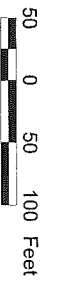


- LEGEND**
- Vacant Parcels
 - Agency Properties
 - City Properties



**AGENCY OWNED
CIVIC CENTER AREA PROPERTIES**



CITY OF GARDEN GROVE
 ECONOMIC DEVELOPMENT DEPARTMENT
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RESOLUTION NO. 157

A RESOLUTION OF THE GARDEN GROVE HOUSING AUTHORITY
APPROVING AN AFFORDABLE HOUSING AGREEMENT BETWEEN THE AUTHORITY
AND THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT

WHEREAS, the Garden Grove Agency for Community Development ("Agency") is the owner of certain parcels of real property located at 12902, 12911, and 12932 7th Street, 12911, 12932, and 12942 8th Street, 12941 and 12941½ 9th Street, 11352 and 11412 Acacia Parkway, and 11391 Garden Grove Boulevard, in the City of Garden Grove (collectively, "Houses"); and

WHEREAS, the Houses consist of eleven single family residences, including one 1-bedroom unit, two 2-bedroom units, and eight 3-bedroom units, each of which are either vacant or occupied by persons and families of low or moderate income paying an affordable rent (as those terms are defined in Health and Safety Code Sections 50053 and 50093); and

WHEREAS, Agency has been and is currently operating the Houses as affordable rental housing; and

WHEREAS, Agency also currently owns two vacant parcels of real property in the City located at 12951 7th Street and 11421 and 11431 (one parcel) Garden Grove Boulevard (collectively, "Vacant Parcels"; the Houses and the Vacant Parcels are herein collectively referred to as the "Property"); and

WHEREAS, the Agency proposes to convey the Property to the Garden Grove Housing Authority (the "Authority") and Authority proposes to maintain and rehabilitate the Houses, as necessary, to rent the Houses to Low Income Households at an Affordable Rent throughout the Affordability Period (as those terms are defined in the Affordable Housing Agreement), and to hold and use the Vacant Parcels for any purpose authorized by the "Housing Authorities Law," Health and Safety Code Section 34200, *et seq.* and the "Community Redevelopment Law," Health and Safety Code Section 33000, *et seq.*; and

WHEREAS, pursuant to Section 34315, subdivision (c) of the Housing Authorities Law, the Authority is authorized to acquire real property, and pursuant to Section 34315.3 of the Housing Authorities Law, the Authority is authorized to accept financial or other assistance from any public or private source; and

WHEREAS, on March 27, 2007, the Authority held a duly noticed public hearing on the proposed Affordable Housing Agreement, at which time the Authority reviewed and evaluated all of the information, testimony, and evidence presented during the public hearing; and

WHEREAS, the Authority has duly considered all terms and conditions of the proposed Affordable Housing Agreement and believes that the acquisition of the Property and operation of affordable rental housing thereon pursuant thereto is in the best interests of the Authority, the City of Garden Grove 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.

NOW, THEREFORE, BE IT RESOLVED AND DETERMINED by the Garden Grove Housing Authority as follows:

1. Each of the foregoing recitals is true and correct.
2. The Affordable Housing Agreement and the actions required to be performed by Authority pursuant thereto are categorically exempt from the California Environmental Quality Act, Public Resources Code Section 21000, *et seq.* ("CEQA") and the implementing regulations set forth in Title 14, California Code of Regulations Section 15000, *et seq.* ("CEQA Guidelines"). The Affordable Housing Agreement is categorically exempt from CEQA pursuant to Section 15326 of the CEQA Guidelines because the Affordable Housing Agreement provides for the acquisition of housing for housing assistance programs and pursuant to Section 15301 of the CEQA Guidelines because the only development provided for by the Affordable Housing Agreement is the repair and maintenance of existing single family residences.
3. The Authority hereby approves the Affordable Housing Agreement, in substantially the form of the Affordable Housing Agreement submitted herewith.
4. The Authority hereby authorizes and directs the Executive Director and Secretary of the Authority to execute the Affordable Housing Agreement on behalf of the Authority. A copy of the Affordable Housing Agreement when executed shall be placed on file in the office of the Authority Secretary.
5. The Authority Executive Director (or his/her duly authorized representative) is authorized to implement the Affordable Housing Agreement and take all further actions and execute all documents referenced therein and/or necessary and appropriate to carry out the Affordable Housing Agreement. The Authority Executive Director shall have the authority to make approvals, issue interpretations, waive provisions, sign documents and/or enter into amendments of the Affordable Housing Agreement on behalf of the Authority, and to prepare and sign the Leases to be executed pursuant to the Affordable Housing Agreement, so long as such actions do not materially change the uses permitted, or materially add to the costs incurred or to be incurred by the Authority as specified in the Affordable Housing Agreement. All other interpretations, waivers, or amendments shall require the consideration, action and written consent of the Authority.
6. This Resolution shall take effect from and after its date of adoption.

RESOLUTION NO. 661

A RESOLUTION OF THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT
APPROVING AN AFFORDABLE HOUSING AGREEMENT BETWEEN THE AGENCY AND
THE GARDEN GROVE HOUSING AUTHORITY

WHEREAS, the Garden Grove Agency for Community Development ("Agency") is the owner of certain parcels of real property located at 12902, 12911, and 12932 7th Street, 12911, 12932, and 12942 8th Street, 12941 and 12941½ 9th Street, 11352 and 11412 Acacia Parkway, and 11391 Garden Grove Boulevard, in the City of Garden Grove (collectively, "Houses"); and

WHEREAS, the Houses consist of eleven single family residences, including one 1-bedroom unit, two 2-bedroom units, and eight 3-bedroom units, each of which are either vacant or occupied by persons and families of low or moderate income paying an affordable rent (as those terms are defined in Health and Safety Code Sections 50053 and 50093); and

WHEREAS, Agency has been and is currently operating the Houses as affordable rental housing; and

WHEREAS, Agency also currently owns two vacant parcels of real property in the City located at 12951 7th Street and 11421 and 11431 (one parcel) Garden Grove Boulevard (collectively, "Vacant Parcels"; the Houses and the Vacant Parcels are herein collectively referred to as the "Property"); and

WHEREAS, Agency desires to convey the Property to the Garden Grove Housing Authority (the "Authority") and for the Authority to maintain and rehabilitate the Houses, as necessary, to rent the Houses to Low Income Households at an Affordable Rent throughout the Affordability Period (as those terms are defined in the Affordable Housing Agreement), and to hold and use the Vacant Parcels for any purpose authorized by the "Housing Authorities Law," Health and Safety Code Section 34200, et seq. and the "Community Redevelopment Law," Health and Safety Code Section 33000, et seq.; and

WHEREAS, pursuant to Section 33430 of the Community Redevelopment Law, the Agency is authorized, after a duly noticed public hearing, to convey the Site for purposes of redevelopment pursuant to the Redevelopment Plan; and

WHEREAS, on March 27, 2007, the Agency held a duly noticed public hearing on the proposed Affordable Housing Agreement, at which time the Agency reviewed and evaluated all of the information, testimony, and evidence presented during the public hearing; and

WHEREAS, the Agency has duly considered all terms and conditions of the proposed Affordable Housing Agreement and believes that the conveyance of the Property and operation of affordable rental housing thereon pursuant thereto is in the best interests of the Agency, the City of Garden Grove 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.

NOW, THEREFORE, BE IT RESOLVED AND DETERMINED by the Garden Grove Agency for Community Development as follows:

1. Each of the foregoing recitals is true and correct.
2. The Affordable Housing Agreement and the actions required to be performed by Authority pursuant thereto are categorically exempt from the California Environmental Quality Act, Public Resources Code Section 21000, et seq. ("CEQA") and the implementing regulations set forth in Title 14, California Code of Regulations Section 15000, et seq. ("CEQA Guidelines"). The Affordable Housing Agreement is categorically exempt from CEQA pursuant to Section 15326 of the CEQA Guidelines because the Affordable Housing Agreement provides for the acquisition of housing for housing assistance programs and pursuant to Section 15301 of the CEQA Guidelines because the only development provided for by the Affordable Housing Agreement is the repair and maintenance of existing single family residences.
3. The Agency hereby approves the Affordable Housing Agreement, in substantially the form of the Affordable Housing Agreement submitted herewith.
4. The Agency hereby authorizes and directs the Director and Secretary of the Agency to execute the Affordable Housing Agreement on behalf of the Agency. A copy of the Affordable Housing Agreement when executed shall be placed on file in the office of the Agency Secretary.
5. The Agency Director (or his/her duly authorized representative) is authorized to implement the Affordable Housing Agreement and take all further actions and execute all documents referenced therein and/or necessary and appropriate to carry out the Affordable Housing Agreement. The Agency Director shall have the authority to make approvals, issue interpretations, waive provisions, sign documents and/or enter into amendments of the Affordable Housing Agreement on behalf of the Agency, so long as such actions do not materially change the uses permitted, or materially add to the costs incurred or to be incurred by the Agency as specified in the Affordable Housing Agreement. All other interpretations, waivers, or amendments shall require the consideration, action and written consent of the Agency.
6. This Resolution shall take effect from and after its date of adoption.

Adopted this 27th day of March 2007.

