

**RESOLUTION NO. 2025-070**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE  
DECLARING CERTAIN CITY-OWNED LAND LOCATED AT 9220-9244 ELK GROVE  
BOULEVARD (APNS 134-0072-013, -014, -015, and -016) EXEMPT SURPLUS  
LAND; AUTHORIZING THE CITY MANAGER TO EXECUTE A DISPOSITION AND  
DEVELOPMENT AGREEMENT AND JOINT ESCROW INSTRUCTIONS WITH ELK  
GROVE OLD TOWN MUTUAL HOUSING ASSOCIATES, L.P. FOR THE  
CONVEYANCE OF SUCH PROPERTY, AND APPROVING A CONDITIONAL LOAN  
COMMITMENT OF FOUR MILLION TWO HUNDRED THOUSAND (\$4,200,000)  
DOLLARS (CEQA EXEMPT)**

**WHEREAS**, the City of Elk Grove (the “City”) is the owner of certain real property consisting of an approximately 2.2 acre parcel of unimproved land located at the corner of Elk Grove Boulevard and Webb Street (APNs 134-0072-013, -014, -015, and -016) with a situs address of 9220-9244 Elk Grove Boulevard (Site); and

**WHEREAS**, the City recognizes the need to provide affordable housing to all economic segments of the City; and

**WHEREAS**, the City desires the Site to be developed as senior affordable housing; and

**WHEREAS**, pursuant to the Surplus Land Act, the City Council must declare the property to be “surplus land” or “exempt surplus land” prior to the City Council taking action to dispose of the land; and

**WHEREAS**, Government Code section 54221(f)(1)(A) defines “exempt surplus land” to include surplus land that is transferred pursuant to Government Code section 37364; and

**WHEREAS**, Government Code section 37364 authorizes a City to sell, lease, exchange, quitclaim, convey, or otherwise dispose of real property to provide for affordable housing to persons and families of low or moderate income, provided that certain conditions are met; and

**WHEREAS**, pursuant to the Surplus Land Act, the City Council must take formal action in a regular public meeting to declare that the Site is exempt surplus land, as supported by written findings; and

**WHEREAS**, pursuant to the Surplus Land Act Guidelines issued by the California Department of Housing and Community Development (“HCD”), any determination by a local agency that its surplus lands are exempt from the Surplus Land Act must be provided to HCD for its review at least 30 days prior to its disposition; and

**WHEREAS**, the City’s Affordable Housing Development Impact Fee provides financial resources to promote and assist in the development of new affordable housing in the City; and

**WHEREAS**, the Affordable Housing Fund (Fund) may be used to provide assistance with new rental residential development costs for low-income and very low-income housing; and

**WHEREAS**, the City, following a Request for Proposals process, selected Mutual Housing to develop the Site as senior affordable housing and entered into a Letter of Intent providing Mutual Housing and/or their affiliated entities the exclusive right to pursue development of the Site; and

**WHEREAS**, Mutual Housing created Elk Grove Old Town Mutual Housing Associates, L.P., a California limited partnership (Developer), for the purposes of developing and owning the Site; and

**WHEREAS**, Developer proposes to construct an 89-unit senior affordable housing project on the Site with a mix of studio, one-bedroom, and two-bedroom apartment units leased to lower-income households earning 30% to 70% of the Area Median Income (“AMI”), including one unrestricted unit available for the full-time property management staff (the “Project”), and has submitted a request for gap financial assistance from the City to help achieve financial feasibility for the Project and maximize the affordability of Project units; and

**WHEREAS**, the City will execute a Disposition and Development Agreement and Joint Escrow Instructions (“DDA”) with the Developer for the conveyance of the Site; and

**WHEREAS**, the use of the City’s housing funds to issue a loan for the Developer’s acquisition and development of the Site in the manner described below will be of benefit to the City in assisting in the development of affordable housing opportunities for low- and very low-income households; and

**WHEREAS**, the proposed Project would provide housing that furthers the goals and policies of the City’s General Plan Housing Element in a manner consistent with the state-mandated Regional Housing Needs Allocation requirement determined for the City by the Sacramento Area Council of Governments; and

**WHEREAS**, the Affordable Housing Committee on April 15, 2025, completed an independent review of the proposed DDA and the loan application, and recommended that the City Council approve the DDA and authorize a loan commitment of \$4,200,000 for the Project, pursuant to defined DDA and loan terms.

**NOW, THEREFORE, BE IT RESOLVED**, that the City Council of the City of Elk Grove hereby declares that the Site is exempt surplus land pursuant to Government Code section 54221(f)(1)(A) because the City intends to dispose of the Site in accordance with Government Code section 37364 for the development of an affordable housing project that complies with the requirements of Government Code section 37364. The City Manager is hereby authorized and directed to submit a copy of this Resolution to HCD in accordance with the Surplus Land Act Guidelines and to take any other such actions as deemed necessary or proper to effectuate the purposes of this Resolution.

**AND, BE IT FURTHER RESOLVED** that the City Council of the City of Elk Grove hereby finds that approval of the Disposition and Development Agreement and Joint Escrow Instructions by this resolution is exempt from further environmental review under the provisions of the California Environmental Quality Act (CEQA) based on the findings and evidence set forth below:

Finding: The approval of the subject Disposition and Development Agreement and Joint Escrow Instructions for affordable housing does not constitute the approval of a project under the California Environmental Quality Act (CEQA) and is exempt from further CEQA review.

Evidence: The Council's action only approves a Disposition and Development Agreement and Joint Escrow Instructions and will not cause a direct physical change in the environment, nor a reasonably foreseeable indirect physical change in the environment. The Council's action at this stage is merely a conditional commitment by the City to work collaboratively with the Developer on the development of affordable housing, and it does not constitute the approval of a project. The Council's action, therefore, does not constitute the approval of a project under CEQA, and it is exempt from CEQA. (Pub. Res. Code section 21065, CEQA Guidelines sections 15060(c),(2)(3); 15061(b)(3); 15064(d)(3); 15352; 15378; *Laurel Heights Improvement Association of San Francisco, Inc. v. The Regents of the University of California*, 47 Cal.3d 376, 398 (1988))

**AND, BE IT FURTHER RESOLVED** that the City Council of the City of Elk Grove hereby authorizes the City Manager to execute a Disposition and Development Agreement and Joint Escrow Instructions (Agreement) with Elk Grove Old Town Mutual Housing Associates, L.P., attached hereto as Exhibit A and incorporated herein by reference, for the development of the Site, subject to the terms and conditions contained therein.

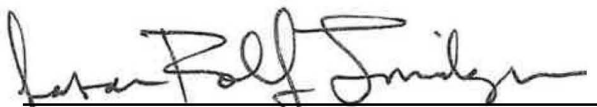
**AND, BE IT FURTHER RESOLVED** that the City Council of the City of Elk Grove hereby approves the Conditional Loan Commitment request for the Project and does hereby determine that the City shall conditionally loan up to four million two hundred thousand dollars (\$4,200,000) to the Project, subject to the terms and conditions of the Loan Term Sheet, as described in the DDA and incorporated therein.

**PASSED AND ADOPTED** by the City Council of the City of Elk Grove this 23<sup>rd</sup> day of April 2025



BOBBIE SINGH-ALLEN, MAYOR of the CITY OF ELK GROVE

ATTEST:



JASON LINDGREN, CITY CLERK

APPROVED AS TO FORM:



JONATHAN P. HOBBS, CITY ATTORNEY

## EXHIBIT A

### DISPOSITION AND DEVELOPMENT AGREEMENT AND JOINT ESCROW INSTRUCTIONS

(The Old Town Affordable Housing Project)

This Disposition and Development Agreement and Joint Escrow Instructions (“**Agreement**”) is made \_\_\_\_\_, 2025 (“**Effective Date**”), by the **City of Elk Grove**, a California municipal corporation (“**SELLER**” or “**City**”) and **Elk Grove Old Town Mutual Housing Associates, L.P.**, a California limited partnership (“**PURCHASER**” or “**Developer**”). SELLER and PURCHASER are hereafter referred to individually as a “**Party**,” or collectively, as the “**Parties**.”

#### RECITALS

A. City is the owner of certain real property consisting of an approximately 2.2 acre parcel of unimproved land located at the corner of Elk Grove Boulevard and Webb Street, identified as APNs 134-0072-013, -014, -015, and -016, in the City of Elk Grove, County of Sacramento (the “**County**”), California, with a situs address of 9220-9244 Elk Grove Boulevard, as legally described in **Exhibit A**, attached hereto and incorporated herein (the “**Property**” or “**Purchase Property**”).

B. In 2023, City issued a Request for Proposals (“**RFP**”) to solicit an affordable housing developer for the Property and determined that the Developer has the necessary expertise, skill and ability to carry out the goals and commitments set forth in the RFP, and in accordance with this Agreement.

C. City and Developer entered into a letter of intent (“**LOI**”) dated February 15, 2024, and signed February 20, 2024, which outlines the basic terms for the sale and development of the Property, contingent upon the finalization of this Agreement and final approval by the Elk Grove City Council (“**City Council**”).

