option of the Agency, be terminated by the Agency by written Notice thereof to the Developer. From the date of the written Notice of termination of this Agreement by the Agency to the Developer and thereafter this Agreement shall be deemed terminated. Unless otherwise stated herein, upon such a termination, there shall be no further rights or obligations between the Parties, except that (i) this Agreement shall remain in effect as to any Phases of the Site which have previously been conveyed to the Developer,

and (ii) the Agency reserves all of its damages remedies in the event of a termination made pursuant to clause (b) above.

505. Option to Acquire Site Upon Default. Developer agrees to enter into an Option Agreement, in the form attached hereto as Attachment No. 11 and incorporated herein, which grants to Agency an option to purchase each Parcel within the Site and the Improvements thereon in the event that the Developer (or its successors in interest) shall:

(a) fail to start the construction of the Improvements as required by this Agreement for a period of ninety (90) days after written notice thereof from the Agency; or

(b) abandon or substantially suspend construction of the Improvements required by this Agreement for a period of ninety (90) days after written notice thereof from the Agency; or

(c) contrary to the provisions of Section 603, transfer or suffer any involuntary transfer in violation of this Agreement, and such transfer has not been approved by the Agency or rescinded within thirty (30) days of notice thereof from Agency to Developer.

506. Acceptance of Service of Process. In the event that any legal action is commenced by the Developer against the Agency, service of process on the Agency shall be made by personal service upon the Agency's Director or in such other manner as may be provided by law. In the event that any legal action is commenced by the Agency against the Developer, service of process on the Developer shall be made in the manner required by law or, in the alternative, by personal service upon any officer of the Developer so long as a copy of such service is delivered in accordance with Section 601 of this Agreement, and said service shall be effective whether made within or outside the State of California.

507. Rights and Remedies Are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties are cumulative, and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same Default or any other Default by the other Party.

508. Inaction Not a Waiver of Default. Any failures or delays by either Party in asserting any of its rights and remedies as to any Default shall not operate as a waiver of any Default or of any such rights or remedies, or deprive either such Party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

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

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

511. Attorneys' Fees. In any action between the Parties to interpret, enforce, reform, modify, rescind, or otherwise in connection with any of the terms or provisions of this Agreement,

the prevailing Party in the action shall be entitled, in addition to damages, injunctive relief, or any other relief to which it might be entitled, reasonable costs and expenses including, without limitation, litigation costs, expert witness fees and reasonable attorneys' fees.

600. GENERAL PROVISIONS

601. Notices, Demands and Communications Between the Parties. Any approval, disapproval, demand, document or other notice ("Notice") which either Party may desire to give to the other Party under this Agreement must be in writing and delivered either personally, by first class United States mail with postage prepaid, or by a national commercial delivery services (such as Federal Express) that provides a receipt verifying the date and time of delivery. Notices shall be directed to the address or addresses of the Party as set forth below, or to any other address or addresses as that Party may later designate by Notice delivered in accordance with this Section 601. Any delivered Notices shall be deemed effective upon actual receipt.

To Agency: Garden Grove Agency for Community Development
11222 Acacia Parkway
P.O. Box 3070
Garden Grove, California 92842
Attention: Director

To Developer: Garden Grove Housing Investors, LLC
244 Pine Avenue
Long Beach, California 90802
Attention: Mr. Scott K. Choppin

602. Enforced Delay; Extension of Times of Performance. In addition to specific provisions of this Agreement, performance by either Party hereunder shall not be deemed to be in Default, and all performance and other dates specified in this Agreement shall be extended, where delays or Defaults are due to causes beyond the control and without the fault of the Party claiming an extension of time to perform, which may include the following: war; acts of terrorism; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor or supplier; acts or omissions of the other party; acts or failures to act of the City or any other public or governmental agency or entity (other than the acts or failures to act of the Agency which shall not excuse performance by the Agency). Notwithstanding anything to the contrary in this Agreement, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the Party claiming such extension is sent to the other Party within thirty (30) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the mutual agreement of Agency and Developer. Notwithstanding any provision of this Agreement to the contrary, the lack of funding to complete the Improvements, and lack of market support for the project, shall not constitute grounds of enforced delay pursuant to this Section 602.

603. Transfers of Interest in Site or Agreement.

603.1 Prohibition. The qualifications and identity of the Developer are of particular concern to the Agency. It is because of those qualifications and identity that the Agency has entered into this Agreement with the Developer. Furthermore, the parties acknowledge that the Agency has negotiated the terms of this Agreement in contemplation of the construction of the Improvements and the property tax increment revenues to be generated by the operation of the Improvements on the Site. Accordingly, for the period commencing upon the date of this Agreement and until the expiration of the Declaration of Uses, no changes in the owner of the Retail Improvements shall occur, and for the period commencing upon the date of this Agreement and until the issuance of the Release of Construction Covenants, no voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement, nor shall the Developer make any total or partial sale, transfer, conveyance, assignment, or lease of the whole or any part of the Site or the Improvements thereon (collectively referred to herein as a “Transfer”), without the prior written approval of the Agency, except as expressly set forth herein.

603.2 Permitted Transfers. Notwithstanding any other provision of this Agreement to the contrary, Agency approval of a Transfer shall not be required in connection with any of the following:

(a) The conveyance or dedication of any portion of the Site to the City or other appropriate governmental agency, or the granting of easements or permits to facilitate construction of the Improvements.

(b) Any requested assignment for financing purposes (subject to such financing being considered and approved by the Agency pursuant to Section 311 herein), including the grant of a deed of trust to secure the funds necessary for land acquisition, construction and permanent financing of the Improvements, and further including the approved lender’s acquisition of the Site by foreclosure or deed in lieu of foreclosure.

(c) The sale of completed Housing Units to individual homebuyers in the ordinary course of business.

(d) If Developer is a publicly held corporation, real estate investment trust or publicly held partnership, a Transfer of stock or other shares, provided there is no material change in the actual management and control of the Developer.

In the event of a Transfer by Developer under subparagraph (a) above not requiring the Agency’s prior approval, Developer nevertheless agrees that prior to such Transfer it shall give written Notice to Agency of such assignment and satisfactory evidence that the assignee has assumed in writing through an assignment and assumption agreement all of the Developer’s obligations set forth in this Agreement. Such assignment shall not, however, release the assigning Developer from any obligations to the Agency hereunder.

603.3 Agency Consideration of Requested Transfer. The Agency agrees that it will not unreasonably withhold, condition, or delay approval of a request for approval of a Transfer made pursuant to this Section 603 which requires the Agency’s approval, provided the Developer delivers written Notice to the Agency requesting such approval. Such Notice shall be accompanied by evidence regarding the proposed transferee’s development and/or operational qualifications and experience and its financial commitments and resources in sufficient detail to enable the Agency to evaluate the proposed assignee or purchaser pursuant to the criteria set forth in this Section 603 and

as reasonably determined by the Agency. The Agency may, in considering any such request, take into consideration such factors as, without limitation, the transferee's experience and expertise, the transferee's past performance as developer or operator of similar developments, and the transferee's current financial condition and capabilities.