ATTEST:

/s/ BRUCE A. BROADWATER
CHAIR

/s/ RUTH E. SMITH
SECRETARY

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS:
CITY OF GARDEN GROVE)

I, RUTH E. SMITH, Secretary of the Garden Grove Agency for Community Development, do hereby certify that the foregoing Resolution was duly adopted by the Garden Grove Agency for Community Development, at a meeting held on March 27, 2007, by the following vote:

AYES: MEMBERS: (3) DALTON, DINA NGUYEN, BROADWATER
NOES: MEMBERS: (1) ROSEN
ABSENT: MEMBERS: (0) NONE

/s/ RUTH E. SMITH
SECRETARY

NOTICE OF JOINT PUBLIC HEARING
GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT
AND
GARDEN GROVE HOUSING AUTHORITY

On March 27, 2007, at 6:30 p.m., or as soon thereafter as the matter may be heard, in the Garden Grove City Council Chambers, located at 11300 Stanford Avenue, Garden Grove, California, the Garden Grove Agency for Community Development ("Agency") and the Garden Grove Housing Authority ("Authority") will hold a joint public hearing to consider the disposition of certain properties pursuant to the proposed Affordable Housing Agreement ("Agreement") by and between the Agency and the Authority, which properties are located at 12902 (APN No. 090-173-04), 12911 (APN No. 090-172-18), and 12932 7th Street (APN No. 090-173-07); 12911 (APN No. 090-173-16), 12932 (APN No. 090-174-05), and 12942 8th Street (APN No. 090-174-06); 12941 and 12941½ 9th Street (APN No. 090-174-10); 11352 and 11412 Acacia Parkway (APN Nos. 090-172-29 and 090-173-22); and 11391 (APN No. 090-173-11), 11301 (APN No. 090-172-31), 11421 (APN No. 090-174-07), and 11461 Garden Grove Boulevard (APN No. 090-174-19) and 12951 7th Street (APN No. 090-172-15) in the City of Garden Grove (collectively, "Properties"). The proposed Agreement provides for the Agency's conveyance of the Properties to the Authority and for the Authority's operation of affordable rental housing on the Properties. A copy of the proposed Agreement, together with a summary of the Agreement, will be made available for public inspection prior to the hearing at the office of the City Clerk at the above address during regular business hours, from 7:30 a.m. to 5:30 p.m. (except alternating Fridays, when City Hall is closed).

The purpose of the joint public hearing is to receive testimony from the public regarding the proposed disposition of the Properties and operation thereon of affordable rental housing as set forth in the proposed Agreement. All interested parties are invited and encouraged to attend said meeting and express their opinions for or against this item.

Further information may be obtained by contacting the offices of the Agency at (714) 741-5120.

If you challenge the item listed above in court, you may be limited to raising only those issues you or someone else raised at the joint public hearing described in this notice, or in a written correspondence delivered to the Agency at, or prior to, the joint public hearing. Furthermore, you must exhaust any administrative remedies prior to commencing a court challenge to the Agency's action.

/s/ RUTH E. SMITH
CITY CLERK

DATE: March 1, 2007
PUBLISH: March 8, 2007 and March 15, 2007

GARDEN GROVE JOURNAL

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

I am a citizen of the United States and a resident of the county aforesaid; I am over the age of eighteen years, and not a part or interested in the above title matter. I am the principle clerk of The Garden Grove Journal, a newspaper of general circulation, published in the City of Garden Grove, County of Orange, and which a newspaper has been adjudicated a newspaper of general circulation by the Superior Court of the County of Orange, State of California on November 26, 1984, case number A 124641; that the notice, of which the annexed is a printed copy, has been published in regular and entire issue of said newspaper and not run in supplement there of on the following date, to wit:

Mar 8, 15, 2007

I certify (or declare) under penalty of perjury that the foregoing is true and correct. Executed at Garden Grove, California.

Date Mar 15, 2007

Mary Quinn
Signature

This space is for the County Clerk's Filing Stamp

NOTICE OF JOINT PUBLIC HEARING
GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT
AND
GARDEN GROVE HOUSING AUTHORITY

On March 27, 2007, at 6:30 p.m., or as soon thereafter as the matter may be heard, in the Garden Grove City Council Chambers, located at 11300 Stanford Avenue, Garden Grove, California, the Garden Grove Agency for Community Development ("Agency") and the Garden Grove Housing Authority ("Authority") will hold a joint public hearing to consider the disposition of certain properties pursuant to the proposed Affordable Housing Agreement ("Agreement") by and between the Agency and the Authority, which properties are located at 12902 (APN No. 090-173-04), 12911 (APN No. 090-172-18), and 12932 7th Street (APN No. 090-173-07); 12911 (APN No. 090-173-16), 12932 (APN No. 090-174-05), and 12942 8th Street (APN No. 090-174-06); 12941 and 12941½ 9th Street (APN No. 090-174-10); 11352 and 11412 Acacia Parkway (APN Nos. 090-172-29 and 090-173-22); and 11391 (APN No. 090-173-11), 11301 (APN No. 090-172-31), 11421 (APN No. 090-174-07), and 11461 Garden Grove Boulevard (APN No. 090-174-19) and 12951 7th Street (APN No. 090-172-15) in the City of Garden Grove (collectively, "Properties"). The proposed Agreement provides for the Agency's conveyance of the Properties to the Authority and for the Authority's operation of affordable rental housing on the Properties. A copy of the proposed Agreement, together with a summary of the Agreement, will be made available for public inspection prior to the hearing at the office of the City Clerk at the above address during regular business hours, from 7:30 a.m. to 5:30 p.m. (except alternating Fridays, when City Hall is closed).

The purpose of the joint public hearing is to receive testimony from the public regarding the proposed disposition of the Properties and operation thereon of affordable rental housing as set forth in the proposed Agreement. All interested parties are invited and encouraged to attend said meeting and express their opinions for or against this item.

Further information may be obtained by contacting the offices of the Agency at (714) 741-5120.

If you challenge the item listed above in court, you may be limited to raising only those issues you or someone else raised at the joint public hearing described in this notice, or in a written correspondence delivered to the Agency at, or prior to, the joint public hearing. Furthermore, you must exhaust any administrative remedies prior to commencing a court challenge to the Agency's action.

/s/ RUTH E. SMITH
CITY CLERK

DATE: March 1, 2007
PUBLISH: March 8, 2007 and March 15, 2007

Publish March 8, 15, 2007
Garden Grove Journal (GG 07-10-1)

GARDEN GROVE JOURNAL

12866 Main Street, Suite 203, Garden Grove, CA 92840
Tel: (714) 539-6018 • Fax: (714) 892-7052

AFFORDABLE HOUSING AGREEMENT

by and between the

GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT

and

GARDEN GROVE HOUSING AUTHORITY

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AFFORDABLE HOUSING AGREEMENT

This **AFFORDABLE HOUSING AGREEMENT** ("Agreement") is hereby entered into as of March 13, 2007 ("Date of Agreement"), by and between the **GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body, corporate and politic ("Agency"), and the **GARDEN GROVE HOUSING AUTHORITY**, a public body, corporate and politic ("Authority").

RECITALS

A. Agency is a redevelopment agency validly existing and exercising powers pursuant to the California Community Redevelopment Law, Part 1 of Division 24, Section 33000, *et seq.* of the Health and Safety Code ("Community Redevelopment Law").

B. Authority is a housing authority validly existing and exercising powers pursuant to the California Housing Authorities Law, Part 2 of Division 24, Section 34200, *et seq.* of the Health and Safety Code ("Housing Authorities Law").

C. Agency currently owns ten parcels of real property developed with single family residences and located at 12902, 12911, and 12932 7th Street, 12911, 12932, and 12942 8th Street, 12941 and 12941½ 9th Street, 11352 and 11412 Acacia Parkway, and 11391 Garden Grove Boulevard (collectively, "Houses;" each, a "House") in the City of Garden Grove ("City"). The Houses consist of eleven single family residences, including one 1-bedroom unit, two 2-bedroom units, and eight 3-bedroom units, each of which are either vacant or occupied by Low Income Households or Moderate Income Households paying an Affordable Rent (as those terms are defined in Section 1).

D. Agency also currently owns two vacant parcels of real property in the City located at 12951 7th Street and 11421 and 11431 (one parcel) Garden Grove Boulevard (collectively, "Vacant Parcels"; each, a "Vacant Parcel"). The Houses and the Vacant Parcels are herein collectively referred to as the "Property." The Property is more particularly described in the Legal Description attached hereto as Exhibit "A" and incorporated herein. The Property was purchased with proceeds from the Agency's Low and Moderate Income Housing Fund.

E. By this Agreement, the parties desire for Agency to sell the Property to Authority, and for Authority to maintain and rehabilitate the Houses, as necessary, to rent the Houses to Low Income Households at an Affordable Rent throughout the Affordability Period (defined in Section 1), and to hold and use the Vacant Parcels for any purpose authorized by the Housing Authorities Law and the Community Redevelopment Law.

F. Agency and Authority acknowledge that the Houses are old, and may require rehabilitation and/or demolition during Authority's term of ownership thereof. The parties further acknowledge and agree that in the event the Houses are no longer suitable for residential use, the Housing Authority may demolish, rebuild, rehabilitate, or redevelop the Houses and the underlying land in accordance with applicable law. In addition, Authority may reconvey some or all of the Property to Agency for any purpose authorized by the Community Redevelopment Law, as allowed by Health and Safety Code Section 33220.

G. The transaction contemplated by 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.

NOW, THEREFORE, the parties hereto agree as follows:

1. DEFINITIONS

The following terms shall have the following definitions for the purpose of this Agreement:

"Affordable Rent" shall have the meaning set forth in Health and Safety Code Section 50053.

"Affordability Period" means, as to each House, the period during which the House remains decent, safe, sanitary, and suitable for habitation, taking into consideration the age and condition of such House.

"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 the Community Redevelopment Law of the State of California, Health and Safety Code Section 33000, *et seq.* and any assignee of or successor to its rights, powers and responsibilities.