D. City desires to sell and Developer desires to purchase the Property for the development and construction thereon of senior affordable housing consisting of eighty-nine (89) units with a mix of studio, 1-bedroom, and 2-bedroom apartment units. A maximum of one three-bedroom unit, with no rent restrictions, shall be developed and operated as a manager unit subject to the covenants, conditions and restrictions contained in a Regulatory Agreement (“**Regulatory Agreement**”) to be executed by City and Developer and recorded on the Property upon conveyance of the Property to Developer. The affordable units shall be leased to “Lower-income Households” which means persons and families earning 30% to 70% of the Area Median Income (“**AMI**”), with adjustments for household size, as established and amended from time to time by the U.S. Department of Housing and Urban Development (“**HUD**”) pursuant to Section 8(f)(3) of the United States Housing Act of 1937 or such other method of median income calculation applicable to the City that HUD may hereafter adopt in connection with said Act. If HUD should cease making such determination, the City may designate another fair method of calculation of area median income used by any federal or state agency and applicable to the City, provided that such method shall be consistent with the method used by the California Tax Credit Allocation Committee.

E. City will transfer its interest in the Property to the Developer upon the express condition that Developer will develop the Property in accordance with the uses and specifications described

in this Agreement. The Proposed Project shall include a property management and resident services office, a community room, laundry facilities, parking and common open spaces all as described in **Exhibit B**, attached hereto and incorporated herein (the “**Proposed Project**” or “**Scope of Development**”).

F. Developer desires to purchase and develop the Property, and City desires to sell the Property for development in accordance with the terms and conditions of this Agreement.

G. This Disposition and Development Agreement is not a Development Agreement as contemplated by California Government Code section 65864 et seq.

**NOW, THEREFORE**, in consideration of the mutual covenants and conditions herein contained, and for other good and valuable consideration moving between the Parties, City and Developer agree as follows:

### AGREEMENT

1. Schedule of Performance. Certain tasks described in this Agreement must be completed no later than the dates set forth in the Schedule of Performance attached to this Agreement as **Exhibit C**. The Schedule of Performance may be modified in writing by the Developer and by the City Manager on behalf of the City without formal amendment of this Agreement.

2. Sale of Property. SELLER agrees to sell and convey the Property to PURCHASER and PURCHASER agrees to purchase the Property from SELLER and develop the Property as specified herein, subject to the terms and conditions set forth in this Agreement. The Property means, collectively, all right, title and interest of SELLER in and to (a) the land described in **Exhibit A**, (b) easements, rights of way and all other rights and entitlements appurtenant to the land, (c) any buildings or other improvements and fixtures remaining on the land at the Close of Escrow, (d) any tangible personal property remaining on the land at the Close of Escrow, and (e) any development rights, entitlements, governmental permits, licenses, certificates, other governmental approvals, maps, surveys, reports, studies, plans, warranties, guarantees, causes of action, permits, and mineral and water rights.

3. Purchase Price. The purchase price to be paid by PURCHASER to SELLER for the Property shall be One Million Two Hundred Thousand Dollars (\$1,200,000.00) (“**Purchase Price**”), which is the fair market value of the Property as determined by that certain November 25, 2024, appraisal prepared by Valbridge Property Advisors.

3.1 Reserved.

3.2 Development Loan. The City shall provide a loan of Four Million Two Hundred Thousand Dollars (\$4,200,000) (“**Loan**”) pursuant to the terms and conditions outlined in the Loan Term Sheet (“**Loan Term Sheet**”), attached as **Exhibit D**, and incorporated into this Agreement. Developer shall execute and deliver to City a Promissory Note in the amount of the Loan plus any outstanding principal amounts under the Promissory Note, which such Promissory Note shall be secured by a Deed of Trust recorded against the Property, and evidence the City Loan made in accordance herewith, and any other Loan agreements or documents (collectively, “**Loan Documents**”) as may be generally required by the City for the use of the funding source for the Loan.

4. Escrow. PURCHASER shall open an escrow account ("**Escrow**") with an escrow holder ("**Escrow Holder**"). Upon execution of this Agreement, PURCHASER shall deliver a copy of this fully executed Agreement to Escrow Holder. This Agreement shall, to the extent possible, act as Escrow Instructions. The Parties agree to execute all further Escrow instructions required by Escrow Holder, which further instructions shall be consistent with this Agreement.

5. Closing and Commencement of Proposed Project.

5.1 This transaction and escrow shall close on the Property, if at all, on the date (the "**Closing Date**" or "**Close of Escrow**") upon which the Property will be conveyed to PURCHASER, provided that all conditions precedent to conveyance have been satisfied or waived by the SELLER or PURCHASER, as applicable, and this Agreement has not otherwise been terminated in accordance with its terms.

5.2 Should PURCHASER fail to commence breaking ground on the Proposed Project within one (1) year of the Close of Escrow, PURCHASER shall, at the City's election, transfer the Property back to the SELLER for the amount paid by PURCHASER and return to SELLER any loan proceeds and interest disbursed by the SELLER to PURCHASER. Upon commencement of construction of the Proposed Project, the reversionary right set forth in this Section 5 shall automatically terminate and be of no further force and effect. In addition, prior to commencement of construction on the Proposed Project, PURCHASER shall cause its general contractor to deliver to SELLER copies of payment bond(s) and performance bond(s) issued by a reputable insurance company licensed to do business in California, each in a penal sum of not less than one hundred percent (100%) of the scheduled cost of construction of the Proposed Project. The bonds shall name SELLER as co-obligee.

6. Title. Within five (5) days after the opening of Escrow, Seller shall provide Purchaser with an updated preliminary title report covering the Property issued by Escrow Holder ("Preliminary Report"), along with legible copies of all recorded documents shown as exceptions to title in the Preliminary Report, and a map containing any easement, rights-of-way, license, or other real property rights encumbering the Property to the extent possible. Purchaser shall approve or disprove any exceptions to title shown on the Preliminary Report, in writing, within thirty (30) days after receipt by Purchaser of the Preliminary Report and copies of the recorded documents, or any supplemental report issued prior to the Close of Escrow. Seller shall notify Purchaser of whether Seller is willing to remove the items disapproved by Purchaser within ten (10) days after receipt of Purchaser's title objections. If Seller does not agree to remove any one or more of such disapproved exceptions prior to the expiration of said 10-day period, or if any additional items appear which would show as exceptions to title insurance in the title policy, and Seller fails to agree to remove the same within ten (10) days after Purchaser's notification to Seller of the same, Purchaser shall have the choice of: (i) terminating this Agreement and the Escrow, in which event neither Seller nor Purchaser shall have any further rights or obligations under this Agreement; or (ii) waiving such objection and completing the purchase called for in this Agreement. Purchaser shall approve or disapprove any exceptions to title shown on any subsequent or supplemental title reports, in writing, within fifteen (15) business days after receipt of such reports and copies of all recorded documents shown as exceptions to title on those reports.

7. As-Is Purchase Property Condition.

7.1 PURCHASER acknowledges and agrees that except as otherwise expressly provided in this Agreement, to the maximum extent permitted by law, the sale of the Property is made on an "As Is," "Where Is" condition and basis with all faults, and that SELLER has no

obligation to make repairs, replacements, or improvements thereto. The Purchase Price and the terms and conditions set forth herein are the result of arms-length bargaining between entities familiar with transactions of this kind. PURCHASER further acknowledges and agrees that, except as otherwise expressly provided in this Agreement, SELLER has not made, does not make, and specifically negates and disclaims, any representations, warranties, promises, covenants, agreements, or guaranties of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of, as to, concerning, or with respect to: (a) the value of the Property; (b) the income to be derived from the Property; (c) the suitability of the Property for any and all activities and uses which PURCHASER may conduct thereon, including the development of the Proposed Project or the possibility of other future development of the Property; (d) the habitability, merchantability, marketability, profitability or fitness for a particular purpose of the Property; (e) the manner, quality, state of repair or lack of repair of the Property; (f) the nature, quality or condition of the Property, including, without limitation, the water, soil and geology; (g) the compliance of or by the Property or its operation with any laws, rules, ordinances or regulations of any applicable governmental authority or body; (h) the manner or quality of the construction or materials, if any, incorporated into the Property; (i) compliance with any environmental protection, pollution or land use laws, rules, regulations, orders or requirements; (j) the presence or absence of Hazardous Materials, as defined in Section 7.4 below, at, on, under or adjacent to the Property; (k) the content, completeness or accuracy of any materials obtained by PURCHASER in its investigation of the Property, including, without limitation, any title report issued by the Escrow Holder; (l) the conformity of any improvements on the Property, if any, to any plans or specifications of the Property, including any plans and specifications that may have been or may be provided to PURCHASER; (m) the conformity of the Property to past, current or future applicable zoning or building requirements; (n) deficiency of any drainage; (o) the fact that all or a portion of the Property may be located on or near an earthquake fault line; (p) the land use status of the Property, zoning status, subdivision status under the California Subdivision Map Act or the subdivision ordinances of the City, or the status of any other governmental entitlement; (q) any documents pertaining to the Property provided by SELLER to PURCHASER, except for the completeness of such documents; or (r) with respect to any other matter.

