

RESOLUTION NO. 2010-642

Adopted by the Sacramento City Council

November 9, 2010

BROADWAY AND MARTIN LUTHER KING JUNIOR BOULEVARD: APPROVAL AND ADOPTION OF 33433 REPORT; APPROVAL OF A LOAN UP TO \$5,325,000 (COMPRISED OF CITY HOME INVESTMENT PARTNERSHIP PROGRAM FUNDS (HOME), CITY AGGREGATED LOW/MODERATE HOUSING TAX INCREMENT FUNDS (AGGREGATED LOW/MOD TI), OAK PARK TAX INCREMENT FUNDS (OAK PARK TI), AND TAX ALLOCATION REVENUE BONDS (TARB) WITH THE RELATED COMPANIES OF CALIFORNIA, LLC OR RELATED ENTITY; AND RELATED BUDGET AMENDMENT

BACKGROUND

- A. Related Companies of California, LLC or related entity (Developer) desires to acquire land owned by the Redevelopment Agency of the City of Sacramento (Redevelopment Agency) to develop a mixed-use complex (Project) at the intersection of Broadway and Martin Luther King, Junior Boulevard (MLK) in the City of Sacramento and within the Oak Park Redevelopment Project Area.
- B. The Redevelopment Agency and Developer desire to enter into a Disposition and Development Agreement (DDA), which DDA would convey fee interest in the Property, as more specifically described in the DDA, and which would require the improvements within the Property, as further described in the DDA (collectively, "Project").
- C. The Project would provide 56 units of affordable housing and approximately 3,000 square feet of retail space which will assist in eliminating blighting influences, promoting quality infill development through a variety of housing types and encouraging quality mixed-use projects, and more specifically facilitate the development for the construction of a mixed-use project at the southeast corner of Broadway and MLK on a site owned by the Redevelopment Agency in furtherance of the Oak Park Redevelopment Project Area Implementation Plan.
- D. Redevelopment Agency desires to originate an internal Agency advance in the amount of Eight Hundred Thirty Nine Thousand Four Hundred Dollars (\$839,400) of Oak Park TI funds to the City Aggregated Low/Mod TI fund to be repaid from City Aggregated Low/Mod TI funds.
- E. The Developer has applied for seller carry-back financing in the amount of Seven Hundred Twenty- Eight Thousand (\$728,000) to finance the cost of the land acquisition and an allocation of One Million Five Hundred Eighty Thousand Dollars (\$1,580,000) in City HOME funds, Eight Hundred Forty Three Thousand Two Hundred Dollars (\$843,200) in Aggregated Low/Mod TI, Five Hundred Twenty Five

Thousand Dollars (\$525,000) in Oak Park TI, and Two Million Three Hundred Seventy Six Thousand Eight Hundred Dollars (\$2,376,800) in 2005 Oak Park TARB to assist in funding the construction and permanent financing of the Project.

- F. The Project qualifies for HOME, Low/Mod TI, Oak Park TI, and TARB funds under Agency guidelines and would be an appropriate use of these funds.
- G. A report under Health and Safety Code has been prepared, filed with the Agency Clerk and duly made available for public review, a copy of which report ("33433 Report") is attached as Exhibit B and incorporated in this resolution by this reference, and, proper notice having been given, a hearing has been held in accordance with Health and Safety Code Sections 33431 and 33433.
- H. The Project was analyzed in accordance with the California Environmental Quality Act (CEQA), and a Categorical Exemption was prepared pursuant to CEQA Guidelines Section 15332. The Notice of Exemption was adopted and the Project was approved by City Planning Commission on September 23, 2010. The proposed actions delegating authority to enter into loan agreements with and transfer the property to the project applicant do not constitute a new project or substantive changes or modifications to the project as previously analyzed. Because there is neither any new information of substantial importance nor any substantial changes with respect to the circumstances under which the project will be undertaken that would require preparation of supplemental environmental documentation, the recommended actions do not require further environmental review pursuant to CEQA Guidelines Section 15162 or 15163.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The proposed action is categorically exempt from CEQA pursuant to CEQA Guidelines Section 15332.
- Section 2. The Redevelopment Agency and Developer desire to enter into a Disposition and Development Agreement ("DDA"), which DDA would convey fee interest in the Property, as more specifically described in the DDA, and which would require the improvements within the Property, as further described in the DDA (collectively, "Project").
- Section 3. The Property is to be sold to the Developer conditionally on satisfactory completion of the terms in the DDA. The consideration given for the interest conveyed under the DDA is \$728,000, which is not less than the fair market value of the Property.
- Section 4. After due consideration of the report filed with the Agency Clerk, made available to the public pursuant to California Health and Safety Code Section 33433 and attached hereto as Exhibit A, it is determined that the sale of the Property and construction of the Project will remove blighting conditions at the Property and result in the development of affordable housing that will benefit residents in the