"Agency's Conditions Precedent" means the conditions precedent to the Conveyance of the Property for the benefit of Agency, as set forth in Section 2.2 hereof.

"Agreement" means this Affordable Housing Agreement between Agency and Authority.

"Authority" means the Garden Grove Housing Authority, a public body, corporate and politic, exercising governmental functions and powers and organized and existing under the Housing Authorities Law, Health and Safety Code Section 34200, *et seq.* and any assignee of or successor to its rights, powers and responsibilities.

"Authority's Conditions Precedent" means the conditions precedent to the Conveyance of the Property for the benefit of Authority, as set forth in Section 2.3 hereof.

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

"Community Redevelopment Law" means the California Community Redevelopment Law, Part 1 of Division 24, Section 33000, *et seq.* of the Health and Safety Code.

"Conveyance" means the conveyance of the Property by Agency to Authority, and refers to the recordation of the Grant Deed in the Official Records of Orange County, California.

"Default" or "Event of Default" means the failure of a party to perform any action or covenant required by this Agreement within the time periods provided herein following notice and opportunity to cure, as set forth in Section 4.1 hereof.

"Grant Deed" means the grant deed for the Conveyance of the Property from Agency to Authority, in substantially the form attached hereto as Exhibit "B" and incorporated herein.

“Hazardous Materials” means any substance, material, or waste which is or becomes regulated by any local governmental authority, the County, the State of California, regional governmental authority, 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 biphenyl, (viii) designated as “hazardous substances” pursuant to Section 311 of the Clean Water Act (33 U.S.C. §1317), (ix) 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 (x) defined as “hazardous substances” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §9601, *et seq.* Notwithstanding the foregoing, “Hazardous Materials” shall not include such products in quantities as are customarily used in the construction, maintenance, development or management of residential developments or associated buildings and grounds, or typically used in residential activities in a manner typical of other comparable residential developments, or substances commonly ingested by a significant population living within the Housing Project, including without limitation alcohol, aspirin, tobacco and saccharine.

“House” or “Houses” means the ten parcels of real property in the City of Garden Grove, nine of which parcels have one single family residence located thereon and one parcel with two single family residences located thereon, located at 12902, 12911, and 12932 7th Street, 12911, 12932, and 12942 8th Street, 12941 and 12941½ 9th Street, 11352 and 11412 Acacia Parkway, and 11391 Garden Grove Boulevard, and described in the Legal Description attached hereto as Exhibit “A” and incorporated herein. “Houses” refers to the parcels of real property listed above and the buildings constructed thereon.

“Housing Authorities Law” means the California Housing Authorities Law, Part 2 of Division 24, Section 34200, *et seq.* of the Health and Safety Code.

“Low Income Household” means a household earning not greater than the applicable portion of Orange County area median income which is set forth from time to time by regulation of the California Department of Housing and Community Development, pursuant to Health and Safety Code Section 50079.5. “Low Income Household” includes “very low income households” and “extremely low income households” as defined in Sections 50105 and 50106 of the Health and Safety Code.

“Moderate Income Household” means a household earning not greater than the applicable portion of Orange County area median income which is set forth from time to time by regulation of the California Department of Housing and Community Development, pursuant to Health and Safety Code Section 50093. “Moderate Income Household” includes “Low Income Households,” “very low income households,” and “extremely low income households” as defined herein and in Sections 50105 and 50106 of the Health and Safety Code.

“Property” means the Houses and the Vacant Parcels.

“Redevelopment Plan” means the redevelopment plan adopted by the City for the Garden Grove Community Project, as it may be amended from time to time.

“Regulatory Agreement” means the Regulatory Agreement in substantially the form attached hereto as Exhibit “C” and incorporated herein, which is to be executed by Agency and Authority and recorded as an encumbrance against each of the Houses in accordance with Section 3.7 hereof.

“Vacant Parcel” or **“Vacant Parcels”** means the two vacant parcels of real property in the City located at 12951 7th Street and 11421 and 11431 (one parcel) Garden Grove Boulevard, which are described in the Legal Description attached hereto as Exhibit “A” and incorporated herein.

2. CONVEYANCE OF THE PROPERTY

2.1 Conveyance of the Property. Subject to the satisfaction or waiver of all of Agency’s Conditions Precedent and Authority’s Conditions Precedent set forth in Section 2.2 and 2.3 hereof, Agency shall convey the Property to Authority (“Conveyance”) in consideration for Authority’s compliance with the restrictions imposed by this Agreement and the Regulatory Agreement, and no cash payment shall be required. The Conveyance of the Property shall occur within thirty (30) business days after the parties’ satisfaction (or written waiver, as the case may be) of all of Authority’s Conditions Precedent and Agency’s Conditions Precedent as set forth in Sections 2.2 and 2.3 hereof. “Conveyance” refers to the recordation of the Grant Deed in the Official Records of Orange County, California.

2.2 Agency’s Conditions Precedent. Agency’s obligation to proceed with the Conveyance is conditioned upon the satisfaction (or written waiver by Agency) of the following terms and conditions (“Agency’s Conditions Precedent”), which are solely for the benefit of Agency, and which shall be fulfilled or waived by the time periods provided for herein (provided, however, that if the failure of any of the following conditions is due to a Default of Agency, such failure shall not be deemed to constitute the failure of Agency’s Conditions Precedent):

a. Execution of Documents. Authority shall have duly executed the Regulatory Agreement in the form attached hereto as Exhibit “C” and any other documents, instruments, policies, and forms of evidence or other materials as may be requested by Agency under the terms of this Agreement.

b. Recordation. The Regulatory Agreement and Grant Deed shall be ready to be recorded in the Official Records of Orange County, California.

c. No Default. Authority shall not be in material Default in any of its obligations set forth in this Agreement and all representations and warranties of Authority contained herein shall be true and correct in all material respects.

2.3 Authority’s Conditions Precedent. Authority’s obligation to proceed with the purchase of the Property is subject to the satisfaction (or written waiver by Authority) of the following terms and conditions (“Authority’s Conditions Precedent”), which are solely for the benefit of Authority, and which shall be fulfilled or waived by the time periods provided for herein (provided, however, that if the failure of any of the following conditions is due to a Default by

Authority, such failure shall not be deemed to constitute the failure of Authority's Conditions Precedent):

a. **Execution of Documents.** Agency shall have executed the Grant Deed and the Regulatory Agreement and any other documents required to be executed by Agency hereunder.

b. **Authority's Title Policy.** If desired by Authority, a title company mutually acceptable to Agency and Authority shall have unconditionally committed to issue a policy of title insurance in a form reasonably acceptable to Authority, at Authority's cost.

c. **Environmental Condition.** Authority shall not have elected to terminate this Agreement due to the environmental condition of the Property pursuant to Section 2.4(a).

d. **No Default.** 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.

2.4 Physical and Environmental Condition of the Property.

a. **As-Is Condition; Investigation.** Except as set forth herein, the Property shall be conveyed to Authority in an "as is" physical and environmental condition, with no warranty, express or implied, by Agency as to the condition of any existing improvements, the soil, its geology, or the presence of known or unknown faults or Hazardous Materials or toxic substances, and it shall be the sole responsibility of Authority at its expense to investigate and determine the physical and environmental conditions. Authority shall have the right, at its sole cost and expense, to engage its own environmental consultant(s) to conduct such investigations and/or testing of the Property as Authority deems necessary. If the physical or environmental condition is not in all respects entirely suitable for the use or uses to which the Property will be put, Authority may terminate this Agreement. Authority shall reasonably approve or disapprove the physical and environmental condition of the Property within sixty (60) days of the Date of Agreement. Authority's failure to deliver written notice of its disapproval within such time limit shall be deemed approval of the physical and environmental condition of the Property.

b. **Release.** Authority hereby waives, releases and discharges forever Agency and 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 occurring during the period of Authority's ownership of the Property and arising out of or in any way connected with the physical and environmental condition of the Property, any Hazardous Materials on or under the Property, however they came to be placed there, or the existence of Hazardous Materials contamination due to the generation of Hazardous Materials from the Property, except that arising out of the negligence or misconduct of Agency or its respective employees, officers, agents or representatives.

c. **Authority Precautions After Conveyance.** Upon the Conveyance, Authority 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 Property. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous

Materials. In addition, Authority 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.

d. Environmental Indemnity. Upon the Conveyance, Authority agrees to indemnify, defend and hold Agency 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 Property which occurs during the period of Authority's ownership thereof, or (ii) the violation of any law, regulation, order, permit, or other governmental requirement relating to Hazardous Materials or the environmental condition of the Property which occurs during the period of Authority's ownership thereof. At the request of Authority, Agency shall cooperate with and assist Authority in its defense of any such claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense; provided that Agency shall not be obligated to incur any expense in connection with such cooperation or assistance.

2.5 Indemnity. Authority shall, at its expense, defend, indemnify, and hold harmless Agency and City and their officers, agents, employees and representatives harmless from any and all losses, liabilities, claims, lawsuits, causes of action, judgments, settlements, court costs, attorneys' fees, and other legal expenses, costs of evidence of title, costs of evidence of value, and other damages of whatever nature arising out of or in connection with, or relating in any manner to any act or omission of Authority or its agents, employees, contractors and subcontractors of any tier and employees thereof in connection with or arising from Authority's ownership or operation of the Property, or negligent performance or default of its obligations under this Agreement, except that arising from the negligence or misconduct of Agency or its officers, agents, employees or representatives.