7.2 PURCHASER acknowledges that PURCHASER is conducting its own investigation of the Property, and (except for the express representations and warranties contained herein) PURCHASER is relying solely on such investigations, inspections and evaluations of such Purchase Property in making its decision to consummate the transaction contemplated by this Agreement, and not on any information provided or to be provided by SELLER. PURCHASER hereby expressly acknowledges that PURCHASER shall be solely responsible for determining the status and condition of the Property, including land use, zoning, building and other governmental regulations, and physical, geological and environmental conditions. Except as expressly provided for in this Agreement or any written amendment or supplement hereto executed and delivered by SELLER, SELLER shall not be liable or bound in any manner by any oral or written statements, representations or information pertaining to the Property, or the operation thereof, furnished by any real estate broker, agent, employee or any other person.

7.3 Release. Except for the express representations and warranties of SELLER or as otherwise provided herein, PURCHASER, on behalf of itself and its agents, heirs, successors and assigns, hereby waives, releases, acquits and forever discharges and releases SELLER of and from any and all claims, actions, causes of actions, demands, rights, damages, costs, expenses or compensation whatsoever, direct or indirect, known or unknown, foreseen or unforeseen, which PURCHASER or any of PURCHASER's heirs, successors, or assigns now has or which may arise in the future on account of or in any way related to or in connection with

any past, present or future aspect, feature, characteristic, circumstance or condition arising out of or in connection with the Property (including, without limitation, the items listed in Section 7.1 and 7.2 above), and PURCHASER specifically waives the provisions of California Civil Code section 1542 which provides:

**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.**

CA

**PURCHASER'S INITIALS**

NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH IN THIS AGREEMENT, NOTHING IN THIS SECTION SHALL OPERATE TO RELEASE SELLER FROM ITS LIABILITY AND OBLIGATIONS IN CONNECTION WITH (I) SELLER'S FRAUD OR WILLFUL MISREPRESENTATION, (II) ANY BREACH OF SELLER'S REPRESENTATIONS, WARRANTIES AND COVENANTS EXPRESSLY SET FORTH IN THIS AGREEMENT, OR IN ANY WRITTEN AMENDMENT OR SUPPLEMENT HERETO EXECUTED AND DELIVERED BY SELLER OR IN ANY DOCUMENTS DELIVERED BY SELLER AT CLOSING, (III) WILLFUL INJURY TO THE PERSON OR PROPERTY OF ANOTHER, AND (IV) A VIOLATION OF LAW, WHETHER WILLFUL OR NEGLIGENT, ALL OF WHICH EXPRESSLY SURVIVE THE CLOSING PURSUANT TO THIS AGREEMENT

7.4 "Hazardous Materials," means any hazardous or toxic substance, material or waste that is: (i) regulated by any local governmental authority, the State of California or the United States Government; (ii) defined as an "acutely hazardous waste," "extremely hazardous waste," "hazardous waste," or "waste" under Sections 25110.02, 25115, 25117 or 25124 or listed pursuant to Sections 25141 and 25141.5 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control); (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) asbestos; (vii) listed under Chapter 10 of Division 4.5 of Title 22 or defined as "hazardous" or "extremely hazardous" pursuant to Division 21.5 of Title 26 of the California Code of Regulations; (viii) designated as a "hazardous waste" pursuant to Section 6903 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. section 6901, et seq.; (ix) defined as a "hazardous substance" pursuant to Section 9601 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. section 9601, et seq.; (x) any flammable substances or explosive; or (xi) any radioactive material.

8. Property Inspection; Condition of Site.

8.1 Property Documents. SELLER shall within ten (10) business days from the opening of escrow deliver to PURCHASER copies of all documents relating to the Property that are in its possession including, without limitation, the following: (i) relevant studies, documents, land surveys, soils reports, licenses, permits, maintenance contracts, utility contracts, management contracts, service contracts, warranties, ADA compliance, Field Act compliance,

approvals, and other documents and/or contracts pertaining to the Property, together with any amendments or modifications; (ii) any and all information that the SELLER has regarding environmental matters affecting the Property and regarding the condition of the Property, including, but not limited to, Environmental Assessments, wetlands, structural, mechanical and soils conditions, the presence and location of asbestos, PCB transformers, other toxic, hazardous or contaminated substances, and underground storage tanks in, on, or about the Property; (iii) copies of leases and relative correspondence; (iv) copies of all building plans, including any "as-built" drawings; (v) copies of all building permits, licenses and inspections issued by governmental agencies; and (vi) any other documents materially relative to the condition and/or value of the Property and the Parties' rights and duties under the Agreement (collectively, "Property Documents"). Notwithstanding the foregoing, the SELLER shall have no obligation to cause any of the Property Documents to be created or produced if such document does not already exist and the failure to produce such documents shall not constitute a material breach of this Agreement.

8.2 Due Diligence Matters. PURCHASER shall conduct its own, at PURCHASER's expense, investigation of the Property, its physical condition, the soils and environmental conditions of the Property and all other matters which, in PURCHASER's sole and absolute judgment, affect or influence PURCHASER's willingness to develop the Property pursuant to this Agreement. Before the Close of Escrow PURCHASER shall provide written notice to City of PURCHASER's determinations concerning the suitability of the physical condition of the Property and its economic feasibility for development and intended use. If, in the PURCHASER's sole discretion, the physical condition of the Property is unsuitable for the use or uses to which the Property will be put, or that it is not economically feasible for PURCHASER to develop the Proposed Project pursuant to this Agreement, then PURCHASER shall have the option to (a) take any action necessary to place the Property in a condition suitable for development, at no cost to City; or (b) terminate this Agreement pursuant to the provisions in Section 18. If PURCHASER has not given written notice to City of its determination concerning the suitability of Property before the Close of Escrow, PURCHASER shall be deemed to have waived its right to terminate this Agreement pursuant to this Section. PURCHASER shall bear any and all costs and expenses associated with the due diligence activities performed by PURCHASER.

8.3 Right of Entry. SELLER and PURCHASER entered into a Right-of-Entry Agreement ("ROE Agreement") on June 13, 2024, granting to the PURCHASER and the PURCHASER'S agents the right to enter upon the Property for the exclusive purpose of conducting studies and investigations that will assist the PURCHASER in performing its due diligence investigation. PURCHASER shall restore the Property as a result of such investigations and return the affected portion of the Property to its condition immediately prior to such investigation. PURCHASER shall repair any damage to the Property caused by any of its inspections. Prior to exercise of the right of entry, the PURCHASER shall provide the City with satisfactory evidence, in the form of a certificate of insurance, that the PURCHASER and the PURCHASER'S agents who obtain access to the Property are insured to the levels required by the City's Risk Manager pursuant to the ROE Agreement.

9. Prevailing Wage. To the extent required by applicable law, Developer shall:

9.1 Pay, and shall cause any consultants or contractors to pay, prevailing wages in the construction of the Development as those wages are determined pursuant to California Labor Code Sections 1720 et seq.;

9.2 Cause any consultants or contractors to employ apprentices as required by California Labor Code Section 1777.5 et seq., and the implementing regulations of the Department of Industrial Relations (the "DIR"), and to comply with the other applicable provisions of California Labor Code Sections 1720 et seq., 1777.5 et seq., and implementing regulations of the DIR;

9.3 Keep and retain, and shall cause any consultants and contractors to keep and retain, such records as are necessary to determine if such prevailing wages have been paid as required pursuant to California Labor Code Section 1720 et seq., and apprentices have been employed are required by California Labor Code Section 1777.5 et seq.;

9.4 Post at the Property, or shall cause the contractor to post at the Property, the applicable prevailing rates of per diem wages. Copies of the currently applicable current per diem prevailing wages are available from DIR;

9.5 Cause contractors and subcontractors rehabilitating the Development to be registered as set forth in California Labor Code Section 1725.5;

9.6 Cause its contractors and subcontractors, in all calls for bids, bidding materials and the construction contract documents for the construction of the Development to specify that: (i) no contractor or subcontractor may be listed on a bid proposal nor be awarded a contract for the construction of the Development unless registered with the DIR pursuant to California Labor Code Section 1725.5; and (ii) the construction of the Development is subject to compliance monitoring and enforcement by the DIR;

9.7 Provide the City all information required by California Labor Code Section 1773.3 as set forth in the DIR's online form PWC-100 within 2 days of the award of any contract (<https://www.dir.ca.gov/pwc100ext/>);

9.8 Cause its contractors to post job site notices, as prescribed by regulation by the DIR; and

9.9 Cause its contractors to furnish payroll records required by California Labor Code Section 1776 directly to the Labor Commissioner, at least monthly in the electronic format prescribed by the Labor Commissioner.