An assignment and assumption agreement in form reasonably satisfactory to the Agency's legal counsel shall also be required for all proposed Transfers requiring the Agency's approval hereunder. Within fifteen (15) days after the receipt of the Developer's written Notice requesting Agency approval of a Transfer pursuant to this Section 603, the Agency shall either approve or disapprove such proposed assignment or shall respond in writing by stating what further information, if any, the Agency reasonably requires in order to determine the request complete and determine whether or not to grant the requested approval. Upon receipt of such a response, the Developer shall promptly furnish to the Agency such further information as may be reasonably requested and the Agency shall approve or disapprove the requested Transfer within fifteen (15) days after the receipt of such information. Upon the effective date of an assignment approved by the Agency, the assignor or transferor shall be released from all obligations to the Agency hereunder.

603.4 Successors and Assigns. All of the terms, covenants and conditions set forth in this Agreement shall be binding upon the Developer and its permitted successors and assigns. Whenever the term "Developer" is used in this Agreement, such term shall include any other permitted successors and assigns as herein provided.

603.5 Assignment by Agency. The Agency may assign or transfer any of its rights or obligations under this Agreement with the approval of the Developer, which approval shall not be unreasonably withheld; provided, however, that the Agency may assign or transfer any of its interests in the affordable housing covenants hereunder to the City at any time without the consent of the Developer.

604. Relationship Between Agency and Developer. It is hereby acknowledged that the relationship between the Agency and the Developer is not that of a partnership or joint venture and that the Agency and the Developer shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided herein or in the Attachments hereto, the Agency shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Improvements.

605. Agency Approvals and Actions. The Agency shall maintain authority of this Agreement and the authority to implement this Agreement through the Agency Director (or his or her duly authorized representative). The Agency Director shall have the authority to make approvals, issue interpretations, waive provisions, sign documents and/or enter into certain amendments of this Agreement on behalf of the Agency so long as such actions do not materially or substantially change the uses or development permitted on the Site, or add to the costs incurred or to be incurred by the Agency as specified herein, and such approvals, interpretations, waivers and/or amendments may include extensions of time to perform as specified in the Schedule of Performance. All other material and/or substantive interpretations, waivers, or amendments shall require the consideration, action and written consent of the Agency Board.

606. Counterparts. This Agreement may be signed in multiple counterparts which, when signed by both Parties, shall constitute a binding agreement. This Agreement is executed in three (3) originals, each of which is deemed to be an original.

607. Integration. This Agreement contains the entire understanding between the Parties relating to the transaction contemplated by this Agreement, notwithstanding any previous negotiations or agreements between the Parties or their predecessors in interest with respect to all or any part of the subject matter hereof. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, including without limitation the Exclusive Negotiating Agreement, are merged in this Agreement and shall be of no further force or effect. Each Party is entering this Agreement based solely upon the representations set forth herein and upon each Party's own independent investigation of any and all facts such Party deems material. This Agreement includes Attachment Nos. 1 through 11, which are incorporated herein.

608. Real Estate Brokerage Commission. The Developer shall be responsible for any brokerage fees payable in connection with this transaction, which fees shall be included in the Site Acquisition Costs. The Agency and the Developer each represents that it has not engaged the services of any other finder or broker and that it is not liable for any other real estate commissions, broker's fees, or finder's fees which may accrue by reason of the acquisition and the conveyance of all or part of the Site, and agrees to hold harmless the other party from such commissions or fees as are alleged to be due from the Party making such representations.

609. Titles and Captions. Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or of any of its terms. Reference to section numbers are to sections in this Agreement, unless expressly stated otherwise.

610. Interpretation. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others where and when the context so dictates. The word "including" shall be construed as if followed by the words "without limitation." This Agreement shall be interpreted as though prepared jointly by both Parties.

611. No Waiver. A waiver by either Party of a breach of any of the covenants, conditions or agreements under this Agreement to be performed by the other Party must be in writing and executed by the waiving Party to be enforceable and no such waiver shall be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Agreement.

612. Modifications. Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each Party. The Agency agrees to reasonably consider making changes to this Agreement and entering into supplemental agreements which are proposed by the Developer's lender.

613. Severability. If any term, provision, condition or covenant of this Agreement or its application to a Party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

614. Computation of Time. The time in which any act is to be done under this Agreement is computed by excluding the first day (such as the day escrow opens), and including the last day, unless the last day is a holiday or Saturday or Sunday, and then that day is also excluded. The term "holiday" shall mean all holidays as specified in Section 6700 and 6701 of the California

Government Code. If any act is to be done by a particular time during a day, that time shall be Pacific Time Zone time.

615. Legal Advice. Each Party represents and warrants to the other the following: it has carefully read this Agreement, and in signing this Agreement it does so with full knowledge of any right which it may have; it has received independent legal advice from its legal counsel as to the matters set forth in this Agreement, or has knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, it has freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other Party or its agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

616. Time of Essence. Time is expressly made of the essence with respect to the performance by the Agency and the Developer of each and every obligation and condition of this Agreement.

617. Cooperation. Each Party agrees to cooperate with the other in this transaction and, in that regard, to sign any and all documents which may be reasonably necessary, helpful, or appropriate to carry out the purposes and intent of this Agreement including, but not limited to, releases or additional agreements.

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

619. Time for Acceptance of Agreement by Agency. This Agreement, when executed by the Developer and delivered to the Agency, must be authorized, executed and delivered by the Agency on or before forty-five (45) days after signing and delivery of this Agreement by the Developer or this Agreement shall be void, except to the extent that the Developer shall consent in writing to a further extension of time for the authorization, execution and delivery of this Agreement.

620. Estoppel Certificate. Each of the Parties shall at any time and from time to time upon not less than twenty (20) days prior notice by the other, execute, acknowledge and deliver to such other Party a statement in writing certifying that this Agreement is unmodified and is in full force and effect (or if there shall have been modifications that this Agreement is in full force and effect as modified and stating the modifications), and stating whether or not to the best knowledge of the signer of such certificate such other Party is in Default in performing or observing any provision of this Agreement, and, if in Default, specifying each such Default of which the signer may have knowledge, and such other matters as such other Party may reasonably request, it being intended that any such statement delivered by Developer may be relied upon by Agency or any successor in interest to Agency, and it being further intended that any such statement delivered by Agency may be relied upon by any prospective assignee of Developer's interest in this Agreement or any prospective mortgagee or encumbrancer thereof. Reliance on any such certificate may not extend to any Default as to which the signer of the certificate shall have had no actual knowledge.

621. No Third Party Beneficiaries. Except to the extent the City is given express rights hereunder, there are no third party beneficiaries of this Agreement.

IN WITNESS WHEREOF, the Agency and the Developer have executed this Disposition and Development Agreement to be effective as of the Date of Agreement first set forth above.