Oak Park Redevelopment Project Area and the statements and findings of the 33433 Report are true and correct and are hereby adopted.

- Section 5. The Sacramento Housing and Redevelopment Agency (SHRA) is authorized to amend the budget to allocate up to One Million Five Hundred Eighty Thousand Dollars (\$1,580,000) in HOME funds for the new construction and permanent financing of the Project.
- Section 6. The Loan Commitment Letter, attached as Exhibit B and incorporated in this resolution by this reference, for financing the Project with One Million Five Hundred Eighty Thousand Dollars (\$1,580,000) in City HOME funds, Eight Hundred Forty Three Thousand Two Hundred Dollars (\$843,200) in Aggregated Low/Mod TI, Five Hundred Twenty Five Thousand Dollars (\$525,000) in Oak Park TI, and Two Million Three Hundred Seventy Six Thousand Eight Hundred Dollars (\$2,376,800) in 2005 Oak Park TARB to assist in funding the construction and permanent financing of the Project is approved, and the Agency is authorized to execute and transmit the Loan Commitment to the Developer.
- Section 7. Subject to the satisfaction of conditions in the Loan Commitment, the Agency is authorized to execute any and all documents required for the making of the loan, (including without limitation the documents necessary for the use of the allocated funds and the documents necessary to make and reasonably administer the loan); provided, however, that the loan shall be made on the terms set out in the Loan Commitment. Agency Counsel shall prepare the Loan documents on standard agency loan document forms kept on file with the Agency Clerk. As stated in the Loan Commitment, the loan shall be up to Five Million Three Hundred Twenty Five Thousand Dollars (\$5,325,000).
- Section 8. The Agency is authorized to enter into and execute other documents and perform other actions necessary to fulfill the intent of this resolution, the DDA, and the Loan Commitment that accompanies this resolution, in accordance with their respective terms, and to ensure proper repayment of the Agency funds including without limitation, subordination, extensions, and restructuring of such a loan.
- Section 9. The Agency is authorized to make technical amendments to said agreements and documents with approval of Agency Counsel, which amendments are in accordance with the Loan Commitment, with Agency policy, with this resolution and with good legal practices for making of such a loan.

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Exhibit A – Report under Health and Safety Code Section 33433

Exhibit B – Loan Commitment Letter

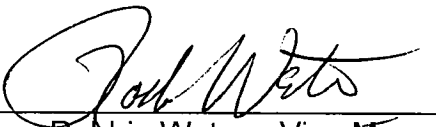
Adopted by the City of Sacramento City Council on November 9, 2010 by the following vote:

Ayes: Councilmembers Cohn, Fong, Hammond, McCarty, Sheedy, Waters.

Noes: None.

Abstain: None.

Absent: Councilmembers Pannell, Tretheway, and Mayor Johnson.


Robbie Waters, Vice-Mayor

Attest:


Shirley Concolino, City Clerk

Report Regarding the Disposition of Property Acquired Directly or Indirectly with Tax Increment Funds (Health & Safety Code Section 33433)

I. Agreement

A copy of the Purchase and Sale or Lease Agreement ("Agreement") disposing of an interest in Agency real property is attached to this Report.