9.10 Developer shall indemnify, hold harmless and defend (with counsel reasonably acceptable to the City) the City against any claim for damages, compensation, fines, penalties or other amounts arising out of the failure or alleged failure of any person or entity (including Developer, its contractor and subcontractors) to pay prevailing wages as determined pursuant to California Labor Code Section 1720 et seq., to employ apprentices pursuant to California Labor Code Section 1777.5 et seq., to meet the conditions of California Labor Code Section 1771.4, and implementing regulations of the DIR, or to comply with the other applicable provisions of California Labor Code Sections 1720 et seq., 1777.5 et seq., and 1771.4, and the implementing regulations of the DIR, in connection with the construction of the Development or any other work undertaken or in connection with the Property. The requirements in this Section survive the repayment of the Loan, and the termination or expiration of this Agreement.

10. CEQA and Preparation and Approval of Plans and Related Documents.

10.1 Effectiveness and CEQA Compliance. Notwithstanding anything to the contrary contained herein, the effectiveness of this Agreement, the City's obligations hereunder and the construction of the Project are conditioned upon compliance with the California Environmental Quality Act ("CEQA"). The Parties shall comply with CEQA prior to the approval of the Project to the extent required by law. The City retains the absolute and sole discretion to: (i) modify any terms, prepare any additional documentation concerning the Project, and modify the Project as may, in its sole discretion, be necessary to comply with CEQA, (ii) select any feasible alternatives to avoid significant environmental impacts of any development, (iii) balance the benefits of any development against any significant environmental impacts prior to taking final action on any development if such significant impacts cannot otherwise be avoided, and/or (iv) determine not to proceed with the Project. No legal obligations or rights to construct the Project, or any component thereof, shall exist under this Agreement until completion of the CEQA environmental review process and on other public review and hearing processes, and subject to all applicable governmental approvals. No physical activity, not otherwise exempt from CEQA, shall commence on the Property without CEQA compliance. Developer shall be responsible for payment of all fees and costs in connection with the CEQA environmental review.

10.2 City Approval. Developer has provided City with preliminary project designs, prepared by Mogavero Architects, Inc. and dated February 21, 2025 ("Plans"). City has been induced to sell the Property to Developer, issue the Loan to Developer, and undertake its obligations under this Agreement by Developer's promise to develop the Proposed Project in accordance with the Plans, the Scope of Development, and the provisions of this Agreement. As seller of the Property, City shall have the right, but not the obligation, to review any substantial changes to the Project to assure their conformity with the Plans, the Scope of Development, and the provisions of this Agreement. The right of review pursuant to this Agreement is borne out of the City's position as the seller of the Property and is independent and distinct from the City's review of the Project as a land use agency. Based upon such review City shall have the right to approve or reject any material changes to the Project for reasonable cause.

10.3 Extent and Character of City Review and Approval. City's right of review includes, without limitation, the right to review architectural and engineering plans and specifications, offsite plans and specifications, and landscaping designs and specifications. City's approval of the Project's plans is neither a representation of nor an assurance of their adequacy or correctness. City has reserved approval rights solely (a) to assure that the Project is consistent with the Plans and Scope of Development; (b) to assure that the Final Plans conform to the Plans and the Scope of Development; and (c) to assure that City's purposes are fulfilled and any City funds which may be obligated under this Agreement are used as intended by City. This Agreement is a financing document and not a land use or planning document. Approval of the Scope of Development and Plans under this Agreement is only an approval by City of the Project design "concept" as presented in this Agreement. Such approval by this Agreement is not and shall not be considered an approval of land use entitlements, structural design of the Project, or the aesthetic design of the Project. Developer shall comply with all applicable land use, planning and design laws, rules and regulations of each governmental agency acting in proper exercise of its respective jurisdiction, including without limitation, departments, staff, boards and commissions of the City. The rights the City derives from the sale of the Property might not otherwise be afforded under the law but are specifically contracted for in this Agreement.

10.4 Preparation of Final Plans and Related Documents. Developer shall prepare final plans that shall include all construction plans, drawings, specifications and other documents necessary to obtain all required building permits for the construction of the Project ("Final Plans"). Developer shall submit the Final Plans to City for City's review. The Final Plans shall conform in all material respects to this Agreement, including without limitation, Plans and the Scope of Development. To the extent that this Agreement has insufficient detail or is unclear, this Agreement shall be deemed to provide that the Project shall contain high-quality materials, and shall conform to all applicable laws, regulations, zoning, design and usage guidelines. The Final Plans shall be considered to include all changes or corrections approved as provided in this Agreement. The Final Plans shall incorporate all related mitigation measures required for compliance with approvals under CEQA and any conditions of City approval of the project, unless otherwise fulfilled.

10.5 Delivery. Developer shall deliver the Final Plans or changes to the Final Plans for City review as soon as possible and prior to the submittal of its building permit application. Said delivery shall be made to the office of the Housing and Public Services Manager at the address for notices to City and shall have clearly marked on its exterior "URGENT: OLD TOWN APARTMENTS BY MUTUAL HOUSING PROJECT PLAN REVIEW" or the equivalent.

10.6 Deemed Approval. If duly marked and delivered, the Final Plans or changes to the Final Plans of the Project shall be deemed approved unless disapproved in whole or in part, in writing, within thirty (30) days after their proper delivery to City.

10.7 City Disapproval. If City disapproves, in whole or in part, the Final Plans or any changes to the Final Plans, City shall state, specifically and in writing, at the time of the disapproval, the reasons for disapproval and the changes that City requests to be made. City's reasons for disapproval and such City-requested changes shall be consistent with this Agreement, including, without limitation, the Plans, the Final Plans, and the Scope of Development and with any items previously approved in accordance with this Agreement. If City disapproves the proposed Final Plans, Developer shall obtain no rights to develop the Property under this Agreement and City shall have no obligations regarding the Project until such time as Developer has modified the proposed Final Plans and received the City's approval of the Final Plans as modified.

10.8 Governmental Changes. If any revisions or corrections of the Final Plans shall be required by any government official, agency, department or bureau in exercise of its proper jurisdiction, Developer shall inform City. If City and Developer concur in writing with the required change, Developer shall incorporate the change and it shall be deemed approved by City. If City or Developer reasonably disagrees with the required change, they shall reasonably cooperate with the governmental agency requiring the change in efforts to develop a mutually acceptable alternative.

10.9 Approval of Substantial Changes to Final Plans. If the Developer desires to make any substantial changes in the Final Plans, Developer shall submit such proposed changes, in writing, to City for its approval. City shall approve or disapprove the proposed change as soon as practicable. The Final Plans shall be construed to include any changes approved in the same manner as approval of the original Final Plans under this section. Nothing in this Section shall be construed to relieve Developer of its obligations under all applicable laws regarding such changes.

10.10 Substantial Change. A substantial change in the Final Plans shall include, without limitation, the following changes:

10.10.1 Material changes in the layout, elevation design, functional utility or square footage;

10.10.2 Material changes in use of exterior finishing materials substantially affecting architectural appearance or functional use and operation;

10.10.3 Any change that reduces the effectiveness of any mitigation measure required for CEQA and NEPA approval of the Project;

10.10.4 Material changes in site development items for the Property that are specified in the Final Plans;

10.10.5 Material changes in the quality of Project or landscaping materials;

10.10.6 Any material change in public amenities specified in the Final Plans;

10.10.7 Any changes requiring approval of, or any change required by, any county, or state board, body, commission or officer; and

10.10.8 Any change that would preclude or materially reduce the ability to use the Project as intended by this Agreement.

10.11 Misrepresentation. If City's approval of the Final Plans is reasonably based upon a material misrepresentation to City by Developer or by anyone on Developer's behalf, City may, within a reasonable time after discovery of the misrepresentation, take any action permitted by law with regard to any such misrepresentation, notwithstanding City's prior approval, including without limitation, rescission of the approval or such other equitable remedies as may then be appropriate to such rescission.

## 11. Conditions of Closing.

11.1 Purchaser's Conditions of Closing. The obligations of Purchaser under this Agreement to purchase the Property and accept title from Seller are subject to satisfaction of all of the conditions set forth in this Section 11.1. Purchaser may waive any or all of such conditions, in whole or in part, but any such waiver shall be effective only if made in writing. No such waiver shall constitute a waiver by Purchaser of any of its rights or remedies if Seller defaults in the performance of any covenant or agreement to be performed by Seller in this Agreement. If any condition set forth in this Section 11.1 is not fully satisfied or waived in writing by Purchaser, then Purchaser shall be released from all obligations to Seller under this Agreement.

11.1.1 Title. At Close of Escrow, Purchaser is conveyed good and marketable title to the Property, subject only to the exceptions permitted by Purchaser;

11.1.2 Other Deliveries into Escrow. Seller delivered into Escrow all other documents or instruments required by this Agreement;

11.1.3 Seller's Representations. Seller's representations and warranties are correct as of the date of this Agreement and as of the Close of Escrow;

11.1.4 Seller's Performance. Seller performs all obligations under this Agreement and related documents executed, or to be executed, by Seller; and

11.1.5 Title Policy. Prior to Close of Escrow, Purchaser shall have received evidence that Escrow Holder's title insurer ("Title Company") is ready, willing, and able to issue, upon payment of Title Company's regularly scheduled premium, an ALTA owner's policy of title insurance ("Title Policy"), to be determined by Purchaser prior to Close of Escrow, in an amount required by the investor limited partner which is not less than the face amount of the Purchase Price with the endorsements Purchaser may require, showing title of the Property vested in Purchaser, subject only to exceptions permitted by Purchaser.