2.6 Compliance With Laws. Authority shall carry out the operation of the Property in conformity with all applicable laws, including all applicable state labor standards, City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City 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.*, the Unruh Civil Rights Act, Civil Code Section 51, *et seq.*, the Housing Authorities Law, and the Community Redevelopment Law, including all provisions relating to low and moderate income housing. In addition, Authority shall be solely responsible for complying with the requirements of the California Relocation Assistance Law, Government Code Section 7260, *et seq.*, including the requirement to provide relocation assistance and benefits to any persons displaced by the activities of public entities as set forth therein and in Title 25 California Code of Regulations Section 6000, *et seq.*

3. USE OF THE PROPERTY

3.1 Use In Conformance with Plan and Agreement. Authority covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof that Authority and all such successors and assigns shall use, operate and maintain the Property in conformity with this Agreement, the Redevelopment Plan, the Housing Authorities Law,

and the Community Redevelopment Law, including the provisions therein relating to low and moderate income housing, for the periods of time specified herein.

3.2 Affordable Rental Housing.

a. Number of Affordable Units. Upon the Conveyance and thereafter, Authority agrees to make available, restrict occupancy to, and rent each of the Houses to qualified Low Income Households at an Affordable Rent pursuant to the Housing Authorities Law. In the event one or more of the Houses are currently occupied by tenant(s) pursuant to rental agreement(s) or leases(s) with the Agency, then to the extent most reasonably practicable and in compliance with applicable laws and regulations eviction of existing tenants shall be reasonably avoided. Tenant(s) of House(s) which previously qualified for tenancy as Low to Moderate income households in conformity with the applicable laws and the rental agreement or lease, should not be evicted if the sole basis for eviction is the tenant household's increase in income to a level that exceeds the maximum amount set forth for Low Income Households pursuant to the Housing Authorities Law.

b. Lease Requirements. Prior to rental or lease of any of the Houses, Authority shall submit a standard lease or rental agreement form to the Agency Director (or his designee) for review and approval. The Agency Director, or designee, shall reasonably approve or disapprove such form of lease or rental agreement based upon whether the form and content are consistent with this Agreement and applicable laws and regulations. Authority shall enter into a lease or rental agreement with a tenant for a House only pursuant to an Agency-approved form. Authority may, at its sole option, hire City (or Agency) to manage the Houses as affordable rental units in compliance with the Housing Authorities Law; provided however, the City (or Agency) shall manage the Houses in accordance with this Agreement.

c. Duration of Affordability Requirements. Authority agrees to make reasonable efforts to ensure that the Houses are made available to and rented or leased to qualified Low Income Households at an Affordable Rent in accordance with this Section 3.2 for the period during which the Houses remain decent, safe, sanitary, and suitable for habitation, taking into consideration the age and condition of each House. The duration of this requirement shall be known as the "Affordability Period."

Agency and Authority acknowledge that the Houses are old, and may require rehabilitation and/or demolition during Authority's term of ownership thereof. The parties further acknowledge and agree that in the event one or more of the Houses become and are no longer decent, safe and sanitary housing suitable for residential use and occupancy without extensive and/or expensive repairs and rehabilitation, then the Housing Authority may use the Houses or make the Houses available for other purposes in accordance with applicable laws, including the reconveyance of some or all of the Houses to Agency to carry out redevelopment purpose as allowed by Health and Safety Code Section 33220.

d. Selection of Tenants. Upon the Conveyance, as to each House that is occupied by a current Agency tenant, such House shall continue to be rented to that tenant pursuant to the existing rental agreement and any supplement or amendment to cause the landlord – tenant relationship to reflect the Authority's ownership. If a House is vacant, then the subsequent lease or rental of each House shall be to pre-screened, qualified tenants selected by Authority who meet all of the requirements provided herein. Agency may, from time to time, assist

in the leasing of the Houses by providing to Authority names of persons who have expressed interest in renting Houses. Authority shall adopt a tenant selection system, which shall be approved by the Agency Director, or his designee. The tenant selection system shall include, without limitation, a method for review and investigation of the credit history of each proposed tenant household through obtaining a credit report on the proposed tenant and its adult household members. To the extent permitted by law, first priority in the selection of tenants shall be given to those qualified applicants who have been displaced by Agency or Authority projects, if any.

e. Income of Tenants. Prior to the rental or lease of any House to a tenant, and annually thereafter, Authority shall obtain an income certification from the tenant of each House. Authority shall verify the income of the tenant in one or more of the following methods:

1. obtain two (2) paycheck stubs from the tenant's two (2) most recent pay periods, if any.
2. obtain a true copy of an income tax return from the tenant for the most recent tax year in which a return was filed.
3. obtain an income verification certification from the employer of the tenant.
4. obtain an income verification certification from the Social Security Administration and/or the California Department of Social Services if the tenant receives assistance from such agencies.
5. obtain a credit report from a commercial credit reporting agency.
6. obtain an alternate form of income verification reasonably requested by Authority, if none of the above forms of verification is available to Authority.

A person or family who (i) at the time of income certification qualified as a Low Income Household or (ii) occupied a House prior to the Conveyance shall continue to be deemed qualified as a Low Income Household until such time as the person or family's income is re-determined and certified and the tenant household is determined by Authority to no longer be so qualified, even if such person or family's income has subsequently increased to an amount above the applicable income level. Notwithstanding Authority's determination that a tenant household is no longer qualified as a Low Income Household, Authority will not evict any tenants unless reasonable cause exists for such eviction, in accordance with the provisions of Health and Safety Code Sections 34331(a) and 34312.3(c)(5), and such tenant shall be allowed to continue renting the House at an Affordable Rent, if such tenant is a Moderate Income Household, and at a fair market rent, if such tenant's income exceeds the income set forth for a Moderate Income Household, until such time as the tenant chooses to vacate the House or Authority determines that reasonable cause exists to notify the tenant of an alleged default under the lease or rental agreement, and if not timely or properly cured to commence eviction proceedings to cause removal of such tenant. The tenant lease or rental agreement shall contain the above provisions. In addition, Authority shall annually submit to Agency a certification of the number of Houses actually occupied, along with copies of the verification and recertification of tenants as Low Income Households, or Moderate Income Households, or other income level, in a form of a certificate provided by Agency.

f. Determination of Affordable Rent for the Houses. Each House shall be rented at an "Affordable Rent," which shall be established by Agency as provided herein. The Affordable Rent for each House shall be determined according to the income of the tenant household of that House, in accordance with the formulas set forth in Health and Safety Code Section 50053. The maximum monthly rental amount for the Houses shall be as follows:

(i) for Low Income Households, not greater than the lesser of (a) fair market rent, as reasonably determined by Authority, (b) thirty percent (30%) of sixty percent (60%) of Orange County median income for a household size appropriate for the House, or (c) for those lower income households with gross incomes that exceed sixty percent (60%) of Orange County median income adjusted for family size, Authority at its option may establish the Affordable Rent at a level not to exceed 30 percent of gross income of the household.

(ii) for Moderate Income Households, not greater than the lesser of (a) fair market rent, as reasonably determined by Authority, (b) thirty percent (30%) of one hundred ten percent (110%) of Orange County median income for a household size appropriate for the House, or (c) for those lower income households with gross incomes that exceed one hundred ten percent (110%) of Orange County median income adjusted for family size, Authority at its option may establish the Affordable Rent at a level not to exceed 30 percent of gross income of the household.

(iii) for households whose income has exceeded the income set forth for a Moderate Income Household, not greater than a fair market rent for the House, as reasonably determined by Authority.

For purposes of this Section 3.2, "rent" means the total of monthly payments for (a) use and occupancy of each House and land and facilities associated therewith, (b) any separately charged fees or service charges assessed by Authority which are required of all tenants, other than security deposits, (c) a reasonable allowance for an adequate level of service of utilities not included in (a) or (b) above, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuels, but not including telephone service, and (d) possessory interest, taxes or other fees or charges assessed for use of the land and facilities associated therewith by a public or private entity other than Authority. Agency may in its discretion base the utilities allowance on a utilities allowance adopted in connection with the Section 8 program administered by the United States Department of Housing and Urban Development. For purposes of determining "Affordable Rent," household size appropriate for the House shall mean two persons for a one bedroom House, three persons for a two bedroom house, and four persons for a three bedroom House. Nothing in this Agreement shall be construed to prohibit Authority from establishing rents at amounts which are lower than the maximum monthly rental amounts set forth above.

g. Use of Revenues. To the greatest extent practicable, Authority shall use the proceeds obtained from the operation of the Property to maintain and rehabilitate the Houses for the purpose of maintaining the suitability of each House for use as affordable rental housing for the longest practicable time. Revenues obtained from the use or operation of any portion of the Property may be used for the upkeep, maintenance, and rehabilitation of any of the Houses in Authority's reasonable discretion. In the event Authority receives excess revenues from the use and operation of the Property over what is needed for the maintenance and rehabilitation of the Houses, Authority shall use such excess revenues to provide housing for Low Income Households as set forth in the Housing Authorities Law.

3.3 Vacant Parcels. Authority shall use the Vacant Parcels for any purpose permitted by the Housing Authorities Law, including Section 34315 (b) and (c).

3.4 Occupancy Standards. Occupancy of the one bedroom House shall be limited to three persons, occupancy of the two bedroom Houses shall be limited to five persons, and occupancy of the three bedroom Houses shall be limited to seven persons.

3.5 Management and Maintenance. Authority shall manage and maintain the Property in conformity with the Garden Grove Municipal Code. The following standards shall be complied with by Authority and its maintenance staff, contractors and subcontractors:

a. Authority shall maintain the Houses in a safe and sanitary fashion and in first class condition for single family houses of their age and type.