II. Summary of Terms of Disposition

AGENCY'S COST OF ACQUIRING THE LAND	
Purchase Price (or Lease Payments Payable During Agreement)	727,482
Commissions	0
Closing Costs	10,000
Relocation Costs	0
Land Clearance Costs	0
Financing Costs	0
Improvement Costs (e.g. utilities or foundations added)	0
Other Costs	0
TOTAL	\$737,482

ESTIMATED VALUE OF INTEREST CONVEYED	
Value of the property determined at its highest and best use under the redevelopment plan	\$727,500

ESTIMATED REUSE VALUE OF INTEREST CONVEYED	
Value of property determined with consideration of the restrictions and development costs imposed by the Agreement	\$727,500

VALUE RECEIVED ON DISPOSITION	
The purchase price or the total of the lease payments due to the Agency under the Agreement	\$727,500 (55 yr @ 0%)

III. Explanation of Disposition for Less than Full Value

N/A

IV. Elimination of Blight

The subject site is located within the boundaries of the Oak Park Redevelopment Area. The proposed project is consistent with the Oak Park Implementation Plan goal to promote quality infill development through a variety of housing types and encourage quality mixed-use and mixed-income projects, and more specifically to facilitate the development for the construction of a mixed-use project at the southeast corner of Broadway and MLK Jr. Blvd on an Agency owned site. It also meets the following goals in the Oak Park Redevelopment Plan: provide standard housing for all families presently residing in the Oak Park area and, at the same time to increase housing supply, and to provide for new housing construction. On November 9, 2010, the City Council and the Redevelopment Agency of the City of Sacramento will consider the use of tax increment revenues from the Oak Park Tax Increment Fund and the 1999 and 2005 Oak Park TARBs for the purpose of developing this mixed-use development, which would contribute to the elimination of blighting influences and the lack of affordable housing in the area.

Date: October 20, 2010

Oak Park Senior Housing Partners, L.P.
Attn: Steven Oh
18201 Von Karman Avenue, Suite 900
Irvine, CA 92612

RE: Conditional funding commitment, Broadway/Martin Luther King, Junior Boulevard project

Dear Mr. Oh:

On behalf of the Sacramento Housing and Redevelopment Agency and the Redevelopment Agency of the City of Sacramento (collectively, "Agency"), we are pleased to advise you of its commitment of seller carry back acquisition loan funds ("Acquisition Loan") and its commitment of construction and permanent loan funds ("Construction Loan") from the City Aggregated Low/Moderate Housing Tax Increment Flow (Low/Mod TI), Oak Park Tax Increment Funds (TI), Taxable Oak Park Low/Mod Tax Allocation Revenue Bonds (TARB) from the 2005 Issuance, and City Home Investment Partnership Program (HOME) funds for the purpose of financing the acquisition and construction of that certain real property located at the intersection of Broadway and Martin Luther King, Junior Boulevard, Sacramento, California ("Property"). Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of Agency, this commitment is void. Agency's obligation to make the Acquisition Loan and the Construction Loan is subject to satisfaction of all the following terms and conditions and Borrower's execution of documentation that is in a form and in substance satisfactory to the Agency.

The Acquisition Loan and Construction Loan shall be made on standard Agency loan documents. No material loan terms not in this funding commitment and the attached loan document forms shall be included in the final loan documents without additional environmental review and governing board approval with the exception of changes the Agency is authorized to make in accordance with the City Council and Redevelopment Agency resolutions approved on November 9, 2010. In the event of any discrepancies between terms stated in this commitment and the loan documents, the terms stated in the loan commitment letter shall be deemed to be terms of this commitment.

Unless otherwise agreed in writing by the Agency in exercise of its absolute discretion, the following shall be considered conditions to Agency approval of a financing commitment. The

Agency may, in exercise of its absolute discretion, modify its requirements upon written notice to Borrower given at least sixty days prior to close of escrow for the Property.

This commitment will expire December 31, 2011.