11.2 Seller's Conditions of Closing. The obligations of Seller under this Agreement to close the sale and convey the Property to Purchaser are subject to satisfaction of all of the conditions set forth in this Section 11.2. Seller may waive any or all of such conditions, in whole or in part, but any such waiver shall be effective only if made in writing. No such waiver shall constitute a waiver by Seller of any of its rights or remedies if Purchaser defaults in the performance of any covenant or agreement to be performed by Purchaser in this Agreement. If any condition set forth in this Section 11.2 is not fully satisfied or waived in writing by Seller, then Seller shall be released from all obligations to Seller under this Agreement.

11.2.1 Deliveries into Escrow. Purchaser delivered into Escrow all documents or instruments required by this Agreement, including, without limitation, the original Promissory Note and Deed of Trust and Regulatory Agreement(s);

11.2.2 Development and Use of Property. The Developer shall develop and use Property exclusively for senior affordable housing, in conformance with the project objectives, designs, and specifications identified in the Plans, Scope of Development, and Final Plans approved by City, or in any of the other city documents related to the Proposed Project, including, but not limited to, requirements related to Conditions of Approval, financing, project design, target affordability levels, and development timelines;

11.2.3 Exempt Surplus. The Proposed Project shall meet one of the exemptions to the Surplus Land Act set forth in Government Code section 54221(f)(1) such that the Property is considered "exempt surplus";

11.2.4 Payment of Fees. The Developer shall be current on all costs and fees owed to City;

11.2.5 Purchaser's Representations. Purchaser's representations and warranties are correct as of the date of this Agreement and as of the Close of Escrow; and

11.2.6 Purchaser's Performance. Purchaser performs all obligations under this Agreement and the related documents executed, or to be executed, by Purchaser.

## 12. Close of Escrow.

12.1 SELLER's Deposits. SELLER shall deposit with Escrow Holder the following:

12.1.1 Grant Deed for Purchase Property. An original executed and acknowledged Grant Deed conveying the Purchase Property to PURCHASER. Grant Deed shall include building restrictions related to the Proposed Project; and

12.1.2 Additional Documents. Any other documents or funds required by Escrow Holder from SELLER for the Close of Escrow in accordance with this Agreement.

12.2 PURCHASER's Deposits. On or before the Close of Escrow, the following will be deposited with Escrow Holder:

12.2.1 Purchase Price. Purchase Price; and

12.2.2 Closing Costs. PURCHASER will deposit cash in the amount necessary to pay closing costs, as set forth in Section 12.3; and

12.2.3 Additional Documents. PURCHASER will deposit any other documents or funds required of PURCHASER to close Escrow in accordance with this Agreement.

12.3 Costs of Escrow and Closing. PURCHASER shall pay the cost of all title insurance policies, including insurance premiums for policies that PURCHASER elects to purchase in connection with the acquisition of the Property, and PURCHASER shall pay all recording fees, transfer taxes, escrow fees and closing costs incurred in connection with the acquisition, or inspection of, the Property and the financing of the Proposed Project. In addition, to the extent not previously paid, or otherwise funded, by the PURCHASER, the PURCHASER shall reimburse the City for all previous costs incurred by the City, including but not limited to, City's reasonable legal and consulting fees incurred in connection with the negotiation and preparation of this Agreement, City Loan Documents, and other documents required in connection with the conveyance of the Property; all taxes, assessments, and water and sewer charges with respect to the Property; any payments necessary to discharge any encumbrances or liens existing on the Property at the time of Close of Escrow; any financing expenditures made or obligations incurred with respect to the Proposed Project; and any amounts otherwise owed City by the Developer, as applicable. Ad valorem taxes, if any, shall be prorated as of the date of recordation of the Grant Deed. Payment to City may be drawn from the Deposit paid by Developer, if any, and Developer shall pay any additional amount due to City, on the Closing Date. In the event of any termination of this Agreement or failure of Escrow to close due to a default of a Party, as provided herein, then the defaulting Party shall pay any cancellation costs imposed by the Escrow Holder.

12.4 At Close of Escrow, Escrow Holder shall:

12.4.1 Record the Grant Deed;

12.4.2 Record all City Documents;

12.4.3 Issue the Title Policy; and

12.4.4 Disburse funds.

13. Representations and Warranties of SELLER. SELLER hereby represents and warrants to PURCHASER that:

13.1 Authority of SELLER. SELLER is a California municipal corporation duly organized and validly existing and in good standing under the laws of the State of California and has the authority to own and convey the Purchase Property. This Agreement and all documents executed by SELLER which are to be delivered to PURCHASER at the Close of Escrow are, or

at the time of Close of Escrow, will be duly authorized, executed and delivered by SELLER. SELLER has the legal right, power and authority to enter into this Agreement and to consummate this transaction.

13.2 Enforceability. This Agreement and all documents required to be executed by SELLER are and shall be valid, legally binding obligations of and enforceable against SELLER in accordance with their terms.

13.3 No Rights Granted. Except for the rights of PURCHASER under this Agreement, SELLER has not granted any options or rights of first refusal to purchase the Purchase Property to any person or entity.

13.4 No Litigation. To SELLER's knowledge, there is no litigation, suit, action, arbitration, legal, administrative or other proceeding or inquiry pending against the Purchase Property, or any portion thereof.

13.5 Hazardous Materials. To the best of SELLER's actual knowledge, except as otherwise may be disclosed by the Purchase Property Documents, (i) there has been no production, storage or disposal at the Purchase Property of any Hazardous Materials (as defined in Section 7.4 herein) by SELLER or, to the best of SELLER's actual knowledge, by any previous owner or tenant of the Purchase Property; (ii) Hazardous Materials have not been dumped, buried, leaked, or otherwise released or present upon, in, or under the Purchase Property or allowed to pass on, under or through the Purchase Property at any time during or prior to SELLER's ownership of the Purchase Property; (iii) SELLER has not violated any laws, regulations, and ordinances relating to the use of all Hazardous Materials used on the Purchase Property; and (iv) there is no proceeding or inquiry by any federal, state or local governmental agency with respect to any Hazardous Materials on the Purchase Property. In the event hazardous materials are found on the site, SELLER shall be responsible for the remediation and cleanup of such hazardous materials.

14. Representations and Warranties of PURCHASER. PURCHASER hereby represents and warrants to SELLER that:

14.1 PURCHASER's Authority. PURCHASER is a California corporation duly organized and validly existing and in good standing under the laws of the State of California and has the authority to purchase and accept the Purchase Property. This Agreement and all documents executed by PURCHASER which are to be delivered to SELLER at the Close of Escrow are, or at the time of Close of Escrow, will be duly authorized, executed and delivered by PURCHASER. PURCHASER has the legal right, power and authority to enter into this Agreement and to consummate this transaction.

14.2 Enforceability. This Agreement and all documents required to be executed by PURCHASER are and shall be valid, legally binding obligations of and enforceable against PURCHASER in accordance with their terms.

15. Indemnity and Defense. PURCHASER shall protect, defend (with legal counsel acceptable to SELLER), indemnify and hold harmless the City of Elk Grove, and its officers, agents, and employees from any and all claims, damages, losses, costs, expenses (including reasonable attorney's fees and all other defense costs), injuries, or liabilities of every kind on account of damage to Purchase Property or injury to person (including death), which directly or indirectly arise from or relate to the Proposed Project or the Purchase Property, caused in whole

or in part, by any negligent act or omission of the PURCHASER, any member, officer, employee, agent, consultant, invitee, subcontractor, or anyone directly or indirectly employed by any of them, or anyone acting through or on behalf of them, except where caused by sole active negligence, or willful misconduct of the City of Elk Grove, or its respective officers, agents and employees, as determined by a Court of competent jurisdiction. Unless and until such judicial determination is made, or as otherwise agreed by the parties, Contractor shall remain obligated to defend, indemnify, and hold harmless City, its officers, officials, employees, volunteers, and agents pursuant to this Agreement. The provisions of this section shall survive termination or suspension of this Agreement.

16. Assignment. This Agreement may not be assigned or otherwise transferred by PURCHASER without the prior written consent of SELLER, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, PURCHASER shall have the right, upon not less than five (5) business days' notice, to assign this Agreement to an entity controlled by PURCHASER without SELLER's prior written consent. Notwithstanding the foregoing, the transfer of limited partner interests in PURCHASER or its assignee shall not require the consent of SELLER and the removal and replacement of the general partner of PURCHASER or its assignee with an affiliate of the tax credit limited partner shall not require SELLER's consent; provided, however, the replacement of the general partner with another nonprofit or any other entity other than an affiliate of the tax credit limited partner shall require the SELLER's consent, which shall not be unreasonably conditioned, withheld or delayed. In the event of a transfer, the transferee shall assume in writing all of the transferor's obligations hereunder, but such transferor shall not be released from its obligations hereunder. No consent given by SELLER to any transfer or assignment of PURCHASER's rights or obligations hereunder shall be construed as a consent to any other transfer or assignment of PURCHASER's rights or obligations hereunder. No transfer or assignment in violation of the provisions hereof shall be valid or enforceable. Subject to the foregoing, this Agreement and the terms and provisions hereof shall inure to the benefit of and be binding upon the successors and assigns of the Parties.