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

c. Clean-up maintenance shall include, but not be limited to: maintenance of all private paths, parking areas, driveways and other paved areas in clean and weed-free condition; maintenance of all such areas clear of dirt, mud, trash, debris or other matter which is unsafe or unsightly; removal of all trash, litter and other debris from improvements and landscaping prior to mowing; clearance and cleaning of all areas maintained prior to the end of the day on which the maintenance operations are performed to ensure that all cuttings, weeds, leaves and other debris are properly disposed of by maintenance workers.

d. All maintenance work shall conform to all applicable federal and state Occupation Safety and Health Act standards and regulations for the performance of maintenance.

e. Any and all chemicals, unhealthful substances, and pesticides used in and during maintenance shall be applied only by persons possessing valid California applicators licenses, and in strict accordance with all governing regulations. Precautionary measures shall be employed recognizing that all areas are open to public access.

f. Authority shall make such capital repairs to the Houses as are necessary, including the following: carpet and drape replacement; appliance replacement; exterior painting, hot water heater replacement; plumbing fixtures replacement, including tubs and showers, toilets, lavatories, sinks, faucets; air conditioning and heating replacement; asphalt repair and replacement, and seal coating; roofing repair and replacement; landscape tree replacement and irrigation pipe and controls replacement; gas line pipe replacement; and lighting fixture replacement.

g. Authority shall conduct Lead Based Paint assessment and abatement at the Houses, as Authority determines to be reasonably necessary or appropriate.

Management and maintenance may be overseen by Agency or its designee and, if the above standards are breached, after notice and opportunity to cure within the time set forth in this paragraph, Agency or its designee may in its reasonable discretion direct Authority to and Authority shall hire a management company acceptable to Agency to manage the Houses. If, at any time, Authority or the management company fails to adequately maintain such areas, and such condition is not corrected immediately upon notice of an imminent threat to health and safety or after expiration of thirty (30) days from the date of written notice from Agency for all other violations, Agency may (but shall not be obligated to) perform the necessary maintenance and Authority shall pay such costs as are reasonably incurred for such maintenance.

3.6 Rights of Access. Agency, for itself and for the City and other public agencies, at their sole risk and expense, shall have the right to inspect the Property. Any such inspection shall be made only after reasonable notice to Authority. Upon receipt of such notice, Authority agrees to cooperate with Agency in making the Property available for inspection by Agency and/or City. Authority acknowledges and agrees that if for any reason Authority fails to consent to such entry or inspection, Agency may obtain an administrative inspection warrant or take such other legal actions as may be necessary to gain entry to and inspect the Property. Agency shall indemnify and hold Authority harmless from any costs, claims, damages or liabilities pertaining to any entry.

3.7 Nondiscrimination. Authority 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 Authority relating to the Property, or any part thereof, 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.”

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 Property, and any successor in interest to the Property. The covenants against discrimination shall remain in effect in perpetuity. Nothing in this Section 3.6 shall give Authority any additional rights to convey a fee or leasehold interest in the Property except as otherwise authorized by this Agreement.

3.8 Regulatory Agreement. Authority agrees to cause the Regulatory Agreement to be executed, acknowledged and recorded as an encumbrance against the Houses in the Official Records of Orange County, California.

3.9 Effect of Violation of the Terms and Provisions of this Agreement. The covenants established in this Agreement shall, without regard to technical classification and designation, run with the land and be binding upon and for the benefit and in favor of Authority and Agency, their respective successors and assigns, as to those covenants which are for their benefit. The covenants contained in this Agreement shall remain in effect until the expiration of the Affordability Period. The covenants against discrimination shall remain in effect in perpetuity. 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 Agency, without regard to whether Agency has been, remains or is an owner of any land or interest therein or in the Property or the Redevelopment Project area. 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.

4. GENERAL PROVISIONS

4.1 Events of Default. An “Event of Default” or “Default” shall occur under this Agreement when there shall be a material breach of any condition, covenant, warranty, promise or representation contained in this Agreement and such breach shall continue for a period of thirty (30) days after written notice thereof to the defaulting party without the defaulting party curing such breach, or if such breach cannot reasonably be cured within such thirty (30) day period, commencing the cure of such breach within such thirty (30) day period and thereafter diligently proceeding to cure such breach; provided, however, that if a different period or notice requirement is specified for any particular breach under any other paragraph of this Agreement, the specific provision shall control.

4.2 Remedies. The occurrence of any Event of Default shall give the nondefaulting party the right to proceed with any and all remedies set forth in this Agreement, including an action for damages, an action or proceeding at law or in equity to require the defaulting party to perform its obligations and covenants under this Agreement or to enjoin acts or things which

may be unlawful or in violation of the provisions of this Agreement, and the right to terminate this Agreement.

4.3 Force Majeure. Subject to the party's compliance with the notice requirements as set forth below, 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 war, insurrection, strikes, lockouts, riots, floods, earthquakes, fires, assaults, 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, acts or omissions of the other party, acts or failures to act of any public or governmental entity (except that Agency's acts or failure to act shall not excuse performance of Agency hereunder and Authority's acts or failure to act shall not excuse performance of Authority hereunder), or any other causes beyond the control and without the fault of the party claiming an extension of time to perform. An extension of the 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.

4.4 Attorneys' Fees. In addition to any other remedies provided hereunder or available pursuant to law, if either party brings an action or proceeding to enforce, protect or establish any right or remedy hereunder, the prevailing party shall be entitled to recover from the other party its costs of suit, including without limitation expert witness fees, and reasonable attorneys' fees.

4.5 Remedies Cumulative. No right, power, or remedy given to Agency by the terms of this Agreement is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy shall be cumulative and in addition to every other right, power, or remedy given to Agency by the terms of any such instrument, or by any statute or otherwise against Authority and any other person.

4.6 Waiver of Terms and Conditions. Agency may, in its sole discretion, waive in writing any of the terms and conditions of this Agreement. Waivers of any covenant, term, or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term, or condition.

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

4.8 Time. Time is of the essence in this Agreement.

4.9 Notices. Any notice requirement set forth herein shall be deemed to be satisfied three (3) days after mailing of the notice by first-class United States certified mail, postage prepaid, or by personal delivery, addressed to the appropriate party at the following addresses:

Agency: Garden Grove Agency for Community Development
11222 Acacia Parkway
Garden Grove, California 92842
Attention: Agency Director

Lessee: Garden Grove Housing Authority
11277 Acacia Parkway
Garden Grove, California 92842
Attention: Authority Executive Director

4.10 Third Party Beneficiaries. This Agreement is made and entered into for the protection and benefit of Agency and Authority, their successors and assigns, and no other person or persons shall have any right of action hereon.

4.11 Partial Invalidity. If any provision of this Agreement shall be declared invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.

4.12 Governing Law. This Agreement and other instruments given pursuant hereto shall be construed in accordance with and be governed by the laws of the State of California. Any references herein to particular statutes or regulations shall be deemed to refer to successor statutes or regulations, or amendments thereto.

4.13 Amendment. This Agreement may not be changed orally, but only by agreement in writing signed by Authority and Agency.

4.14 Approvals. Where an approval or submission is required under this Agreement, such approval or submission shall be valid for purposes of this Agreement only if made in writing. Where this Agreement requires an approval or consent of Agency or Authority, such approval may be given on behalf of Agency by the Agency Director or his or her designee and on behalf of Authority by the Authority Executive Director or his or her designee. The Agency Director or Authority Executive Director or their designees are hereby authorized to take such actions as may be necessary or appropriate to implement this Agreement, including without limitation the execution of such documents or agreements as may be contemplated by this Agreement. The Agency Director and Authority Executive Director are authorized to execute amendments of this Agreement so long as such amendments do not materially increase the costs to be incurred by the parties hereto or materially decrease the revenues or other benefits to be received by the parties hereunder.

[Signatures appear on next page]

IN WITNESS WHEREOF, Agency and Authority have executed this Agreement as of the date first set forth above.

AGENCY:

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

By: Matthew Furtak
Agency Director

ATTEST:

James C. Amos
Agency Secretary

APPROVED AS TO FORM:

V. Slocklin
Stradling Yocca Carlson & Rauth,
Agency Special Counsel

AUTHORITY:

GARDEN GROVE HOUSING AUTHORITY, a public body, corporate and politic

By: Matthew Furtak
Authority Executive Director

ATTEST:

James C. Amos
Authority Secretary

APPROVED AS TO FORM:

[Signature]
Authority Legal Counsel

EXHIBIT A

LEGAL DESCRIPTION

That real property located in the State of California, County of Orange, City of Garden Grove, and described as follows:

[To Be Inserted]

EXHIBIT A-1

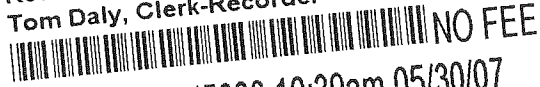
RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Garden Grove Housing Authority
11277 Acacia Parkway
Garden Grove, California 92842
Attention: Authority Executive Director

3925A

Documentary Transfer Tax: \$0.00
Exempt pursuant to Revenue and Taxation Code § 11922

Recorded in Official Records, Orange County
Tom Daly, Clerk-Recorder



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This document is exempt from payment of a recording fee pursuant to Government Code §§ 6103 and 27383.

GRANT DEED

CONFORMED COPY

For valuable consideration, receipt of which is hereby acknowledged,

The **GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body, corporate and politic ("Agency"), effective as of March 13, 2007, 200__, hereby grants to **GARDEN GROVE HOUSING AUTHORITY**, a public body, corporate and politic ("Authority"), the real property described in Attachment No. 1 attached hereto and incorporated herein, subject to the existing easements, restrictions and covenants of record described there, and the requirements of the Affordable Housing Agreement between the parties, dated as of March 13, 2007.