1. **PROJECT DESCRIPTION:** The project is acquisition of land and the new construction of a mixed use project consisting of 56 units of senior affordable housing and approximately 3,700 square feet of retail space at Broadway and Martin Luther King, Junior Boulevard, Sacramento, CA.
2. **BORROWER:** The name of the Borrower for the Acquisition Loan and Construction Loan is Oak Park Senior Housing Partners, L.P.
3. **PURPOSE OF LOAN:** The Acquisition Loan and Construction Loan are to be used by Borrower solely to pay the costs of acquisition, predevelopment, and construction, and for such other purposes as Agency expressly agrees to in the loan agreement for the Acquisition Loan and Construction Loan, and such other agreements as may be generally required by the Agency for the use of the funding source for the Acquisition Loan and the Construction Loan. The Acquisition Loan and the Construction Loan shall not be funded, directly or indirectly, with the proceeds of any tax-exempt bonds. If requested by Borrower or Borrower's tax credit equity investor, Agency shall execute a letter at Close of Escrow confirming that the Acquisition Loan and the Construction Loan have not been funded, directly or indirectly, with the proceeds of any tax-exempt bonds.
4. **PRINCIPAL AMOUNT, TERM OF LOAN, and INTEREST RATE:** The principal amount of the Acquisition Loan will be the lesser of (a) Seven Hundred Twenty Eight Thousand Dollars (\$728,000), or (b) an amount to be determined prior to close of the Acquisition Loan based on a project budget approved by Agency. However, the combined indebtedness of the Property must not exceed ninety nine percent (99%) of the appraised value as determined by the Agency. This Acquisition Loan will bear interest of 0% annually and all principal and interest will be due 684 months from the close of the loan, however, if construction financing is received for the project, the maturity date shall be extended, and all principal and interest will be due and payable 684 months from the close of the loan. Monthly payments of principal and interest on the Construction Loan shall begin on month one of year 18 following the close of the loan.

The principal amount of the Construction Loan will be the lesser of (a) Five Million Three Hundred Twenty Five Thousand Dollars (\$5,325,000), or (b) an amount to be determined prior to close of the Construction Loan based on a project budget approved by Agency. However, the combined indebtedness of the Property must not exceed ninety percent (90%) of the appraised value as determined by the Agency. The loan will bear interest of 1.05% annually (interest shall be calculated on the basis of a 365-day year and actual days elapsed) and the term of the loan will be 684 months from the close of the loan. Monthly payments of principal and interest on the Construction Loan shall begin on month one of year 18 following the close of the loan.

Year	Months	Monthly Pmt
18	205-216	\$ 3,154
19	217-228	3,318
20	229-240	3,487
21	241-252	3,661
22	253-264	3,840
23	265-276	4,025
24	277-288	4,216
25	289-300	4,412
26	301-312	4,615
27	313-324	4,824
28	325-336	5,039
29	337-348	5,261
30	349-360	5,490
31	361-372	5,725
32	373-384	5,969
33	385-396	6,219
34	397-408	6,477
35	409-420	6,744
36	421-432	7,018
37	433-444	7,301
38	445-456	7,592
39	457-468	7,893
40	469-480	8,202
41	481-492	8,522
42	493-504	8,851
43	505-516	9,190
44	517-528	9,539
45	529-540	9,900
46	541-552	10,271
47	553-564	10,654
48	565-576	11,048
49	577-588	11,455
50	589-600	11,874
51	601-612	12,305
52	613-624	12,750
53	625-636	13,209
54	637-648	13,682
55	649-660	14,169
56	661-672	14,671
57	673-683	15,189
57	684	remaining balance due

If Borrower is unable to make payments to the Agency for three consecutive years, the Agency in its sole discretion may allow deferment of loan payments for up to five consecutive years. At the end of the five year period, the Borrower will resume the loan

repayment according to the preceding schedule and the accrued interest will be due on the loan maturity date.