17. Transfer of Purchase Property. Prior to completion of the Proposed Project by PURCHASER, PURCHASER shall not, either voluntarily or by operation of law, sell, assign or otherwise transfer the Purchase Property, or any interest therein (other than transfers of limited partner interests and removal and replacement of the general partner as permitted in the Loan documents), without the express written consent of SELLER. Any attempted sale, assignment or other transfer in violation of this section shall be voidable at SELLER's election and shall constitute a material default of the terms of this Agreement.

18. Default, Remedies and Termination.

18.1 Default – General. Subject to the provisions of this section and extensions of time set forth herein, failure or delay by either Party to timely perform any term or provision of this Agreement or any other agreement between the Parties related to the Proposed Project or the Purchase Property, constitutes a default under this Agreement.

18.2 Cure Period. Neither Party shall be in default under this Agreement unless the other Party first provides written notice of default and the Party in default thereafter fails within five (5) days after receipt of such notice of default to either cure such default or, if such default cannot reasonably be cured within said 5-day period, diligently commence such actions reasonably necessary to cure such default within such five (5) day period, and thereafter, cures such default within a time period reasonably necessary to cure said default, not to exceed thirty (30) days after receipt of such notice of default. Purchaser's investor limited partner shall have

the right but not the obligation to cure any default by Purchaser within the time periods set forth herein, and such cure shall be accepted or rejected on the same basis as if tendered by Purchaser.

18.3 Remedy for PURCHASER's Failure to Close Escrow.

IN THE EVENT ESCROW FAILS TO CLOSE DUE TO A DEFAULT UNDER THIS AGREEMENT BY PURCHASER WHICH CONTINUES BEYOND APPLICABLE NOTICE AND CURE PERIODS, SELLER SHALL BE ENTITLED, AS SELLER'S SOLE AND EXCLUSIVE REMEDY UNDER THIS AGREEMENT, TO TERMINATE THIS AGREEMENT. IN ADDITION, PURCHASER SHALL DELIVER TO SELLER ALL REPORTS AND STUDIES CONDUCTED BY THIRD PARTIES ON BEHALF OF PURCHASER IN CONNECTION WITH ITS INVESTIGATION OF THE PROPERTY WITHOUT REPRESENTATION OR WARRANTY. ADDITIONALLY, THE SELLER SHALL RECEIVE THE RIGHTS TO THE OWNERSHIP OF ALL CONCEPTUAL PLANNING MATERIALS INCLUDING DOCUMENTS, SURVEYS, PLANS, DESIGNS, AND ARCHITECTURAL DRAWINGS, WHETHER IN DRAFT OR FINAL FORM. THE PARTIES HAVE AGREED THAT SELLER'S ACTUAL DAMAGES, IN THE EVENT ESCROW FAILS TO CLOSE SOLELY DUE TO A DEFAULT BY PURCHASER WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO DETERMINE. THEREFORE, BY PLACING THEIR INITIALS BELOW, THE PARTIES ACKNOWLEDGE THAT THE RIGHT TO TERMINATE THE AGREEMENT AND THE RIGHT TO ALL REPORTS, STUDIES, AND PLANS, AFTER NEGOTIATION, AS THE PARTIES' REASONABLE ESTIMATE OF SELLER'S DAMAGES AND AS SELLER'S EXCLUSIVE REMEDY AGAINST PURCHASER.

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SELLER's Initials

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PURCHASER's Initials

18.4 Remedy for SELLER's Failure to Close Escrow.

IN THE EVENT ESCROW FAILS TO CLOSE DUE TO A DEFAULT UNDER THIS AGREEMENT BY SELLER WHICH CONTINUES BEYOND APPLICABLE NOTICE AND CURE PERIODS, PURCHASER SHALL BE ENTITLED TO TERMINATE THIS AGREEMENT AND RETAIN EXCLUSIVE RIGHTS TO ALL REPORTS AND STUDIES CONDUCTED BY THIRD PARTIES ON BEHALF OF PURCHASER IN CONNECTION WITH ITS INVESTIGATION OF THE PROPERTY AND ALL CONCEPTUAL PLANNING MATERIALS INCLUDING DOCUMENTS, SURVEYS, PLANS, DESIGNS, AND ARCHITECTURAL DRAWINGS, AS PURCHASER'S SOLE REMEDY. THE PARTIES HAVE AGREED THAT SELLER'S ACTUAL DAMAGES, IN THE EVENT ESCROW FAILS TO CLOSE SOLELY DUE TO A DEFAULT BY SELLER WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO DETERMINE. THEREFORE, BY PLACING THEIR INITIALS BELOW, THE PARTIES ACKNOWLEDGE THAT THE RIGHT TO TERMINATE THE AGREEMENT AND RIGHT TO ALL REPORTS, STUDIES, AND PLANS, AS PROVIDED HEREIN, HAVE BEEN AGREED UPON, AFTER NEGOTIATION, AS THE PARTIES' REASONABLE ESTIMATE OF PURCHASER'S DAMAGES AND AS PURCHASER'S EXCLUSIVE REMEDY AGAINST SELLER.

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18.5 Limitation on Damages.

THE REMEDIES SET FORTH IN SECTION 18.3 AND SECTION 18.4 REPRESENT THE PARTIES' SOLE AND EXCLUSIVE REMEDIES FOR FAILURE TO CLOSE ON THE PROPERTY. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY, OR AT ALL, WHETHER UNDER THEORIES OF CONTRACT, TORT, STATUTE, STRICT LIABILITY, NEGLIGENCE, INTENTIONAL ACT OR INACTION, OR ANY OTHER LEGAL OR EQUITABLE THEORY REGARDING OR RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT FOR ANY LOST PROFITS, OR SPECIAL, INDERECT, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES OF ANY KIND WHATSOEVER.

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PURCHASER's Initials

18.6 Remedy for PURCHASER Default After Title Transfer.

18.6.1 Institution of Judicial Action. In addition to any other rights or remedies, either Party may institute judicial action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy by law or equity, including the right of specific performance.

18.6.2 No Waiver. The failure or delay by either Party in asserting its rights or remedies as to any default, shall not operate as a waiver of any default or of any rights or remedies under this Agreement or deprive either Party of its right to institute and maintain any action or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

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

19. Brokers' Fees. The Parties each hereby warrant to the other that no person or entity can properly claim a right to a commission, finder's fee or other compensation based upon contacts or understandings between such claimant and PURCHASER or SELLER with respect to the transaction contemplated by this Agreement. The Developer represents that it has not obtained or engaged the services of a real estate broker in this transaction. If any broker or finder makes any claim for a commission or finder's fee, the Party through which the broker or finder makes such claim shall indemnify, defend and hold the other Party harmless from all liabilities, expenses, losses, damages or claims (including the indemnified Party's reasonable attorneys' fees) arising out of such broker's or finder's claims.

20. Attorneys' Fees. Should any litigation be commenced between the Parties hereto concerning the Purchase Property, this Agreement, or the rights and duties of either in relation thereto, the prevailing Party in such litigation shall be entitled, in addition to such other relief as may be granted, to its costs, including attorneys' fees, and costs for such litigation and for executing upon or appealing any judgment.

21. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of California. In the event of litigation arising under this Agreement, venue shall reside exclusively in the Superior Court of the County of Sacramento.

22. Notices. All notices, demands, consents, requests or other communications required to or permitted to be given pursuant to this Agreement shall be in writing, shall be given only in accordance with the provisions of this section, shall be addressed to the Parties in the manner set forth below, and shall be conclusively deemed to have been properly delivered and received by the receiving Party (a) upon receipt when hand delivered, (b) upon receipt when sent by facsimile to the number set forth below (with written confirmation of receipt from the sender), (c) upon the day of delivery if the notice has been deposited in an authorized receptacle of the United States Postal Service as first-class, registered or certified mail, postage prepaid, with a return receipt requested (provided that, the sender has in its possession the return receipt to prove actual delivery), or (d) upon actual delivery if deposited with any commercially-recognized overnight carrier that routinely issues receipts (provided that, the sending Party receives a confirmation of actual delivery from the courier). The addresses of the Parties to receive notices are as follows:

If to SELLER: City of Elk Grove  
8401 Laguna Palms Way  
Elk Grove, CA 95758  
Attn: City Manager  
E-mail: jbehrmann@elkgrovecity.org

With a copy to: City of Elk Grove  
8401 Laguna Palms Way  
Elk Grove, CA 95758  
Attn: City Attorney  
E-mail: jhobbs@elkgrovecity.org

If to PURCHASER: Elk Grove Old Town Mutual Housing Associates, L.P.  
c/o Mutual Housing California  
3321 Power Inn Road, Suite 320  
Sacramento, CA 95826  
Attn: CEO

With a copy to: Gubb & Barshay LLP  
235 Montgomery Street, Suite 1110  
San Francisco, CA 94104  
Attn: Nicole Kline  
E-mail: nkline@gubbandbarshay.com

If any notice is refused, the notice shall be deemed to have been delivered upon such refusal. Any notice delivered after 5:00 p.m. (recipient's time) or on a non-business day shall be deemed delivered on the next business day. A Party may change or supplement the addresses given above or designate additional addressees for purposes of this section, by delivering to the other Party written notice in the manner set forth above.