AGENCY:

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

By: *Matthew Ferial*
Agency Director

ATTEST:

[Signature]
Agency Secretary

APPROVED AS TO FORM:

[Signature]
Stradling Yocca Carlson & Rauth,
Agency Special Counsel

ATTACHMENT NO. 1

LEGAL DESCRIPTIONS

That real property located in the State of California, County of Orange, City of Garden Grove, and described as follows:

Vacant Lot
090-174-07

The east 111.00 feet of the west 121.00 feet of the south 125.00 feet, in block 6 of Garden Grove home tract, in the City of Garden Grove, County of Orange, State of California, as per map recorded in book 4, page 57 of Miscellaneous Maps, in the office of the county recorder of said county.

12942 8th Street
090-174-06

That portion of Block 6 of the Garden Grove Home Tract, in the City of Garden Grove, County of Orange, State of California, as shown on a Map recorded in Book 4, Page 57 of Miscellaneous Maps, records of Orange County, California, described as follows:

Beginning at a point in the West line of said Block 6, which point is 185.36 feet southerly from the intersection of said West line with the Westerly extension of the South line of Lot 8 of tract No. 631, as shown on a Map recorded in Book 20, Page 26 of said Miscellaneous Maps, said point being the Southwest corner of the land conveyed to John Matthews and wife by deed recorded July 12, 1958 in Book 1668, Page 32 of Official Records of said Orange County; thence South along the West line of said Block 6 a distance of 55.80 feet to a point 125.00 feet North of the Southwest corner of said Block 6; thence East 10.00 feet to the Northwest corner of land conveyed to C. Lowell Clarke and wife by deed recorded July 21, 1943 in Book 1197, Page 472 of Official Records; thence continuing East along the North line of said land conveyed to Clarke and the Easterly extension thereof, 135.66 feet; thence North 55.80 feet to the Southeast corner of said land conveyed to John Matthews and wife; thence West along the South line of said land conveyed to Matthews and wife 145.66 feet to the point of beginning.

12932 7th St
090-173-07

Lot 3 and the North 4 feet of Lot 4 of Tract No. 644, in the City of Garden Grove, County of Orange, State of California, as shown on a Map recorded in Book 20, Page 6 of Miscellaneous Maps, Records of Orange County, California, excepting therefrom the North 8.5 feet of said Lot 3.

11391 Garden Grove Blvd.
090-173-11

Lot 8 and the Easterly 30.00 feet of Lot 7 of Tract No. 644, the the City of Garden Grove, County of Orange, State of California, as per Map recorded in Book 20, Page 6 of Miscellaneous Maps, in the office of the County Recorder of said County.

12902 7th Street
090-173-040

Parcel 1
The North 50.00 feet of the south 410.00 feet of the west one-half of Block 5 of Garden Grove Home Tract, in the City of Garden Grove, County of Orange, State of California, as shown on a Map thereof recorded in Book 4, Page 57 of Miscellaneous Maps, records of said Orange County.

Parcel 2
The North 4.00 feet of Lot 1 of Tract 644, in the City of Garden Grove, County of Orange, State of California, as shown on a Map thereof recorded in Book 20, Page 6 of Miscellaneous Maps, records of said Orange County.

12911 7th Street
090-172-18

Lot 15, Tract 431, in the City of Garden Grove, County of Orange, State of California, as per map recorded in Book 16, page 49 of Miscellaneous Maps, in the office of the County Recorder of said County.

Vacant Lot
090-172-15

Lot 18, Tract 431, in the City of Garden Grove, County of Orange, State of California, as per map recorded in Book 16, page 49 of Miscellaneous Maps, in the office of the County Recorder of said County.

12911 8th Street
090-173-16

Lot 13 of Tract No. 644, in the City of Garden Grove, County of Orange, State of California, as per Map recorded in Book 20, Page 6 of Miscellaneous Maps in the office of the County Recorder of said County.

11352 Acacia
090-172-29

Lot 6 of Tract No. 431, in the City of Garden Grove, County of Orange, State of California, as per Map recorded in Book 16, Page 49 of Miscellaneous Maps in the office of the County Recorder of said County.

Except the south 10 feet thereof.

12941 9th Street
090-174-10

That portion of Block 6 of the Garden Grove Home Tract, as shown on a map recorded in Book 4, Page 57 of Miscellaneous Maps, records of Orange County, California, described as follows:

Beginning at a point in the East line of said Block 6, which point is 166 feet southerly from the intersection of the east line with the easterly extension of the south line of Lot 7 of Tract No. 631, as shown on a map recorded in Book 20, Page 26 of Miscellaneous Maps, records of Orange County, California, said point being also the southeast corner of the land conveyed to Robert E. Schrandt and wife by deed recorded March 25th, 1949 in Book 1820, Page 207, of official records; thence west parallel to the south line of said Lot 7 and the easterly prolongation thereof 145.67 feet, more or less, to the southwest corner of said land conveyed to Schrandt; thence south along the southerly extension of the westerly line of said Lot 7, 75.03 feet to a point in a line which is parallel to and distant 125 feet northerly of the south line of said block 6; thence easterly along said parallel line 145.67 feet to the east line of said Block 6; thence north 75.03 to the point of beginning.

11412 Acacia Parkway
090-173-22

The east one-half of Block 5 of Garden Grove Home Tract, in the City of Garden Grove, County of Orange, State of California, as per map recorded in Book 4, Page 67 of Miscellaneous Maps, records of said County.

Excepting therefrom the south 460.00 feet.

Also excepting therefrom the west 50.00 feet.

12932 8th Street
090-174-05

That portion of Block 6 of the Garden Grove Home Tract, as shown on a map recorded in Book 4, Page 57 of miscellaneous Maps, records of Orange County, California, described as follows:

Beginning at a point on the west line of said Block 6, which point is 132.36 feet southerly from the intersection of said west line with the westerly extension of the south line of Lot 8 of Tract No. 631,

ATTACHMENT NO. 1

Page 3 of 1

as shown on a map recorded in Book 20, Page 26 of Miscellaneous Maps, records of Orange County, California; thence east 10.00 feet to the southwest corner of the land conveyed to Raymond F. Hepp and wife by deed recorded June 30, 1948, in Book 1661, Page 385 of official records; thence east along the southerly line of said land conveyed to Hepp 135.66 feet to the southeast corner thereof; thence south along the southerly extension of the easterly line of said Lot 8, 53.00 feet; thence west parallel with the south line of said Lot 8, 145.66 feet to a point in the west line of said Block 6; thence north 53.00 feet to the point of beginning.

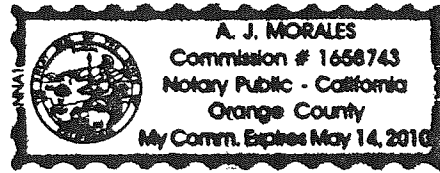
ACKNOWLEDGMENT

State of: California
County of: ORANGE

On April 24, 2007, before me A. J. MORALES, Notary Public
(here insert name and title of the officer)
personally appeared MATTHEW FERTAL

Personally known to me (~~or proved to me on the basis of satisfactory evidence~~)
to be the person (s) whose name (s) (s) 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 be half of which the person (s) acted, executed
the instrument.

WITNESS my hand and official seal



Signature *A. J. Morales*
A. J. MORALES

(Seal)

GARDEN GROVE HOUSING AUTHORITY

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the Grant Deed dated March 13, 2007 from Garden Grove Agency for Community Development, a public body, corporate and politic, to the Garden Grove Housing Authority ("Authority"), a public body, corporate and politic, is hereby accepted by the undersigned officer or agent on behalf of the Authority pursuant to authority conferred by Resolution No. 157 of the Authority adopted on March 27, 2007, and the Authority, as grantee, consents to recordation thereof by its duly authorized officer.

GARDEN GROVE HOUSING AUTHORITY,
A public body, corporate and politic

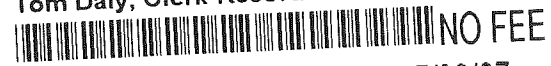
DATED: May 24, 2007 BY: Kathleen Bailor

Deputy Secretary

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Garden Grove Agency for Community Development
11222 Acacia Parkway
Garden Grove, California 92842
Attention: Agency Director

Recorded in Official Records, Orange County
Tom Daly, Clerk-Recorder



2007000345821 10:40am 05/30/07

111 159 A12 12

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)
This document is exempt from payment of a recording fee pursuant to Government Code §§ 6103 and 27383.

REGULATORY AGREEMENT

CONFORMED COPY

This REGULATORY AGREEMENT ("Agreement") is hereby made as of 3-13, 2007, by the GARDEN GROVE HOUSING AUTHORITY, a public body, corporate and politic ("Authority"), and the GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public body corporate and politic ("Agency").

RECITALS

A. Agency and Authority have entered into that certain "Affordable Housing Agreement" dated as of March 13, 2007, for the conveyance of certain real property ("Property") located in the City of Garden Grove ("City") from Agency to Authority.

B. The Affordable Housing Agreement contains certain restrictions on the maximum allowable rent which may be charged to tenants of the single family houses located on the Property ("Houses"). Authority is required to record such covenants in the office of the county recorder for each of the Houses, and to ensure that such covenants and restrictions shall run with the land and be enforceable by Agency against Authority and its successors in interest.

C. By this Agreement, the parties desire to set forth and record such restrictions with respect to certain parcels of real property located in the City (collectively, the "Property"), as legally described in the "Legal Description" attached hereto as Attachment No. 1 and incorporated herein by reference. The Property consists of ten parcels that are improved with eleven single family residences (each, a "House"; collectively, "Houses") and two parcels that are vacant ("Vacant Parcels").