AGENCY:

**GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT,**
a public body, corporate and politic

By: _____
Chairman

ATTEST:

Agency Secretary

APPROVED AS TO FORM:

Stradling Yocca Carlson & Rauth,
Agency Special Counsel

DEVELOPER:

**GARDEN GROVE HOUSING INVESTORS,
LLC,** a California limited liability company

By: _____

By: _____

ATTACHMENT NO. 1

LEGAL DESCRIPTION

[To Be Inserted]

ATTACHMENT NO. 2

SITE MAP

[To Be Inserted]

ATTACHMENT NO. 3

RECORDING REQUESTED BY,)
MAIL TAX STATEMENTS TO)
AND WHEN RECORDED MAIL TO:)
)
Garden Grove Housing Investors, LLC)
244 Pine Avenue)
Long Beach, California 90802)
Attention: Mr. Scott K. Choppin)
)

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

GRANT DEED

For valuable consideration, receipt of which is hereby acknowledged,

The **GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body, corporate and politic (the “Agency”), hereby grants to **GARDEN GROVE HOUSING INVESTORS, LLC**, a California limited liability company (“Developer”), the real property hereinafter referred to as the “Phase ____ Site,” described in Exhibit A attached hereto and incorporated herein, subject to the following:

1. Conveyance in Accordance With Disposition and Development Agreement. The Site is conveyed in accordance with and subject to the provisions of the Disposition and Development Agreement entered into by and between Agency and Developer dated _____, 2007 (the “DDA”), a copy of which is on file with the Agency at its offices located at 11222 Acacia Parkway, Garden Grove, California 92840, as a public record and which is incorporated herein by reference. The DDA generally requires the Developer to construct and develop _____, together with other onsite and offsite improvements (collectively, the “Improvements”) on the Phase ____ Site, and to comply with all of the other requirements set forth therein. The covenants in the DDA shall run with the land and shall be binding upon the Developer and all of the successors and assigns of the Developer’s right, title, and interest in and to any portion of the Site for the periods of time set forth therein. All the terms used herein, unless otherwise defined herein shall have the meaning as in the DDA.

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

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

All deeds, leases or contracts entered into by Developer relating to the Phase ___ Site shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

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

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

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

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

“Notwithstanding the immediately preceding paragraph, with respect to familial status, the immediately preceding paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status,

nothing in the immediately preceding paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the immediately preceding paragraph.”

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

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

(d) The foregoing covenants shall, without regard to technical classification and designation, be binding for the benefit and in favor of Agency, its successors and assigns, any occupants of the Phase ___ Site, and any successor in interest to the Phase ___ Site. The covenants against discrimination shall remain in effect in perpetuity. In no event shall anything in this Section 2 be construed as authority to lease Residential Units unless otherwise permitted herein.

3. Violations Do Not Impair Liens. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage or deed of trust or security interest permitted by the DDA; provided, however, that any subsequent owner of the Site shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such owner’s title was acquired by foreclosure, deed in lieu of foreclosure, trustee’s sale or otherwise.

4. Covenants For Benefit of Agency Only. All covenants without regard to technical classification or designation shall be binding for the benefit of the Agency, and such covenants shall run in favor of the Agency for the entire period during which such covenants shall be in force and effect consistent with Paragraphs 1 and 2 hereof, without regard to whether the Agency is or remains an owner of any land or interest therein to which such covenants relate. The Agency, in the event of any breach of any such covenants, shall have the right to exercise all the rights and remedies and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach. The covenants contained in this Grant Deed, without regard to technical classification, shall not benefit or be enforceable by any owner of any other real property within or outside the Project Area, or any person or entity having any interest in any other such realty.

AGENCY:

**GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT,**
a public body, corporate and politic

By: _____

ATTEST:

Secretary of the Agency

APPROVED AS TO FORM:

Stradling Yocca Carlson & Rauth
Agency Special Counsel

ACCEPTED BY DEVELOPER:

**GARDEN GROVE HOUSING INVESTORS,
LLC,** a California limited liability company

By: _____

By: _____

EXHIBIT "A"

LEGAL DESCRIPTION OF SITE

[TO BE INSERTED]

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____, Notary Public,
(Print Name of Notary Public)

personally appeared _____

personally known to me

-or-

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

WITNESS my hand and official seal.

Signature Of Notary

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- Individual
- Corporate Officer

Title(s)

Title Or Type Of Document

- Partner(s) Limited
- General

Number Of Pages

- Attorney-In-Fact
- Trustee(s)
- Guardian/Conservator
- Other: _____

Date Of Documents

Signer is representing:
Name Of Person(s) Or Entity(ies)

Signer(s) Other Than Named Above

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____, Notary Public,
(Print Name of Notary Public)

personally appeared _____

personally known to me

-or-

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

WITNESS my hand and official seal.

Signature Of Notary

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- Individual
 Corporate Officer

Title(s)

Title Or Type Of Document

- Partner(s) Limited
 General

Number Of Pages

- Attorney-In-Fact
 Trustee(s)
 Guardian/Conservator
 Other: _____

Date Of Documents

Signer is representing:
Name Of Person(s) Or Entity(ies)

Signer(s) Other Than Named Above

ATTACHMENT NO. 4
PROMISSORY NOTE

\$ _____

_____, 200_

Garden Grove, California

FOR VALUE RECEIVED, GARDEN GROVE HOUSING INVESTORS, LLC, a California limited liability company (the “Developer”), promises to pay the “Note Amount” (as defined in Section 1(g) hereof) to the **GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body, corporate and politic (the “Agency”), at the Agency’s office at 11222 Acacia Parkway, Garden Grove, California 92840, or such other place as the Agency may designate in writing, in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

1. Agreement. This Promissory Note (the “Note”) is given in accordance with that certain Disposition and Development Agreement executed by the Agency and Developer, dated as of _____, 2007 (the “Agreement”). The rights and obligations of the Developer and the Agency under this Note shall be governed by the Agreement and by the additional terms set forth in this Note. In the event of any inconsistencies between the terms of this Note and the terms of the Agreement or any other document related to the Note Amount, the terms of this Note shall prevail.

2. Interest. Interest shall accrue upon the Note Amount at the rate of ___% per annum, compounded annually.

3. Payment of Note Amount. The Note Amount shall be paid by the Developer as follows:

[Insert payment terms]

Notwithstanding the foregoing, the Note Amount may be accelerated as set forth in Section 12 hereof. This Note shall be cancelled and the Deed of Trust shall be reconveyed upon the full repayment of the Note Amount.

4. Security. This Note is secured by a Deed of Trust (the “Deed of Trust”) dated as of the same date as this Note. This Note is a purchase money note subject to Code of Civil Procedure Section 580(b).

5. Waivers

a. Developer expressly agrees that this Note or any payment hereunder may be extended from time to time at the Agency’s sole discretion and that the Agency may accept security in consideration for any such extension or release any security for this Note at its sole discretion all without in any way affecting the liability of Developer.

b. No extension of time for payment of this Note made by agreement by the Agency with any person now or hereafter liable for the payment of this Note shall operate to release, discharge, modify, change or affect the original liability of Developer under this Note, either in whole or in part.

c. The obligations of Developer under this Note shall be absolute and, except as set forth in the Agreement, Developer waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reasons whatsoever.

d. Developer waives presentment, demand, notice of protest and nonpayment, notice of default or delinquency, notice of acceleration, notice of costs, expenses or leases or interest thereon, notice of dishonor, diligence in collection or in proceeding against any of the rights of interests in or to properties securing of this Note, and the benefit of any exemption under any homestead exemption laws, if applicable.

e. No previous waiver and no failure or delay by Agency in acting with respect to the terms of this Note or the Deed of Trust shall constitute a waiver of any breach, default, or failure or condition under this Note, the Deed of Trust or the obligations secured thereby. A waiver of any term of this Note, the Deed of Trust or of any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver.

6. Attorneys' Fees and Costs. Developer agrees that if any amounts due under this Note are not paid when due, to pay in addition, all costs and expenses of collection and reasonable attorneys' fees paid or incurred in connection with the collection or enforcement of this Note, whether or not suit is filed.

7. Joint and Several Obligation. This Note is the joint and several obligation of all makers, sureties, guarantors and endorsers, and shall be binding upon them and their heirs, successors and assigns. The obligations under this Note shall be non-recourse obligations and, notwithstanding any terms to the contrary herein, in the Agreement or the Deed of Trust, or any instrument evidencing, securing or relating to the obligation set forth herein, enforcement of this Note shall be limited to foreclosure of the real property security created by the Deed of Trust.