23. Entire Agreement. This Agreement and the documents referenced herein contain the entire agreement between the Parties, and this Agreement shall not be modified in any manner except by an instrument in writing executed by the Parties or their respective successors-in-interest.

24. Severability. If any provision of this Agreement is held invalid or unenforceable by any court of final jurisdiction, it is the intent of the Parties that all the other provisions of this Agreement be construed to remain fully valid, enforceable and binding on the Parties.

25. Waivers. A waiver or breach of covenant or provision in this Agreement shall not be deemed a waiver of any other covenant or provision in this Agreement, and no waiver shall be valid unless in writing and executed by the waiving Party. An extension of time for performance of any obligation or act shall not be deemed an extension of the time for performance of any other obligation or act.

26. Construction. The section headings and captions of this Agreement are, and the arrangement of this instrument is, for the sole convenience of the Parties to this Agreement. The section headings, captions, and arrangement of this instrument do not in any way affect, limit, amplify, or modify the terms and provisions of this Agreement. The singular form shall include plural, and vice versa. All exhibits referred to in this Agreement are attached to it and incorporated in it by this reference.

27. Merger. All of the terms, provisions, representations, warranties, and covenants of the Parties under this Agreement shall survive the Close of Escrow and shall not be merged in the Grant Deed or other documents.

28. Time of the Essence. Time is of the essence in this Agreement.

29. Successors. This Agreement shall inure to the benefit of and shall be binding upon the Parties to this Agreement and their respective successors.

30. Third-Party Rights. Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the Parties and their respective successors and permitted assigns, any rights or remedies.

31. Further Assurances. SELLER and PURCHASER agree to execute such additional documents and take such additional actions which are consistent with, and as may be reasonable and necessary to carry out the provisions of this Agreement.

32. Joint Drafting. PURCHASER and SELLER acknowledge that this Agreement was negotiated at arm's length, that independent counsel has represented each Party, and that this Agreement has been drafted by both Parties, and no one Party shall be construed as the draftsperson.

33. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same Agreement.

34. Days of Week/Time. The time in which any act is to be done hereunder is computed by excluding the first day and including the last. The term "business day" as used in this Agreement, means any calendar day other than Saturday, Sunday or holiday, as defined in Section 6700 of the California Government Code. If any date for performance herein falls on a business day, the time for such performance shall be extended to 5:00 p.m. on the next business day.

35. Prevailing Wage. It is the responsibility of the Developer to determine whether state or federal prevailing wages apply to the Proposed Project. It is the responsibility of the Developer

to pay any required prevailing wages if and when required by California state or federal law. Notwithstanding the foregoing, the City has not imposed and shall not impose in the future unless required by law, and nothing in this Agreement shall be construed as imposing any independent prevailing wage requirements that are different from those imposed by applicable federal or state law. Developer shall indemnify, defend and hold harmless the City and any of its employees, officers, or agents against any claim by any party related to compliance with applicable prevailing wage law, and Developer shall be liable for the payment of all damages, penalties, wages, and attorneys' fees and costs arising out of any such claim.

The Parties hereto have executed this Agreement as of the Effective Date.

SELLER:

**City of Elk Grove,**  
a California municipal corporation

By: \_\_\_\_\_  
Jason Behrmann,  
City Manager


Dated: \_\_\_\_\_

PURCHASER:

By: Elk Grove Old Town Mutual Housing  
Associates, L.P., a California limited  
partnership


By: Elk Grove Old Town Mutual Housing  
Association LLC, a California limited liability  
company, its general partner

By: Mutual Housing California, a California  
nonprofit public benefit corporation, its sole  
member/manager

By:  \_\_\_\_\_  
Craig Adelman,  
Chief Executive Officer

Dated: 4/16/2025 | 10:07 AM PDT

APPROVED AS TO FORM:

By:  \_\_\_\_\_  
Jonathan L. Jobbs, City Attorney

Dated: 4/16/2025 | 11:54 AM PDT

ATTEST:

By: \_\_\_\_\_  
Jason Lindgren, City Clerk

Dated: \_\_\_\_\_

**Exhibit A**

**LEGAL DESCRIPTION OF CITY PROPERTY**

Real property in the City of Elk Grove, County of Sacramento, State of California, described as follows:

Parcel 1, as shown on that Parcel Map entitled "North 201.24 feet of Lot 14- Gunter's Addition to Elk Grove Book 13 of Maps, Page 21", recorded in Book 29 of Parcel Maps, Page 7, records of said County.

Parcel 2, as shown on that Parcel Map entitled "North 201.24 feet of Lot 14- Gunter's Addition to Elk Grove Book 13 of Maps, Page 21", recorded in Book 29 of Parcel Maps, Page 7, records of said County.

Parcel 3, as shown on that Parcel Map entitled "North 201.24 feet of Lot 14- Gunter's Addition to Elk Grove Book 13 of Maps, Page 21", recorded in Book 29 of Parcel Maps, Page 7, records of said County.

Parcel 4, as shown on that Parcel Map entitled "North 201.24 feet of Lot 14- Gunter's Addition to Elk Grove Book 13 of Maps, Page 21", recorded in Book 29 of Parcel Maps, Page 7, records of said County.

**APNs: 134-0072-013 through -016**

## **Exhibit B**

### **SCOPE OF DEVELOPMENT**

Capitalized terms which are not defined herein shall have the meaning set forth in the Agreement attached hereto. The Developer agrees that the Property shall be developed in accordance with the provisions of the Agreement and the plans, drawings and related documents approved by the City pursuant hereto. The Developer and its supervising architect, engineer and contractor shall work with City staff to coordinate the overall design, architecture and color of the Project on the Property.

#### **1. Project Description**

The Project is located on four vacant parcels on 2.2-acres, currently owned by the City of Elk Grove ("City"), and located at the southeast corner of Elk Grove Boulevard and Webb Street, identified as APNs 134-0072-013, -014, -015, and -016, in the County of Sacramento (the "County"), California, at 9220-9244 Elk Grove Boulevard (the "Property"). On this vacant site, Elk Grove Old Town Mutual Housing Associates, L.P., a California limited partnership ("Developer") shall construct a senior affordable housing development with eighty-nine (89) total new units, including one (1) on-site manager's unit that is not subject to affordability restrictions ("Project").

The Project is anticipated to be financed in part by a loan made by the City, which will be evidenced by documents, including, but not limited to, a Loan Agreement, Promissory Note, Deed of Trust, and Loan Regulatory Agreement (collectively, "Loan Documents").

#### **2. Project Objectives**

2.1. Property Use. Property shall be used and continuously operated as affordable housing in accordance with all applicable requirements of the Agreement, the City Regulatory Agreements, Loan Term Sheet, and any other City Documents or Loan Documents relating to permitted uses.

2.2. Target population. Project shall be exclusively developed, operated, and maintained as senior affordable housing in accordance with California Civil Code Section 51.3, defined as housing for "senior citizens" aged 55 years or older.

2.3. Affordability and Income Restrictions. Affordability levels shall, at a minimum, satisfy the restrictions in the Loan Regulatory Agreement. Developer shall restrict 100% of total units, except one (1) three-bedroom onsite manager's unit, to lower-income senior households earning 30% to 70% of the Area Median Income, with adjustments for household size, as established and amended from time to time by HUD pursuant to Section 8(f)(3) of the United States Housing Act of 1937 or such other method of median income calculation applicable to the City that HUD may hereafter adopt in connection with said Act.

2.4. Unit Mix. The unit mix shall be as follows:

Affordability Level (% of AMI)	Total Units	Number of Bedrooms			
		STUDIO	1BD	2BD	3BD
30%	16	1	12	3	-
40%	10	-	8	2	-
50%	21	-	19	2	-
60%	41	-	35	6	-
70%	-	-	-	-	-
Unrestricted	1	-	-	-	1

2.5. Tenant Selection. To provide equitable opportunities for securing affordable housing on the Project site, Developer shall implement a lottery system during the initial pre-occupancy tenant selection process, in accordance with established City-led lottery procedures or practices, and consistent with similar City-funded multifamily apartment complexes.

3. Site Improvements

3.1. Landscaping. Project will be designed in accordance with Elk Grove Municipal Code Chapter 23.54 (landscaping) and Old Town Special Planning Area Design Standards and Guidelines.