NOW, THEREFORE, Authority and Agency hereby agree as follows:

1. Use In Conformance with Plan and Agreement. Authority covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof that Authority and all such successors and assigns shall use, operate and maintain the Property in conformity with this Agreement, the Affordable Housing Agreement, the Redevelopment Plan, the Housing Authorities Law, and the Community Redevelopment Law, including the provisions therein relating to low and moderate income housing, for the periods of time specified herein.

2. **Affordable Rental Housing.**

a. **Affordable Unit.** Authority agrees to make available, restrict occupancy to, and rent each House to qualified Low Income Households at an Affordable Rent pursuant to the Housing Authorities Law. In the event a House is occupied by tenant(s) pursuant to rental agreement(s) or leases(s) entered into with Agency prior to the Conveyance to Authority, then to the extent most reasonably practicable and in compliance with applicable laws and regulations eviction of existing tenants shall be reasonably avoided. Tenant(s) of a House which previously qualified for tenancy as Low to Moderate income households in conformity with the applicable laws and the rental agreement or lease, should not be evicted if the sole basis for eviction is the tenant household's increase in income to a level that exceeds the maximum amount set forth for Low Income Households pursuant to the Housing Authorities Law..

b. **Lease Requirements.** Prior to rental or lease of a House, Authority shall submit a standard lease or rental agreement form to the Agency Director (or his designee) for review and approval. The Agency Director, or designee, shall reasonably approve or disapprove such form of lease or rental agreement based upon whether the form and content are consistent with this Agreement and applicable laws and regulations. Authority shall enter into a lease or rental agreement with a tenant for a House only pursuant to an Agency-approved form. Authority may, at its sole option, hire City (or Agency) to manage the Houses as affordable rental units in compliance with the Housing Authorities Law; provided however, the City (or Agency) shall manage the Houses in accordance with this Agreement.

c. **Duration of Affordability Requirements.** Authority agrees to make reasonable efforts to ensure that the Houses are made available to and rented or leased to qualified Low Income Households at an Affordable Rent in accordance with this Section 3.2 for the period during which the Houses remain decent, safe, sanitary, and suitable for habitation, taking into consideration the age and condition of each House. The duration of this requirement shall be known as the "Affordability Period."

Agency and Authority acknowledge that the Houses are old, and may require rehabilitation and/or demolition during Authority's term of ownership thereof. The parties further acknowledge and agree that in the event any House becomes and is no longer decent, safe and sanitary housing suitable for residential use and occupancy without extensive and/or expensive repairs and rehabilitation, then the Housing Authority may use such House or make such House available for other purposes in accordance with applicable laws, including the reconveyance of the House to Agency to carry out redevelopment purpose as allowed by Health and Safety Code Section 33220.

d. **Selection of Tenants.** Each House, if occupied by a current Agency tenant, shall continue to be rented to that tenant pursuant to the existing rental agreement and any supplement or amendment to cause the landlord – tenant relationship to reflect the Authority's ownership. If a House is vacant, then the subsequent lease or rental of the House shall be to pre-screened, qualified tenant(s) selected by Authority who meet all of the requirements provided herein. Agency may, from time to time, assist in the leasing of the Houses by providing to Authority names of persons who have expressed interest in renting a House. Authority shall adopt a tenant selection system, which shall be approved by the Agency Director, or his designee. The tenant selection system shall include, without limitation, a method for review and investigation of the credit history of each proposed tenant household through obtaining a credit report on the proposed tenant and its adult

household members. To the extent permitted by law, first priority in the selection of tenants shall be given to those qualified applicants who have been displaced by Agency or Authority projects, if any.

e. Income of Tenants. Prior to the rental or lease of a House to a tenant, and annually thereafter, Authority shall obtain an income certification from the tenant of each House. Authority shall verify the income of the tenant in one or more of the following methods:

1. obtain two (2) paycheck stubs from the tenant's two (2) most recent pay periods, if any.
2. obtain a true copy of an income tax return from the tenant for the most recent tax year in which a return was filed.
3. obtain an income verification certification from the employer of the tenant.
4. obtain an income verification certification from the Social Security Administration and/or the California Department of Social Services if the tenant receives assistance from such agencies.
5. obtain a credit report from a commercial credit reporting agency.
6. obtain an alternate form of income verification reasonably requested by Authority, if none of the above forms of verification is available to Authority.

A person or family who (i) at the time of income certification qualified as a Low Income Household or (ii) occupied a House prior to the Conveyance shall continue to be deemed qualified as a Low Income Household until such time as the person or family's income is re determined and certified and the tenant household is determined by Authority to no longer be so qualified, even if such person or family's income has subsequently increased to an amount above the applicable income level. Notwithstanding Authority's determination that a tenant household is no longer qualified as a Low Income Household, Authority will not evict any tenants unless reasonable cause exists for such eviction, in accordance with the provisions of Health and Safety Code Sections 34331(a) and 34312.3(c)(5), and such tenant shall be allowed to continue renting the House at an Affordable Rent, if such tenant is a Moderate Income Household, and at a fair market rent, if such tenant's income exceeds the income set forth for a Moderate Income Household, until such time as the tenant chooses to vacate the House or Authority determines that reasonable cause exists to notify the tenant of an alleged default under the lease or rental agreement, and if not timely or properly cured to commence eviction proceedings to cause removal of such tenant. The tenant lease or rental agreement shall contain the above provisions. In addition, Authority shall annually submit to Agency a certification of the number of Houses actually occupied, along with copies of the verification and recertification of tenants as Low Income Households, or Moderate Income Households, or other income level, in a form of a certificate provided by Agency.

f. Determination of Affordable Rent for the Houses. Each House shall be rented at an "Affordable Rent," which shall be established by Agency as provided herein. The Affordable Rent for each House shall be determined according to the income of the tenant household of that House, in accordance with the formulas set forth in Health and Safety Code Section 50053. The maximum monthly rental amount for the Houses shall be as follows:

(i) for Low Income Households, not greater than the lesser of (a) fair market rent, as reasonably determined by Authority, (b) thirty percent (30%) of sixty percent (60%) of Orange County median income for a household size appropriate for the House, or (c) for those lower income households with gross incomes that exceed sixty percent (60%) of Orange County median income adjusted for family size, Authority at its option may establish the Affordable Rent at a level not to exceed 30 percent of gross income of the household.

(ii) for Moderate Income Households, not greater than the lesser of (a) fair market rent, as reasonably determined by Authority, (b) thirty percent (30%) of one hundred ten percent (110%) of Orange County median income for a household size appropriate for the House, or (c) for those lower income households with gross incomes that exceed one hundred ten percent (110%) of Orange County median income adjusted for family size, Authority at its option may establish the Affordable Rent at a level not to exceed 30 percent of gross income of the household.

(iii) for households whose income has exceeded the income set forth for a Moderate Income Household, not greater than a fair market rent for the House, as reasonably determined by Authority.

For purposes of this Section 2, "rent" means the total of monthly payments for (a) use and occupancy of each House and land and facilities associated therewith, (b) any separately charged fees or service charges assessed by Authority which are required of all tenants, other than security deposits, (c) a reasonable allowance for an adequate level of service of utilities not included in (a) or (b) above, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuels, but not including telephone service, and (d) possessory interest, taxes or other fees or charges assessed for use of the land and facilities associated therewith by a public or private entity other than Authority. Agency may in its discretion base the utilities allowance on a utilities allowance adopted in connection with the Section 8 program administered by the United States Department of Housing and Urban Development. Household size appropriate for the House shall mean two persons for a one bedroom House, three persons for a two bedroom house, and four persons for a three bedroom House. Nothing in this Agreement shall be construed to prohibit Authority from establishing rents at amounts which are lower than the maximum monthly rental amounts set forth above.

g. Use of Revenues. To the greatest extent practicable, Authority shall use the proceeds obtained from the operation of the Houses as an affordable rental unit to maintain and rehabilitate the Houses subject to the Affordable Housing Agreement for the purpose of maintaining the suitability of each of the Houses for use as affordable rental housing for the longest practicable time. In the event Authority receives excess revenues from the use and operation of the Houses over what is needed for the maintenance and rehabilitation of the Houses, Authority shall use such excess revenues to provide housing for Low Income Households as set forth in the Housing Authorities Law.

3. Vacant Parcels. Authority shall use the Vacant Parcels for any purpose permitted by the Housing Authorities Law, including Section 34315 (b) and (c).

4. Occupancy Standards. Occupancy of a one bedroom House shall be limited to three persons, occupancy of a two bedroom House shall be limited to five persons, and occupancy of a three bedroom House shall be limited to seven persons.

5. Management and Maintenance. Authority shall manage and maintain the Houses in conformity with the Garden Grove Municipal Code. The following standards shall be complied with by Authority and its maintenance staff, contractors and subcontractors:

a. Authority shall maintain the Houses in a safe and sanitary fashion and in first class condition for single family houses of their age and type.

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

c. Clean up maintenance shall include, but not be limited to: maintenance of all private paths, parking areas, driveways and other paved areas in clean and weed free condition; maintenance of all such areas clear of dirt, mud, trash, debris or other matter which is unsafe or unsightly; removal of all trash, litter and other debris from improvements and landscaping prior to mowing; clearance and cleaning of all areas maintained prior to the end of the day on which the maintenance operations are performed to ensure that all cuttings, weeds, leaves and other debris are properly disposed of by maintenance workers.

d. All maintenance work shall conform to all applicable federal and state Occupation Safety and Health Act standards and regulations for the performance of maintenance.

e. Any and all chemicals, unhealthful substances, and pesticides used in and during maintenance shall be applied only by persons possessing valid California applicators licenses, and in strict accordance with all governing regulations. Precautionary measures shall be employed recognizing that all areas are open to public access.

f. Authority shall make such capital repairs to the Houses as are necessary, including the following: carpet and drape replacement; appliance replacement; exterior painting, hot water heater replacement; plumbing fixtures replacement, including tubs and showers, toilets, lavatories, sinks, faucets; air conditioning and heating replacement; asphalt repair and replacement, and seal coating; roofing repair and replacement; landscape tree replacement and irrigation pipe and controls replacement; gas line pipe replacement; and lighting fixture replacement.