8. Amendments and Modifications. This Note may not be changed orally, but only by an amendment in writing signed by Developer and by the Agency.

9. Agency Assignment. Agency may, at its option, assign its right to receive payment under this Note to the City of Garden Grove without necessity of obtaining the consent of the Developer, provided Agency gives Developer thirty (30) days prior written notice thereof.

10. Developer Assignment. No assignments of this Note shall be permitted without the prior written approval of the Agency, provided that Developer may assign its obligations under this Note to the assignee or purchaser of the entire Site which has been approved pursuant to Section 603 of the Agreement.

11. Terms. Any terms not separately defined herein shall have the same meanings as set forth in the Agreement.

12. Acceleration and Other Remedies. Upon the occurrence of an event of Default as defined in the Agreement with respect to a material monetary obligation of Developer (including the expiration of any applicable cure period with no cure being made), Agency may, at Agency's option, declare the outstanding Note Amount, together with the then accrued and unpaid interest thereon and other charges hereunder, and all other sums secured by the Deed of Trust, to be due and payable immediately, and upon such declaration and delivery of notice of default and expiration of opportunity to cure, such principal and interest and other sums shall immediately become and be due and payable without demand or notice, all as further set forth in the Deed of Trust.

All costs of collection, including, but not limited to, reasonable attorneys' fees and all expenses incurred in connection with protection of, or realization on, the security for this Note, may be added to the principal hereunder, and shall accrue interest as provided herein. Agency shall at all times have the right to proceed against any portion of the security for this Note in such order and in such manner as such Agency may consider appropriate, without waiving any rights with respect to any of the security. Any delay or omission on the part of the Agency in exercising any right hereunder, under the Agreement or under the Deed of Trust shall not operate as a waiver of such right, or of any other right. No single or partial exercise of any right or remedy hereunder or under the Agreement or any

other document or agreement shall preclude other or further exercises thereof, or the exercise of any other right or remedy. The acceptance of payment of any sum payable hereunder, or part thereof, after the due date of such payment shall not be a waiver of Agency's right to either require prompt payment when due of all other sums payable hereunder or to declare an Event of Default for failure to make prompt or complete payment of any unpaid amount. Developer shall have the right, at its election, to prepay this Note, in whole or in part, at any time during the term of this Note without payment of any penalty or premium.

13. Consents. Developer hereby consents to: (a) any renewal, extension or modification (whether one or more) of the terms of the Agreement or the terms or time of payment under this Note, (b) the release or surrender or exchange or substitution of all or any part of the security, whether real or personal, or direct or indirect, for the payment hereof, (c) the granting of any other indulgences to Developer, and (d) the taking or releasing of other or additional Parties primarily or contingently liable hereunder. Any such renewal, extension, modification, release, surrender, exchange or substitution may be made without notice to Developer or to any endorser, guarantor or surety hereof, and without affecting the liability of said Parties hereunder.

14. Successors and Assigns. Whenever "Agency" is referred to in this Note, such reference shall be deemed to include the Garden Grove Agency for Community Development and its successors and assigns, including, without limitation, any subsequent permitted assignee or holder of this Note. All covenants, provisions and agreements by or on behalf of Developer, and on behalf of any makers, endorsers, guarantors and sureties hereof which are contained herein shall inure to the benefit of the Agency and Agency's successors and assigns.

15. Miscellaneous. Time is of the essence hereof. This Note shall be governed by and construed under the laws of the State of California except to the extent Federal laws preempt the laws of the State of California. Developer irrevocably and unconditionally submits to the jurisdiction of the Superior Court of the State of California for the County of Orange or the United States District Court of the Central District of California, as Agency hereof may deem appropriate, in connection with any legal action or proceeding arising out of or relating to this Note. Developer also waives any objection regarding personal or in rem jurisdiction or venue. This Note and the Deed of Trust securing this Note are subject to subordination as provided in the Deed of Trust securing this Note.

DEVELOPER:

GARDEN GROVE HOUSING INVESTORS, LLC, a California limited liability company

By: _____

By: _____

ATTACHMENT NO. 5

RECORDING REQUESTED BY AND)
WHEN RECORDED MAIL TO:)
)
Garden Grove Housing Investors, LLC)
244 Pine Avenue)
Long Beach, California 90802)
Attention: _____)
)

Exempt from recording fee pursuant to Government Code
Section 27383

DEED OF TRUST WITH ASSIGNMENT OF RENTS

(SHORT FORM)

This DEED OF TRUST WITH ASSIGNMENT OF RENTS (this “Deed of Trust”), is made as of _____, 2007, by **GARDEN GROVE HOUSING INVESTORS, LLC**, a California limited liability company (“Trustor”), whose address is 244 Pine Avenue, Long Beach, California 90802, to _____ (and in such capacity herein called the “Trustee”), for the benefit of the **GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body, corporate and politic (and in such capacity herein called the “Beneficiary”), having an office located at 11222 Acacia Parkway, Garden Grove, California 92840.

WITNESSETH: that Trustor grants to Trustee in Trust, with Power of Sale, that property in the City of Garden Grove, County of Orange, State of California, described as:

See attached Exhibit A, incorporated herein

Together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits.

For the purpose of securing (1) payment of indebtedness in the amount of \$_____, according to the terms of a Promissory Note of even date herewith made by Trustor, payable to order of Beneficiary, and extensions or renewals thereof, and (2) the performance of each agreement of Trustor incorporated by reference or contained herein, and (3) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or his successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the fictitious deed of

trust recorded in Orange County August 17, 1964, in all other counties August 18, 1964, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, namely:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Placer	1028	379
Alpine	3	130-31	Plumas	166	1307
Amador	133	438	Riverside	3778	347
Butte	1330	513	Sacramento	5039	124
Calaveras	185	338	San Benito	300	405
Colusa	323	391	San Bernardino	6213	768
Contra Costa	4684	1	San Francisco	A-804	596
Del Norte	101	549	San Joaquin	2855	283
El Dorado	704	635	San Luis Obispo	1311	137
Fresno	5052	623	San Mateo	4778	175
Glenn	469	76	Santa Barbara	2065	881
Humboldt	801	83	Santa Clara	6626	664
Imperial	1189	701	Santa Cruz	1638	607
Inyo	165	672	Shasta	800	633
Kern	3756	690			
San Diego				SERIES 5	Book 1964, Page 149774
Kings	858	713	Sierra	38	187
Lake	437	110	Siskiyou	506	762
Lassen	192	367	Solano	1287	621
Los Angeles	T-3878	874	Sonoma	2067	427
Madera	911	136	Stanislaus	1970	56
Marin	1849	122	Sutter	655	585
Mariposa	90	453	Tehama	457	183
Mendocino	667	99	Trinity	108	595
Merced	1660	753	Tulare	2530	108
Modoc	191	93	Tuolumne	177	160
Mono	69	302	Ventura	2607	237
Monterey	357	239	Yolo	769	16
Napa	704	742	Yuba	398	693
Nevada	363	94			
Orange	7182	18			

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

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

TRUSTOR:

DEVELOPER , a California limited liability company

By: _____

By: _____

EXHIBIT "A"

LEGAL DESCRIPTION

[To Be Inserted]

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____, Notary Public,
(Print Name of Notary Public)

personally appeared _____

personally known to me

-or-

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

WITNESS my hand and official seal.