5. **SOURCE OF LOAN FUNDS:** The Acquisition Loan will be financed through Agency seller carry back financing. The Construction Loan will be funded with the following sources of funds and is subject to all requirements related to the use of such, whether Agency requirements or otherwise: City Low/Mod TI, Oak Park TI, Oak Park TARB, City HOME funds, and proceeds from the sale of Agency-owned land. City HOME funds shall assist 11 or fewer units, and therefore the provisions of the Davis-Bacon Act (40 U.S.C. 276a-5) requiring the payment of not less than the wages prevailing in the locality for projects including 12 or more units assisted with HOME funds shall not apply. The HOME units at the project shall be "floating" such that the number of HOME units of an affordability level and bedroom type remains the same, but the actual designated unit may change from time to time. The Agency hereby acknowledges, agrees and represents that the Acquisition Loan and the Construction Loan shall be below market interest rate loans for purposes of Labor Code Section 1720(c)(6)(E), and that such Acquisition Loan and such Construction Loan shall not trigger prevailing wage. This Acquisition Loan and Construction Loan is conditioned upon Borrower's acceptance of Agency's requirements and conditions related to such lending programs and funding sources, including among others, the required forms of agreements for the Acquisition Loan and the Construction Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements, all as mutually agreed to by Agency and Borrower.

Borrower acknowledges that, as a condition of the Agency's making of the Acquisition Loan and Construction Loan, the Property will be subject to restrictions on future sales and rentals which may result in less income to Borrower than could otherwise be realized, and that such restrictions run with the land, and during their operational term, will bind all successors in interest.

_____ (Borrower Initial)

Borrower acknowledges that every contract for new construction or rehabilitation construction of housing that includes 12 or more units assisted with HOME funds will contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276a-5), to all laborers and mechanics employed in the development of any part of the housing. Such contracts must also be subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708); (24 C.F.R. 92.354). Borrower also acknowledges that any project containing a "subsidy" may be subject to state prevailing wages, which are the responsibility of the Borrower and Borrower's contractor.

_____ (Borrower Initial)

6. ACCELERATION: Agency shall have the right to accelerate repayment of the Acquisition Loan and the Construction Loan in the event of a default under any Acquisition Loan document or Construction Loan document or upon sale, transfer or alienation of the Property except as specifically provided for in the loan documents.
7. SECURITY: The Acquisition Loan and Construction Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements which shall be subject only to liens senior to Agency's lien and such other items as the Agency may approve in writing. The Acquisition Loan and the Construction Loan shall also be secured by security agreements. The Agency agrees to subordinate said deeds of trust to the Commercial Construction Loan upon Agency's review and approval of the Commercial Construction Loan documents in order to accommodate completion of construction of the Property.
8. LEASE AND RENTAL SCHEDULE: Upon request, Agency shall have the right to review all leases of the Property and Improvements prior to execution. Borrower shall not deviate from the rental schedule presented in the staff report accompanying approval of this Loan Commitment Letter for the Acquisition Loan and the Construction Loan without Agency's prior written approval; provided, however, that such approval shall not be required for annual adjustments to rental rates as permitted by the California Tax Credit Allocation Committee.
9. PROOF OF EQUITY: Borrower shall provide proof of equity for the Property and Improvements in the amount of a minimum of \$7,500,000 in Low Income Housing Tax Credit equity.
10. OTHER FINANCING: Borrower, as a requirement of the Acquisition Loan and the Construction Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the following described financing which may be secured by a lien upon the Property and Improvements superior to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:
 - (1) Construction financing from a private lender(s) in an amount(s) sufficient to complete construction of the Property according to a scope of work as approved by Agency and made for a term not less than that specified in the Schedule of Performances for completion of construction, and in any event not less than the time necessary to fulfill all conditions precedent to funding of the permanent financing.

Permanent financing in the form of deferred payments of equity, if applicable

Such commitments for financing shall not require modification of Agency loan documents, or any term of this commitment letter.

Such commitments shall not be based upon sources and uses of Project funds that are different from those approved by Agency for the project or be subject to conditions which require amendment of the DDA, OPA or other agreements.