Management and maintenance may be overseen by Agency or its designee and, if the above standards are breached, after notice and opportunity to cure within the time set forth in this paragraph, Agency or its designee may in its reasonable discretion direct Authority to and Authority shall hire a management company acceptable to Agency to manage the Houses. If, at any time, Authority or the management company fails to adequately maintain such areas, and such condition is not corrected immediately upon notice of an imminent threat to health and safety or after expiration of thirty (30) days from the date of written notice from Agency for all other violations, Agency may (but shall not be obligated to) perform the necessary maintenance and Authority shall pay such costs as are reasonably incurred for such maintenance.

6. Rights of Access. Agency, for itself and for the City and other public agencies, at their sole risk and expense, shall have the right to inspect the Property. Any such inspection shall be

made only after reasonable notice to Authority. Upon receipt of such notice, Authority agrees to cooperate with Agency in making the Property available for inspection by Agency and/or City. Authority acknowledges and agrees that if for any reason Authority fails to consent to such entry or inspection, Agency may obtain an administrative inspection warrant or take such other legal actions as may be necessary to gain entry to and inspect the Property. Agency shall indemnify and hold Authority harmless from any costs, claims, damages or liabilities pertaining to any entry.

7. **Nondiscrimination.** Authority 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 Authority relating to the Property, or any part thereof, 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."

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 House, and any successor in interest to the House. The covenants against discrimination shall remain in effect in perpetuity. Nothing in this Section 6 shall give Authority any rights to convey a fee or leasehold interest in the House.

8. Effect of Violation of the Terms and Provisions of this Agreement. The covenants established in this Agreement shall, without regard to technical classification and designation, shall run with the land and be binding upon and for the benefit and in favor of Authority, Agency, its respective successors and assigns, as to those covenants which are for their benefit. The covenants contained in this Agreement shall remain in effect until the expiration of the Affordability Period. The covenants against discrimination shall remain in effect in perpetuity. 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. This Agreement and the covenants shall run in favor of Agency, without regard to whether Agency has been, remains or is an owner of any land or

interest therein or in the House or the Redevelopment Project Area. Agency shall have the right, if this Agreement is 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.

IN WITNESS WHEREOF, Agency and Authority have executed this Agreement as of the date first set forth above.

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

By: Matthew Furtak
Agency Director

ATTEST:

Quint C. Jones
Agency Secretary

APPROVED AS TO FORM:

V. Stocklin
Stradling Yocca Carlson & Rauth,
Agency Special Counsel

AUTHORITY:

GARDEN GROVE HOUSING AUTHORITY,
a public body, corporate and politic

By: Matthew Furtak
Authority Executive Director

ATTEST:

Quint C. Jones
Authority Secretary

APPROVED AS TO FORM:

John F. Jones
Authority Legal Counsel

ATTACHMENT NO. 1

LEGAL DESCRIPTION

That real property located in the State of California, County of Orange, City of Garden Grove, and described as follows:

Vacant Lot
090-174-07

The east 111.00 feet of the west 121.00 feet of the south 125.00 feet, in block 6 of Garden Grove home tract, in the City of Garden Grove, County of Orange, State of California, as per map recorded in book 4, page 57 of Miscellaneous Maps, in the office of the county recorder of said county.

12942 8th Street
090-174-06

That portion of Block 6 of the Garden Grove Home Tract, in the City of Garden Grove, County of Orange, State of California, as shown on a Map recorded in Book 4, Page 57 of Miscellaneous Maps, records of Orange County, California, described as follows:

Beginning at a point in the West line of said Block 6, which point is 185.36 feet southerly form the intersection of said West line with the Westerly extension of the South line of Lot 8 of tract No. 631, as shown on a Map recorded in Book 20, Page 26 of said Miscellaneous Maps, said point being the Southwest corner of the land conveyed to John Matthews and wife by deed recorded July 12, 1958 in Book 1668, Page 32 of Official Records of said Orange County; thence South along the West line of said Block 6 a distance of 55.80 feet to a point 125.00 feet North of the Southwest corner of said Block 6; thence East 10.00 feet to the Northwest corner of land conveyed to C. Lowell Clarke and wife by deed recorded July 21, 1943 in Book 1197, Page 472 of Official Records; thence continuing East along the North line of said land conveyed to Clarke and the Easterly extension thereof, 135.66 feet; thence North 55.80 feet to the Southeast corner of said land conveyed to John Matthews and wife; thence West along the South line of said land conveyed to Matthews and wife 145.66 feet to the point of beginning.

12932 7th St
090-173-07

Lot 3 and the North 4 feet of Lot 4 of Tract No. 644, in the City of Garden Grove, County of Orange, State of California, as shown on a Map recorded in Book 20, Page 6 of Miscellaneous Maps, Records of Orange County, California, excepting therefrom the North 8.5 feet of said Lot 3.

11391 Garden Grove Blvd.
090-173-11

Lot 8 and the Easterly 30.00 feet of Lot 7 of Tract No. 644, the the City of Garden Grove, County of Orange, State of California, as per Map recorded in Book 20, Page 6 of Miscellaneous Maps, in the office of the County Recorder of said County.

12902 7th Street
090-173-040

Parcel 1
The North 50.00 feet of the south 410.00 feet of the west one-half of Block 5 of Garden Grove Home Tract, in the City of Garden Grove, County of Orange, State of California, as shown on a Map thereof recorded in Book 4, Page 57 of Miscellaneous Maps, records of said Orange County.

Parcel 2
The North 4.00 feet of Lot 1 of Tract 644, in the City of Garden Grove, County of Orange, State of California, as shown on a Map thereof recorded in Book 20, Page 6 of Miscellaneous Maps, records of said Orange County.

12911 7th Street
090-172-18

Lot 15, Tract 431, in the City of Garden Grove, County of Orange, State of California, as per map recorded in Book 16, page 49 of Miscellaneous Maps, in the office of the County Recorder of said County.

Vacant Lot
090-172-15

Lot 18, Tract 431, in the City of Garden Grove, County of Orange, State of California, as per map recorded in Book 16, page 49 of Miscellaneous Maps, in the office of the County Recorder of said County.

12911 8th Street
090-173-16

Lot 13 of Tract No. 644, in the City of Garden Grove, County of Orange, State of California, as per Map recorded in Book 20, Page 6 of Miscellaneous Maps in the office of the County Recorder of said County.

ATTACHMENT NO. 1

11352 Acacia
090-172-29

Lot 6 of Tract No. 431, in the City of Garden Grove, County of Orange, State of California, as per Map recorded in Book 16, Page 49 of Miscellaneous Maps in the office of the County Recorder of said County.

Except the south 10 feet thereof.

12941 9th Street
090-174-10

That portion of Block 6 of the Garden Grove Home Tract, as shown on a map recorded in Book 4, Page 57 of Miscellaneous Maps, records of Orange County, California, described as follows:

Beginning at a point in the East line of said Block 6, which point is 166 feet southerly from the intersection of the east line with the easterly extension of the south line of Lot 7 of Tract No. 631, as shown on a map recorded in Book 20, Page 26 of Miscellaneous Maps, records of Orange County, California, said point being also the southeast corner of the land conveyed to Robert E. Schrandt and wife by deed recorded March 25th, 1949 in Book 1820, Page 207, of official records; thence west parallel to the south line of said Lot 7 and the easterly prolongation thereof 145.67 feet, more or less, to the southwest corner of said land conveyed to Schrandt; thence south along the southerly extension of the westerly line of said Lot 7, 75.03 feet to a point in a line which is parallel to and distant 125 feet northerly of the south line of said block 6; thence easterly along said parallel line 145.67 feet to the east line of said Block 6; thence north 75.03 to the point of beginning.

11412 Acacia Parkway
090-173-22

The east one-half of Block 5 of Garden Grove Home Tract, in the City of Garden Grove, County of Orange, State of California, as per map recorded in Book 4, Page 67 of Miscellaneous Maps, records of said County.

Excepting therefrom the south 460.00 feet.

Also excepting therefrom the west 50.00 feet.

12932 8th Street
090-174-05

That portion of Block 6 of the Garden Grove Home Tract, as shown on a map recorded in Book 4, Page 57 of miscellaneous Maps, records of Orange County, California, described as follows:

Beginning at a point on the west line of said Block 6, which point is 132.36 feet southerly from the intersection of said west line with the westerly extension of the south line of Lot 8 of Tract No. 631, as shown on a map recorded in Book 20, Page 26 of Miscellaneous Maps, records of Orange County,

ATTACHMENT NO. 1

California; thence east 10.00 feet to the southwest corner of the land conveyed to Raymond F. Hepp and wife by deed recorded June 30, 1948, in Book 1661, Page 385 of official records; thence east along the southerly line of said land conveyed to Hepp 135.66 feet to the southeast corner thereof; thence south along the southerly extension of the easterly line of said Lot 8, 53.00 feet; thence west parallel with the south line of said Lot 8, 145.66 feet to a point in the west line of said Block 6; thence north 53.00 feet to the point of beginning.

ATTACHMENT NO. 1