Signature Of Notary

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

- Individual
 Corporate Officer

Title(s)

- Partner(s) Limited
 General
 Attorney-In-Fact
 Trustee(s)
 Guardian/Conservator
 Other: _____

Signer is representing:
Name Of Person(s) Or Entity(ies)

DESCRIPTION OF ATTACHED DOCUMENT

Title Or Type Of Document

Number Of Pages

Date Of Documents

Signer(s) Other Than Named Above

ATTACHMENT NO. 6
SCOPE OF DEVELOPMENT
[To Be Inserted]

Attachment No. 6

ATTACHMENT NO. 7
SCHEDULE OF PERFORMANCE
[To Be Inserted]

ATTACHMENT NO. 8

PREVAILING WAGE AND PUBLIC WORKS REQUIREMENTS

I. Developer's Requirements:

(1) Obtain the prevailing wage rate from the Director of Industrial Relations in accordance with Labor Code Sections 1771 and 1773.

(2) Specify the appropriate prevailing wage rates, in accordance with Labor Code Sections 1773.2 and 1777.5.

(A) The posting requirement is applicable for each job site.

EXCEPTION: If more than one worksite exists on any project, then the applicable rates may be posted at a single location which is readily available to all workers.

(B) If a wage rate for a craft, classification or type of worker is not published in the Director's general prevailing wage determinations, a request for a special determination should be made by the awarding body to Chief, Division of Labor Statistics and Research, P.O. Box 420603, San Francisco, CA 94142, at least 45 days prior to the project bid advertisement date.

(3) Notify the Division of Apprenticeship Standards, Department of Industrial Relations. See Labor Code Section 1773.3.

(4) Inform prime contractors, to the extent feasible, of relevant public work requirements:

NOTE: Requirement information may be disseminated at a preacceptance of bid conference or in a call for bids or at an award of bid conference.

The public works requirements are:

(A) the appropriate number of apprentices are on the job site, as set forth in Labor Code Section 1777.5.

(B) workers' compensation coverage, as set forth in Labor Code Sections 1860 and 1861.

(C) keep accurate records of the work performed on public works projects, as set forth in Labor Code Section 1812.

(D) inspection of payroll records pursuant to Labor Code Section 1776, and as set forth in Section 16400 (e) of Title 8 of the California Code of Regulations.

(E) and other requirements imposed by law.

(5) Withhold monies. See Labor Code Section 1727.

(6) Ensure that public works projects are not split or separated into smaller work orders or projects for the purpose of evading the applicable provisions of Labor Code Section 1771.

(7) Deny the right to bid on public work contracts to contractors or subcontractors who have been debarred from bidding on public works contracts, as set forth in Labor Code Section 1777.7.

(8) Not permit workers on public works to work more than eight hours a day or 40 hours in any one calendar week, unless compensated at not less than time and a half as set forth in Labor Code Section 1815.

EXCEPTION: If the prevailing wage determination requires a higher rate of pay for overtime work than is required under Labor Code Section 1815, then that higher overtime rate must be paid, as specified in subsection 16200(a)(3)(F) of Title 8 of the California Code of Regulations.

(9) Not take or receive any portion of the workers' wages or accept a fee in connection with a public works project, as set forth in Labor Code Sections 1778 and 1779.

(10) Comply with those requirements as specified in Labor Code Sections 1776(g), 1777.5, 1810, 1813, and 1860.

II. Contractor and Subcontractor Requirements.

The contractor and subcontractors shall:

(1) Pay not less than the prevailing wage to all workers, as defined in Section 16000 of Title 8 of the California Code of Regulations, and as set forth in Labor Code Sections 1771 and 1774;

(2) Comply with the provisions of Labor Code Sections 1773.5, 1775, and 1777.5 regarding public works jobsites;

(3) Provide workers' compensation coverage as set forth in Labor Code Section 1861;

(4) Comply with Labor Code Sections 1778 and 1779 regarding receiving a portion of wages or acceptance of a fee;

(5) Maintain and make available for inspection payroll records, as set forth in Labor Code Section 1776;

(6) Pay workers overtime pay, as set forth in Labor Code Section 1815 or as provided in the collective bargaining agreement adopted by the Director of Industrial Relations as set forth in Section 16200 (a) (3) of Title 8 of the California Code of Regulations;

(7) Comply with Section 16101 of Title 8 of the California Code of Regulations regarding discrimination;

(8) Be subject to provisions of Labor Code Section 1777.7 which specifies the penalties imposed on a contractor who willfully fails to comply with provisions of Section 1777.5;

(9) Comply with those requirements as specified in Labor Code Sections 1810 and 1813; and

(10) Comply with other requirements imposed by law.

ATTACHMENT NO. 9

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
)
Garden Grove Housing Investors, LLC)
244 Pine Avenue)
Long Beach, California 90802)
Attention: Mr. Scott K. Choppin)

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

RELEASE OF CONSTRUCTION COVENANTS

THIS RELEASE OF CONSTRUCTION COVENANTS (the “Release”) is made as of _____, 200_, by the **GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body, corporate and politic (the “Agency”), in favor of **[DEVELOPER]**, a _____ (the “Developer”), as of the date set forth below.

RECITALS

A. The Agency and the Developer have entered into that certain Disposition and Development Agreement (the “DDA”) dated _____, 2007 concerning the redevelopment of certain real property situated in the City of Garden Grove, California, as more fully described therein (the “Site”).

B. As referenced in Section 310 of the DDA, the Agency is required to furnish the Developer or its successors with a Release of Construction Covenants upon completion of construction of the Improvements (as defined in Section 100 of the DDA) within the Site, which Release is required to be in such form as to permit it to be recorded in the Recorder’s office of Orange County.

C. The Agency has determined that the construction and development of **[Specify Improvements]** has been satisfactorily completed on and with respect to that certain real property within the Site more fully described in Exhibit “A” attached hereto and made a part hereof (the “Site”). This Release is conclusive determination of satisfactory completion of the construction and development required by the DDA on and with respect to the **[Specify Improvements]**.

NOW, THEREFORE, the Agency hereby certifies as follows:

1. The **[Specify Improvements]** to be constructed by the Developer on and with respect to the Site have been fully and satisfactorily completed in conformance with the DDA. Any operating requirements and all use, maintenance or nondiscrimination covenants contained in the DDA and other documents executed and recorded pursuant to the DDA shall remain in effect and enforceable according to their terms.

2. Nothing contained in this instrument shall modify in any other way any provisions of the DDA.

IN WITNESS WHEREOF, the Agency has executed this Release as of the date set forth above.

**GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT,**
a public body, corporate and politic

By: _____

Its: _____

ATTEST:

Agency Secretary

APPROVED AS TO FORM:

Stradling Yocca Carlson & Rauth
Agency Special Counsel

APPROVED BY DEVELOPER:

California limited liability company

By: _____

EXHIBIT “A”

PROPERTY DESCRIPTION

[To Be Attached]

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____, Notary Public,
(Print Name of Notary Public)

personally appeared _____

personally known to me

-or-

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

WITNESS my hand and official seal.

Signature Of Notary

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- Individual
- Corporate Officer

Title(s)

Title Or Type Of Document

- Partner(s) Limited
- General

Number Of Pages

- Attorney-In-Fact
- Trustee(s)
- Guardian/Conservator
- Other: _____

Date Of Documents

Signer is representing:
Name Of Person(s) Or Entity(ies)

Signer(s) Other Than Named Above

STATE OF CALIFORNIA)
) ss.
 COUNTY OF _____)

On _____, before me, _____, Notary Public,
(Print Name of Notary Public)

personally appeared _____

personally known to me

-or-

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

WITNESS my hand and official seal.