11. EVIDENCE OF FUNDS: Prior to the first disbursement of the Acquisition Loan or the Construction Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's evidence of available funds must include only one or more of the following: a) Borrower equity (which may be evidenced by delivery to the Agency of a tax credit reservation letter for the project and an executed copy of the Partnership Agreement at close of Escrow); b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its reasonable discretion; and c) Agency's contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter. The Lender shall be a federal or state chartered financial institution, a pension fund, an insurance company or such other lender which Agency may approve in writing in advance.
12. LOAN IN BALANCE: Borrower will be required to maintain the Construction Loan "in balance". The Construction Loan is "in balance" whenever the amount of the undisbursed funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders and equity investors and net operating income are sufficient, in the sole judgment of the Agency, to pay for the remainder of the work to be done on the project as required by written agreement with the Agency. Should the Agency determine that the Construction Loan is not "in balance" after the applicable cure period, the Agency may declare the Construction Loan to be in default.
13. PLANS AND SPECIFICATION: Final plans and specifications for the project must be in accord with the proposal approved as part of the Acquisition Loan and the Construction Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursal of Agency funds. As provided in the DDA, Borrower must obtain Agency's prior written consent to any material change in the approved plans and specifications or any material deviation in construction of the project.
14. ARCHITECTURAL AGREEMENT: The architectural agreement ("Agreement") for the preparation of the plans and specifications and other services shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Acquisition Loan and the Construction Loan.
15. CONSTRUCTION CONTRACT: The construction contract ("Contract"), and any change orders issued thereunder, and the contractor ("Contractor") to be retained by Borrower to construct the Improvements shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Contract as security for the Acquisition Loan and the Construction Loan.

16. RETENTION AMOUNT: The Agency shall retain ten percent (10%) as retention from each construction related disbursement, not to exceed a total of ten percent (10%) of the total amount of the Construction Loan.
17. COST BREAKDOWN: Borrower shall deliver to Agency for Agency's approval prior to commencement of work a detailed cost breakdown of the cost of constructing, financing and other costs of developing the Improvements, which breakdown conforms to the project plans and specification and the budget approved with this commitment. Borrower shall also deliver a list of all contractors and subcontractors to be employed in connection with the construction of the Improvements and the associated bid values received for each item of work to be performed.

All contracts and contractors shall be subject to Agency's approval prior to close of the Acquisition Loan and the Construction Loan. Agency also reserves the right to require performance and material payment bonds on any or all contractors, or in lieu of bond a letter of credit acceptable to Agency.

Agency shall make disbursements of the Construction Loan based on a cost breakdown that lists line items in cost categories. Agency shall require that Borrower provide documentation supporting all requests for disbursement of funds, including proof of work done and actual expenditure. Agency shall conduct inspections of the Property to assure that the work was done before making a disbursement.

18. COST SAVINGS: At completion of construction, Borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown. If there is an aggregate savings in the total of all such cost breakdown items from the cost breakdown items in the original budget approved by the Agency, the Agency shall withhold for itself as loan repayment, one-half of such savings from the amount of retention then held by the Agency, and the Construction Loan balance shall be reduced by the amount so withheld. The Agency, in its sole discretion, shall determine any reduction and/or repayment of the Agency loan based upon this cost certification and the original approved budget for the project.
19. START OF CONSTRUCTION: Borrower shall commence construction at the earliest possible date subject to the conditions of this Agency and other involved lenders, but no later than 60 days following the close of construction financing.
20. COMPLETION OF CONSTRUCTION: Borrower shall complete the construction of the Improvements no later than 18 months following the close of construction financing.
21. HAZARD INSURANCE: Borrower shall procure and maintain fire and extended coverage insurance, or in lieu such insurance, Builder's Risk completed value insurance, in a form and substance approved by Agency. Coverage shall be for protection against loss of, or damage to the Improvements or materials for their construction to their full insurable value. Borrower shall also procure and maintain insurance against specific

hazards affecting Agency's security for the Acquisition Loan and the Construction Loan as may be required by Agency, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause in favor of Agency. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000.00).