 Signature Of Notary

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- Individual
- Corporate Officer

 Title(s)

 Title Or Type Of Document

- Partner(s) Limited
- General

 Number Of Pages

- Attorney-In-Fact
- Trustee(s)
- Guardian/Conservator
- Other: _____

 Date Of Documents

Signer is representing:
 Name Of Person(s) Or Entity(ies)

 Signer(s) Other Than Named Above

ATTACHMENT NO. 10

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
)
Garden Grove Agency for)
Community Development)
11222 Acacia Parkway)
Garden Grove, California 92840)
Attn: Director)
)

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

DECLARATION OF USES

THIS DECLARATION OF USES (the “Declaration”) is made as of _____, 200_, by and between the **GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body corporate and politic (the “Agency”), and **GARDEN GROVE HOUSING INVESTORS, LLC**, a California limited liability company (the “Developer”), with reference to the following:

A. The Agency and the Developer have executed a Disposition and Development Agreement (the “Agreement”), dated as of _____, 2007, which provides for the development of retail improvements on certain real property located in the City of Garden Grove, County of Orange, State of California, more fully described in Exhibit ”A” attached hereto and incorporated herein by this reference (the “Retail Parcel”). The Agreement is available for public inspection and copying at the office of the Agency, 11222 Acacia Parkway, Garden Grove, California 92840. All of the terms, conditions, provisions and covenants of the Agreement are incorporated in this Declaration by reference as though written out at length herein. Capitalized terms used herein and not otherwise defined shall have the same meaning as set forth in Section 100 of the Agreement.

B. The Agreement provides for, among other things, the Developer’s execution of this Declaration with respect to the retail improvements to be developed on the Retail Parcel (the “Retail Improvements”).

NOW, THEREFORE, the Developer and the Agency hereby agree as follows:

1. Use Covenant. For a term commencing upon the date that the Agency issues a Release of Construction Covenants for the Retail Improvements, and ending upon the _____ anniversary thereof, the Developer hereby covenants and agrees that the Retail Parcel shall be used only for commercial retail uses, and Developer shall use good faith, commercially reasonable efforts to lease all of the Retail Improvements within the Retail Parcel to retail and commercial businesses.

2. Prohibited Uses. Without limitation upon the foregoing, no use or operation will be made, conducted or permitted on or with respect to all or any part of the Retail Parcel, which use or

operation is obnoxious to, or out of harmony with, the development or operation of retail or commercial uses and facilities, including but not limited to, the following: *[Revise as appropriate]*

(a) any public or private nuisance, any noise or sound that is objectionable due to intermittence, beat, frequency, shrillness or loudness, or any obnoxious odor;

(b) any excessive quantity of dust, dirt, or fly ash; provided, however, this prohibition shall not preclude the sale of soils, fertilizers, or other garden materials or building materials in containers if incident to the operation of a home improvement or general merchandise store;

(c) any fire, explosion or other damaging or dangerous hazard, including the storage, display or sale of explosives or fireworks;

(d) any adult bookstore, adult entertainment establishment, or other establishment primarily selling or displaying sexually oriented materials;

(e) any distillation (except for a microbrewery associated with a restaurant use, or similar operation), refining, smelting, agriculture or mining operations;

(f) any mobilehome or trailer court, labor camp, junk yard, stock yard or animal raising;

(g) any drilling for and/or removal of subsurface substances; provided, however, that slant drilling is permitted so long as no drilling equipment is located upon the surface of the Property;

(h) any dumping of garbage or refuse, other than in enclosed receptacles intended for such purpose;

(i) any cemetery, mortuary or similar service establishment;

(j) any car washing establishment;

(k) any automobile body and fender repair work;

(l) any skating rink, bowling alley, teenage discotheque, discotheque, dance hall, pool room, massage parlor, off-track betting facility, casino, card club, bingo parlor or facility containing gaming equipment;

(m) any fire sale, flea market, bankruptcy sale (unless pursuant to a court order) or auction operation;

(n) any automobile, truck, trailer or recreational vehicle sales, leasing or display which is not entirely conducted inside of a building;

(o) any bar, tavern, restaurant or other establishment whose annual gross revenues from the sale of alcoholic beverages for on-premises consumption exceeds fifty percent

(50%) of the gross revenues of such business, except for a microbrewery or wine bar associated with a restaurant use or similar operation;

(p) any school, training, educational or day care facility, including but not limited to: beauty schools, barber colleges, nursery schools, diet centers, reading rooms, places of instruction or other operations catering primarily to students or trainees rather than to customers;

(q) any church, synagogue, mosque or other place of worship;

(r) any apartment, home or other residential use; and

(s) any industrial use.

3. Nuisances. No noxious or offensive trade or activity shall be carried on within the Retail Parcel, nor shall anything be done thereon which may be, or may become, an annoyance or nuisance to the neighborhood, or which shall in any way interfere with the quiet enjoyment by each of the owners of the neighboring property, or which shall in any way increase the rate of insurance for any other neighboring property. No uses shall violate the nuisance provisions of the Garden Grove Municipal Code.

4. Unsightly Items. All weeds, rubbish, debris or unsightly material or objects of any kind shall be regularly removed from the Retail Parcel, at the sole expense of the Developer and its tenants, and shall not be allowed to accumulate thereon. All refuse containers, trash cans, wood piles, storage areas, machinery and equipment shall be prohibited upon the Retail Parcel except in accordance with rules adopted by the parties to this Declaration.

5. Mineral Exploration. No oil development, oil refining, coring or mining operations of any kind shall be permitted upon or in the Retail Parcel, nor shall oil wells, tanks, tunnels or mineral excavations or shafts be permitted upon the surface of the Retail Parcel or within five hundred (500) feet below the surface of the Retail Parcel. No derrick or other structure designed for use in boring for water, oil, natural gas or other minerals shall be erected, maintained or permitted on the Retail Parcel.

6. Compliance with Governmental Regulations. Nothing herein contained shall be deemed or constitute approval of any use which is inconsistent with ordinances of the City of Garden Grove or the other provisions of this Declaration.

7. Miscellaneous Provisions.

a. If any provision of this Declaration or portion thereof, or the application to any person or circumstances, shall to any extent be held invalid, inoperative or unenforceable, the remainder of this Declaration, or the application of such provision or portion thereof to any other persons or circumstances, shall not be affected thereby; it shall not be deemed that any such invalid provision affects the consideration for this Declaration; and each provision of this Declaration shall be valid and enforceable to the fullest extent permitted by law.

b. This Declaration shall be construed in accordance with the laws of the State of California.

c. This Declaration shall be binding upon and inure to the benefit of the successors and assigns of the Developer and the Agency.

d. In the event action is instituted to enforce any of the provisions of this Declaration, the prevailing party in such action shall be entitled to recover from the other party thereto as part of the judgment, reasonable attorney's fees and costs.

8. Effect of Declaration. The covenants and agreements established in this Declaration shall, without regard to technical classification and designation, run with the land and be binding on each owner of the Retail Parcel and any successor in interest to the Retail Parcel, or any part thereof (including each parcel thereof), for the benefit of and in favor of the Agency, its successor and assigns, and the City of Garden Grove.

IN WITNESS WHEREOF, the parties hereto have executed this Declaration the day and year first hereinabove written.

AGENCY:

**GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT**, a public body,
corporate and politic

ATTEST:

Agency Secretary

APPROVED AS TO FORM:

Stradling Yocca Carlson & Rauth,
Agency Special Counsel

DEVELOPER:

By: _____

Attachment No. 10-5

EXHIBIT "A" TO ATTACHMENT NO. 10

LEGAL DESCRIPTION OF SITE

(to be provided)

Exhibit A to Attachment No. 10

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____, Notary Public,
(Print Name of Notary Public)

personally appeared _____

personally known to me

-or-

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

WITNESS my hand and official seal.

Signature Of Notary

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- Individual
 Corporate Officer

Title(s)

Title Or Type Of Document

- Partner(s) Limited
 General

Number Of Pages

- Attorney-In-Fact
 Trustee(s)
 Guardian/Conservator
 Other: _____

Date Of Documents

Signer is representing:
Name Of Person(s) Or Entity(ies)

Signer(s) Other Than Named Above

ATTACHMENT NO. 11

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
)
Garden Grove Agency for)
Community Development)
11222 Acacia Parkway)
Garden Grove, California 92840)
Attn: Executive Director)
)

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

OPTION AGREEMENT

This **OPTION AGREEMENT** is entered into as of _____, 200__, by and between the **GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body, corporate and politic (“Agency”), and **[DEVELOPER]**, a _____ (“Developer”).

RECITALS

A. Developer and Agency have executed a Disposition and Development Agreement (the “DDA”), dated as of _____, 2007, pursuant to which Developer has purchased that certain approximately 15.5 acres of real property in the City of Garden Grove known as the “Brookhurst Triangle,” which is bounded by Brookhurst Street on the east, Garden Grove Boulevard on the south, and Brookhurst Way on the northern and western edge, more particularly described in Exhibit “A” attached hereto and incorporated herein (the “Site”).

B. Pursuant to Section 505 of the DDA, the Developer has agreed to grant to Agency an option to repurchase the Site or any parcel within the Site upon the occurrence of certain events, as set forth therein.

C. Developer desires to grant to Agency an option to purchase the Phase ____ Site on the terms and conditions set forth hereinbelow. For purposes of this Option Agreement, “Phase ____ Site” shall also be deemed to include any and all improvements located on the real property.

NOW, THEREFORE, in consideration of the foregoing, and the mutual covenants and conditions contained herein, the parties hereto agree as follows:

1. Grant of Option. Developer grants to Agency an option (“Option”) to purchase the Phase ___ Site on the terms and conditions set forth in this Option Agreement. The purchase price payable by Agency to the Developer for the Phase ___ Site shall be the Purchase Price for the Phase ___ Site under the DDA, plus the fair market value of the Improvements on the Phase ___ Site, as of the date of the Exercise Notice (“Option Price”). The agreed fair market value of the Improvements shall be reflected in a memorandum signed by Developer and Agency. In the event Developer and Agency are unable to agree on the fair market value of the Improvements on the Phase ___ Site within ten (10) days of delivery of the Exercise Notice, the fair market value of the Improvements on the Phase ___ Site shall be determined by appraisal, as follows: If Developer and Agency cannot agree to the fair market value, each party shall immediately retain, at its expense, an MAI appraiser to appraise the fair market value of the Improvements on the Phase ___ Site. Each party shall be advised promptly of the appraiser selected by the other, and each shall receive a written and signed copy of the other’s appraisal report. The average of the two appraisals of fair market value shall become fair market value; provided, however, if the difference between the two appraisals exceed 10% of the lower appraisal the two appraisers shall immediately select a third MAI appraiser and in the event of their failure to do so, the presiding judge of the Superior Court of Orange County shall upon request of either party appoint the third appraiser. Any valuation then agreed upon by a majority of the three appraisers shall be accepted as final and conclusive between the parties hereto and by any court of competent jurisdiction and shall become the fair market value for the Improvements on the Phase ___ Site. Should a majority of the three appraisers not be able to agree upon the fair market value, then the average of the three appraisers’ reports shall become the fair market value for the Phase ___ Site or applicable parcel and be binding and conclusive upon the parties. Each party will receive a written and signed copy of the third appraiser’s report. The expenses and cost of the third appraiser and any cost incurred to obtain said third appraisal shall be divided equally between Developer and Agency.

2. Term and Consideration for Option. The term of the Option (“Option Term”) shall commence on the date of this Option Agreement, and shall expire upon the recordation of a Release Of Construction Covenants with respect to the Phase ___ Site.

3. Exercise of Option. The Option may be exercised by Agency’s delivery to Developer of written notice of such exercise (“Exercise Notice”) only upon the occurrence of any of the following defaults of the DDA (“Exercise Events”):

(a) Developer shall fail to start the construction of the Improvements as required by the DDA for a period of ninety (90) days after written notice thereof from the Agency; or

(b) Developer shall abandon or substantially suspend construction of the Improvements required by the DDA for a period of ninety (90) days after written notice thereof from the Agency; or

(c) Developer shall, contrary to the provisions of Section 603 of the DDA, transfer or suffer any involuntary transfer in violation of the DDA, and such transfer has not been approved by the Agency or rescinded within thirty (30) days of notice thereof from Agency to Developer.

In the event that Agency exercises the Option, but the Developer cures the default of the DDA prior to the sale of the Phase ___ Site or applicable parcel to Agency, Agency's exercise of the Option shall be deemed revoked. The revocation of the exercise of the Option shall not terminate this Option Agreement or preclude Agency from subsequently exercising the Option upon a later occurrence of one or more of the Exercise Events.

4. Escrow and Completion of Sale. Within five (5) days after Agency has exercised the Option, or as soon thereafter as reasonably practicable, an escrow shall be opened with an escrow company mutually acceptable to Agency and Developer for the conveyance of the Phase ___ Site to Agency. Agency shall deposit the Option Price in escrow not later than one (1) business day prior to the anticipated close of escrow date. Agency's obligation to close escrow shall be subject to Agency's approval of a then-current preliminary title report and, at Agency's option, environmental and other site testing. Any exceptions shown on such preliminary title report created on or after the Developer's acquisition of the Phase ___ Site shall be removed by Developer at its sole expense prior to the close of escrow pursuant to this Section 4 unless such exception(s) is(are) accepted by Agency in its reasonable discretion; provided, however, that Agency shall accept the following exceptions to title: (i) current taxes not yet delinquent, (ii) matters affecting title existing on the date of Developer's acquisition of the Phase ___ Site, (iii) liens and encumbrances in favor of the City of Garden Grove, and (iv) matters shown as printed exceptions in the standard form ALTA owner's policy of title insurance. The parties shall each be responsible for one-half of the escrow fees, documentary transfer taxes, recording fees and any other costs and expenses of the escrow, and the Developer shall be responsible for the cost of a ALTA owner's policy of title insurance to be provided to the Agency. Agency shall have thirty (30) days after exercise of the Option to enter upon the Phase ___ Site to conduct any tests, inspections, investigations, or studies of the condition of the Phase ___ Site. Developer shall permit Agency access to the Phase ___ Site for such purposes. Agency shall indemnify, defend, and hold harmless Developer and its officers, directors, shareholders, partners, employees, agents, and representatives from and against all claims, liabilities, or damages, and including expert witness fees and reasonable attorney's fees and costs, caused by Agency's activities with respect to or arising out of such testing, inspection, or investigatory activity on the Phase ___ Site. Escrow shall close promptly after acceptance by Agency of the condition of title and the physical and environmental condition of the Phase ___ Site. Until the Closing, the terms of the DDA and the documents executed and recorded pursuant thereto shall remain in full force and effect.