22. PUBLIC LIABILITY AND OTHER INSURANCE: Borrower must procure and maintain commercial general and property damage insurance (with Agency named as additional insured) in a form approved by Agency. Coverage must be approved by Agency and must be in at least the following limits of liability: (1) Commercial General Liability insurance in Insurance Services Office ("ISO") policy form CG 00 01 Commercial General Liability (Occurrence) or better with limits of liability, which are not less than \$1,000,000, per occurrence limit; \$5,000,000 general aggregate limit, and \$5,000,000 products and completed operations aggregate limit, all per location of the Project; (2) Property damage liability of \$1,000,000 each occurrence, \$1,000,000 single limit and \$1,000,000 aggregate; (3) Contractual liability for Bodily Injury of \$1,000,000 each occurrence, for Property Damage of \$1,000,000 each occurrence and \$1,000,000 aggregate, and Personal Injury with Employment Exclusion Deleted of \$1,000,000 aggregate; and (4) Comprehensive Automobile Liability for any vehicle used for or in connection with the Work of \$1,000,000. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000). Borrower must also procure and maintain workers' compensation and all other insurance required under applicable law, as required by law and as approved by Agency.
23. TITLE INSURANCE: Borrower must procure and deliver to Agency a 2006 ALTA LP-10 Lender's Policy of Title Insurance, together with such endorsements as Agency may require, including but not limited to CLTA endorsement nos. 100, 116, and 102.5/102.7 insuring Agency in an amount equal to the principal amount of the Acquisition Loan and the Construction Loan, that Agency's Deeds of Trust constitutes a third lien or charge upon the Property and Improvements subject only to such items as shall have been approved by Agency. There must be no exceptions permitted for mechanics liens. Title insurance for the Acquisition Loan and the Construction Loan must be issued by a title insurer approved by Agency.
24. ORGANIZATIONAL AGREEMENTS: Borrower must submit to Agency certified copies of all of Borrower's organizational documents, including all amendments, modifications or terminations: if a corporation, Borrower's Articles of Incorporation and By-Laws; if a partnership, its Partnership Agreement and, as applicable, Certificate of Limited Partnership or Statement of Partnership; if a Limited Liability Company, its Articles of Organization and its Operating Agreement; and in all cases with all exhibits and amendments to such documents, fictitious business name statements, other related filings or recorded documents and such related documents as Agency may request. If it is a corporation, Borrower must submit a corporate borrowing resolution referencing this Acquisition Loan and this Construction Loan. If Borrower is other than a corporation, Borrower must submit such proof of authority to enter this Acquisition Loan and this Construction Loan as may be required under the organizational documents.

25. FINANCIAL INFORMATION: During the term of the Acquisition Loan and the Construction Loan, Borrower shall deliver to Agency within 120 days of the end of each fiscal year the following items with respect to Borrower: an audited income and expense statement, a balance sheet, and a statement of all changes in financial position signed by authorized officers of Borrower. Prior to close of the Acquisition Loan and the Construction Loan and during its term, Borrower must deliver to Agency such additional financial information as may be requested by Agency. Agency reserves the right to review and approve financial statements and other credit information and references prior to closing. Upon Agency request, during the term of the Acquisition Loan and the Construction Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information, and operating statements with respect to the Property and Improvements.
26. LOW INCOME HOUSING TAX CREDITS("LIHTC"): Borrower represents that as a condition of closing this Acquisition Loan and this Construction Loan it is applying for an allocation of LIHTCs and agrees to perform all actions and to meet all requirements to maintain the LIHTC allocation if granted. If, prior to the submission of the 9% LIHTC application in Spring of 2011, Section 10325(c)10 of the California Tax Credit Allocation Committee Regulations Implementing the Federal and State Low Income Housing Tax Credit Laws is altered from the July 28, 2010 verbiage, Agency may in its sole discretion restructure the Construction Loan after meeting and conferring with Borrower regarding the proposed restructure..
27. MANAGEMENT AGREEMENT: Prior to execution, Borrower must submit to Agency any agreement providing for the management or operation of the Property or Improvements by a third party which agreement is subject to Agency Approval.
28. SECURITY AND LIGHTING: Project shall include a security camera system approved by the Agency and lighting adequate to properly illuminate all common spaces. In addition, project will include security patrol if necessary.
29. SOCIAL SERVICES PLAN: Borrower shall provide Agency with a detailed social services plan including, but not limited to, the following information: 1) identification of all entities responsible for providing social services to Project tenants and each entity's role in the provision of those services; 2) confirmation the services will be provided according to the Agency's minimum requirements as specified in the Multifamily Lending and Mortgage Revenue Bond Policies; 3) a description of the programs to be offered; and 4) a proforma social services budget.
30. COMMERCIAL BROKER: The Borrower will submit evidence to the Agency of a contract with a commercial broker to assist Borrower with the leasing of the retail space as a condition to the close conversion of the Construction Loan to its permanent phase.
31. ACCEPTABLE COMMERCIAL TENANTS: The commercial tenant must offer goods or services consistent with the Special Land Use Regulations of the Broadway/Stockton