5. Failure to Exercise Option. If the Option is not exercised in the manner provided in Section 3 above before the expiration of the Option Term, the Option shall terminate. Upon receipt of the written request of Developer, Agency shall cause a quitclaim deed terminating or releasing any and all rights Agency may have to acquire the Phase ___ Site ("Quitclaim Deed") to be recorded in the Official Records of Orange, California.

6. Assignment and Nomination. Agency shall not assign its interest hereunder without the approval of the Developer, which may be given or withheld in Developer's sole and absolute discretion; provided that Agency may nominate another person or entity to acquire the Phase ___ Site, and the identity of such nominee shall not be subject to the approval of the Developer.

7. Title. Following the date hereof, except as permitted by the DDA, Developer agrees not to cause, and shall use commercially reasonable efforts not to permit, any lien, easement,

encumbrance or other exception to title to be recorded against the Phase ___ Site without Agency's prior written approval, such approval not to be unreasonably withheld.

8. Representations and Warranties of Developer. Developer hereby represents, warrants and covenants to Agency as follows, which representations and warranties shall survive the exercise of the Option and the Close of Escrow:

(a) that this Option Agreement and the other documents to be executed by Developer hereunder, upon execution and delivery thereof by Developer, will have been duly entered into by Developer, and will constitute legal, valid and binding obligations of Developer;

(b) neither this Option Agreement, nor anything provided to be done under this Option Agreement, violates or shall violate any contract, document, understanding, agreement or instrument to which Developer is a party or by which it is bound; and

(c) Developer shall pay, prior to delinquency, any and all real property taxes and assessments which affect the Phase ___ Site.

Developer agrees to indemnify, protect, defend, and hold Agency and the Phase ___ Site harmless from and against any damage, claim, liability, or expense of any kind whatsoever (including, without limitation, reasonable attorneys' fees and fees of expert witnesses) arising from or in connection with any breach of the foregoing representations, warranties and covenants. Such representations and warranties of Developer, shall be true and correct on and as of the date of this Option Agreement and on and as of the date of the Close of Escrow.

9. Representations and Warranties of Agency. Agency hereby represents and warrants and covenants to Developer, as follows, which representations and warranties shall survive the Close of Escrow:

(a) that this Option Agreement and the other documents to be executed by Agency hereunder, upon execution and delivery thereof by Agency, will have been duly entered into by Agency, and will constitute legal, valid and binding obligations of Agency, and

(b) neither this Option Agreement, nor anything provided to be done under this Option Agreement, violates or shall violate any contract, document, understanding, agreement or instrument to which Agency is a party or by which it is bound.

Agency agrees to indemnify, protect, defend, and hold Developer and the Site harmless from and against any damage, claim, liability, or expense of any kind whatsoever (including, without limitation, reasonable attorneys' fees and fees of expert witnesses) arising from or in connection with any breach of the foregoing representations, warranties and covenants. Such representations and warranties of Agency, and any other representations and warranties of Agency contained elsewhere in this Option Agreement shall be true and correct on and as of the date of this Option Agreement and on and as of the date of the Close of Escrow.

10. General Provisions.

10.1 Paragraph Headings. The paragraph headings used in this Option Agreement are for purposes of convenience only. They shall not be construed to limit or extend the meaning of any part of this Option Agreement.

10.2 Notices. Any notice, demand, approval, consent, or other communication required or desired to be given under this Option Agreement shall be in writing and shall be either personally served, sent by telecopy, mailed in the United States mails, certified, return receipt requested, postage prepaid, or sent by other commercially acceptable means, addressed to the party to be served with the copies indicated below, at the last address given by that party to the other under the provisions of this section. All communications shall be deemed delivered at the earlier of actual receipt, the next business day after deposit with Federal Express or other overnight delivery service or two (2) business days following mailing as aforesaid, or if telecopied, when sent, provided a copy is mailed or delivered as provided herein:

To Developer: Garden Grove Housing Investors, LLC
244 Pine Avenue
Long Beach, California 90802
Attention: Mr. Scott K. Choppin

To Agency: Garden Grove Agency for Community Development
11222 Acacia Parkway
Garden Grove, California 92840
Attn: Executive Director

10.3 Binding Effect. The terms, covenants and conditions of this Option Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns and transferees.

10.4 Entire Agreement. This Option Agreement sets forth the entire agreement between the parties hereto respecting the Option, and supersedes all prior negotiations and agreements, written or oral, concerning or relating to the subject matter of this Option Agreement.

10.5 California Law. This Option Agreement shall be governed by the laws of the State of California and any question arising hereunder shall be construed or determined according to such laws.

10.6 Time of the Essence. Time is of the essence of each and every provision of this Option Agreement.

10.7 Counterparts. This Option Agreement may be signed by the parties hereto in duplicate counterparts which together shall constitute one and the same agreement between the parties and shall become effective at such time as both of the parties shall have signed such counterparts.

10.8 Attorneys' Fees. If either party commences an action against the other to enforce any of the terms hereof or because of the breach by either party of any of the terms hereof, the losing party shall pay to the prevailing party reasonable attorneys' fees, costs and expenses

Attachment No. 11-5

incurred in connection with the prosecution or defense of such action, including appeal of and/or enforcement of a judgment.

10.9 Computation of Time. All periods of time referred to in this Option Agreement shall include all Saturdays, Sundays and state or national holidays, unless the period of time is specified as business days (which shall not include Saturdays, Sundays and state or national holidays), provided that if the date or last date to perform any act or give any notice with respect to this Option Agreement shall fall on a Saturday, Sunday or state or national holiday, such act or notice may be timely performed or given on the next succeeding day which is not a Saturday, Sunday or state or national holiday.

10.10 Definition of Terms. Terms not otherwise defined in this Option Agreement are defined in the DDA.

IN WITNESS WHEREOF, this Option Agreement is executed by the parties hereto on the date first above written.

DEVELOPER:

By: _____

By: _____

AGENCY:

**GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT,** a public body,
corporate and politic

By: _____

Its: _____

ATTEST:

Agency Secretary

APPROVED AS TO FORM:

Stradling Yocca Carlson & Rauth
Agency Special Counsel

Attachment No. 11-7

DOCSOC/1061287v2/022012-0250

EXHIBIT "A" TO OPTION AGREEMENT
LEGAL DESCRIPTION

[to be inserted]

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____, Notary Public,
(Print Name of Notary Public)

personally appeared _____

personally known to me

-or-

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

WITNESS my hand and official seal.

Signature Of Notary

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- Individual
- Corporate Officer

Title(s)

Title Or Type Of Document

- Partner(s) Limited
- General

Number Of Pages

- Attorney-In-Fact
- Trustee(s)
- Guardian/Conservator
- Other: _____

Date Of Documents

Signer is representing:
Name Of Person(s) Or Entity(ies)

Signer(s) Other Than Named Above

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Attachment No. 3	Grant Deed
Attachment No. 4	Promissory Note
Attachment No. 5	Deed of Trust
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Attachment No. 7	Schedule of Performance
Attachment No. 8	Public Works Requirements
Attachment No. 9	Release of Construction Covenants
Attachment No. 10	Declaration of Uses
Attachment No. 11	Option Agreement