Special Planning District (Section 17.94.030). The tenant may not be a bar (as defined by Sacramento City Code); marijuana related business; establishment deriving more than 5% of its net income from adult-oriented entertainment or material, whether for sale, rent or on-site use or viewing; check cashing or payday loan business; social services (as defined by Sacramento City Code); tattoo parlor; gun shop; arcade exclusively for video games; used appliance stores; secondhand or thrift stores (as defined by Sacramento City Code); facility for repair of any appliances, vehicles or other products, except as insubstantial and incidental to permitted activities; facility using, storing or treating hazardous materials; facility for the housing of passive components such as digital switching units; and establishments creating nuisances or other activities that unreasonably intrude upon the peaceful enjoyment of nearby tenants and property owners, including without limitation bad odors, loud noises, bright lights, substantial numbers of loiters, trash and garbage and unhealthful or dangerous situations.

32. EXTENSION OF COMMITMENT TERM: In the event the project is not successful in receiving an allocation of 9% LIHTCs in the first round of 2011, the Agency has sole discretion to modify and or extend the term of the commitment letter to a date no later December 31, 2012.
33. DOCUMENTATION: This letter is not intended to describe all of the requirements, terms, conditions and documents for the Acquisition Loan or the Construction Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency and Borrower in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.
34. CONSISTENCY OF DOCUMENTS: As a material obligation under this commitment letter, Borrower shall assure that the loan documents for the Project are consistent with lender's commitment approved by the Agency and comply, in all respects, with this commitment letter.
35. CHANGES OR AMENDMENTS: No documents or contracts which are to be delivered to Agency or are subject to Agency's review or approval shall be modified or terminated without the prior written approval of Agency.
36. ACCEPTANCE OF THIS COMMITMENT: Borrower's acceptance of this Commitment shall be evidenced by signing and delivering to Agency the enclosed copy of this letter. Until receipt of such acceptance by Agency, Agency shall have no obligation under this letter. Agency may withdraw this commitment at any time prior to Borrower's acceptance.

Yours truly,

Sacramento Housing and Redevelopment Agency

La Shelle Dozier, Executive Director

Redevelopment Agency of the City of Sacramento

La Shelle Dozier, Executive Director

Dated:

The undersigned acknowledges and accepts the foregoing Commitment and its terms and conditions.

BORROWER:

Oak Park Senior Housing Partners, L.P.,
a California limited partnership

By: Related/Oak Park Senior Development Co., LLC,
a California limited liability company
its Administrative General Partner

By: Frank Cardone
Frank Cardone, Vice President

By: Oak Park Senior Housing Partners MGP, LLC,
a California limited liability company
its Managing General Partner

By: Affordable Housing Access, Inc.
a California nonprofit public benefit corporation,
its sole member and manager

By: Jonathan B. Webb
Jonathan B. Webb, President