3.2. Irrigation System. The automated irrigation system incorporates a “SMART controller” that senses rain to reduce water use. Irrigation piping and fixtures shall be installed with new system that includes appropriate water efficient fixtures.

3.3. Pedestrian and Fire-access Gates. Gates will meet code requirements.

3.4. Fence. The site shall include a 6-foot tall (minimum) wooden fence consistent with the approved entitlements.

3.5. Asphalt Parking Lot and Drive Aisles. Parking lot and drive aisles will be designed in accordance with geotechnical recommendations. The parking lot will meet current code and ADA requirements, including with respect to required ADA van accessible parking.

3.6. Placement/Layout. The building shall be brought forward to Elk Grove Boulevard to maintain the street wall and place parking in the back of the Property with ample landscaping throughout the site.

4. Building Exterior Improvements.

4.1. Roof. The roofing of all buildings shall have TPO roofing membrane with a minimum 20-year warranty.

- 4.2. Gutters, Downspouts and Downspout Extensions. All gutters, downspouts and downspout extensions will be new and connected to a storm drain system and/or routed to surface drain to site bio-retention planters.
  - 4.3. Balcony and Patio Enclosures: Ground floor apartments will have private patios on grade with brick walls; while upper level apartments will have balconies with metal railing.
  - 4.4. Paint/Materials. Building will have interior and exterior painting in a color scheme approved by the City. Non-habitable structures on the property will match the habitable buildings. The materials shall include brick, fiber cement siding for siding, wood trellis and metal railings throughout the apartment building.
  - 4.5. Windows and Sliders. All windows will be energy-efficient windows. Windows will be designed to open and will have screens. Operable windows will have functional locks, and will be operable without excessive effort.
  - 4.6. Trash Enclosures. The site will contain trash enclosures that comply with Elk Grove Municipal Code Title 30 (Solid Waste Management) and Old Town Special Planning Area Design Standards and Guidelines.
  - 4.7. Lighting. The exterior wall light fixtures shall meet code requirements. The lighting fixtures shall compliment the architectural style of the building.
  - 4.8. Sidewalks and Ramps. The sidewalks and ramps will meet current code and ADA requirements throughout the Project.
  - 4.9. Stairways, Railings and Landings. Common area stairs will meet current accessible codes for treads and risers, guardrails and handrails. Bottom of stairs will either be closed off for storage or provided with cane rails. Stairways in common areas will include closed risers and non-slip concrete finish or other slip-resistant material on the treads and shall meet current code requirements.
  - 4.10. Elevators. The site will contain elevators designed to meet current code and ADA requirements.
  - 4.11. Signage. Monument signage, buildings, apartments, garages, parking, ADA, and property signage throughout as required by Elk Grove Municipal Code Chapter 23.62 (Signs on Private Property) and Old Town Special Planning Area Design Standards and Guidelines.
  - 4.12. Security. New CCTV system with web-based cameras at primary automobile entrances, parking, common areas, mailboxes and community room(s).
  - 4.13. Exterior Building Systems. Exterior mounted electrical, mechanical, and plumbing systems will be protected from vandalism.
5. Building Interior
- 5.1. ADA units. The project will contain fully accessible units and hearing/visual equipped units at or above the minimum number required by building code.

- 5.2. Kitchens. All kitchens will have new solid-surface counters, cabinets, drawers, refrigerator/freezer combination appliances, free-standing electric range/oven combination appliances, ventilation hood appliances, dishwashers, sinks, garbage disposals, angle stops, low-flow faucets and finishes. All appliances will be EnergyStar or better. All kitchens will have adequate counter space and cabinet space.
  - 5.3. Bathrooms. All bathrooms will have solid-surface counters, sinks, tubs and surrounds, accessories (i.e., toilet paper holders, towel racks, shower rods and curtains), low-flow showerheads, low-flow toilets and low-flow faucets. Vanities will have cabinets and drawers. A humidistat fan will be installed in all bathrooms. Tub surrounds will be one single solid surface per wall. Bathrooms shall meet current code and ADA requirements.
  - 5.4. Ceilings and Walls. All interior walls and ceilings will have a drywall finish. In select areas of common areas (lobbies, community room, office areas, etc.) higher grade finishes (wood, tile, etc.) and acoustic panels / clouds may be used.
  - 5.5. Doors. All doors will be new and will meet current egress standards. All door hardware will have matching finishes. Exterior doors will have deadbolt locks, keyed latch assemblies, viewers, and screws in strike plates long enough to penetrate the door jamb framing by at least one inch. The dwelling entry door hardware will have single action hardware to release deadbolt and latch assembly. All sliding exterior doors will have screen doors and shall have functional locks and must operate freely without excessive effort.
  - 5.6. Flooring. New luxury vinyl plank ("LVP") flooring will be installed in all residential unit bathrooms, kitchens and living rooms. Carpet may be installed in bedrooms.
  - 5.7. Windows. New window blinds will be installed on all windows and sliders.
  - 5.8. Paint. Paint will be applied to all walls, ceilings, and trim, in all rooms, closets and storage rooms.
  - 5.9. Electrical. GFI outlets will be installed to code. New hardwired smoke and CO detectors will be installed in the hallways of all units. New hardwired smoke detectors will be installed in the bedrooms of all units. Broadband infrastructure will be provided.
  - 5.10. Lighting. All kitchens, dining rooms, bedrooms, bathrooms and hallways will have new energy-efficient light fixtures installed.
6. Community Areas and Resident Amenities
- 6.1. Community Room, Office, Kitchen and Restroom. The community building will contain a multipurpose room with shared kitchen, offices, and other community space. Flooring in common areas will be LVP (minimum 20-millimeter wear layer).
  - 6.2. Kitchen and Restroom. The kitchen will have solid-surface counters, refrigerator/freezer combination appliance, free-standing electric range/oven combination appliances, micro-hood combination appliance, dishwasher, sink, garbage disposal and low-flow faucets. All appliances will be EnergyStar or better. Furniture, fixtures, and cabinets will be installed. The restrooms will meet current code and ADA requirements.

6.3. Laundry Facilities. All laundry facilities will meet code and ADA requirements. New washer and dryer appliances shall be fully electric and energy efficient.

6.4. Resident Amenities and Open Space. The Property shall include various indoor and outdoor amenities available to residents living at the Property, including bike storage rooms, community clubrooms, BBQ/picnic areas, outdoor courtyards, office space for provision of resident services, laundry facilities, bike racks, benches, covered and lighted parking. As many of the existing oak trees shall remain, especially in the open space area and along the south and east sides of the property.

6.5. Laundry Facilities. All laundry facilities will meet code and ADA requirements. New washer and dryer appliances shall be fully electric and energy efficient.

7. Maintenance

7.1. Maintenance of Property. The Developer agrees that after commencement of the Agreement and prior to completion of construction of the improvements, the portions of the Property undergoing construction shall be maintained in a neat and orderly condition to the extent practicable and in accordance with industry health and safety standards, and that, once the improvements are completed, the Property shall be well maintained by the Developer as to both external and internal appearance of the improvements, the common areas, and the open spaces, consistent with the standards of maintenance of similar multifamily apartment complexes.

8. Plans.

8.1. Design plans. Developer has provided City with preliminary project designs, prepared by Mogavero Architects, Inc. and dated February 21, 2025 ("Plans"). City has been induced to undertake its obligations under this Agreement by Developer's promise to develop the Proposed Project in accordance with the Plans, the Scope of Development, and the provisions of this Agreement. City shall have the right, but not the obligation, to review any material changes to the Project to assure their conformity with the Plans, the Scope of Development, and the provisions of this Agreement. Based upon such review City shall have the right to approve or reject any material changes to the Project for reasonable cause.

**PROPOSED PLANS**

[Reserved]



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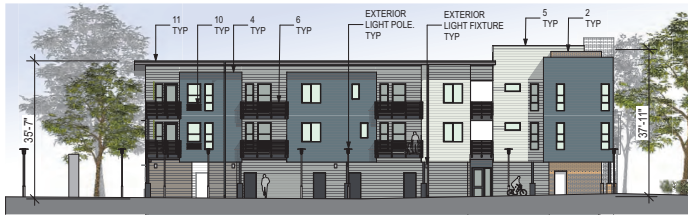


**NORTH ELEVATION**

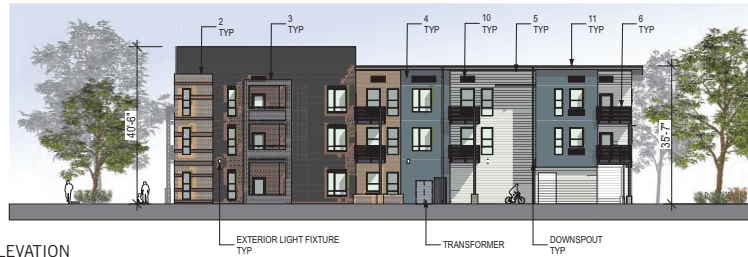


**LEGEND**

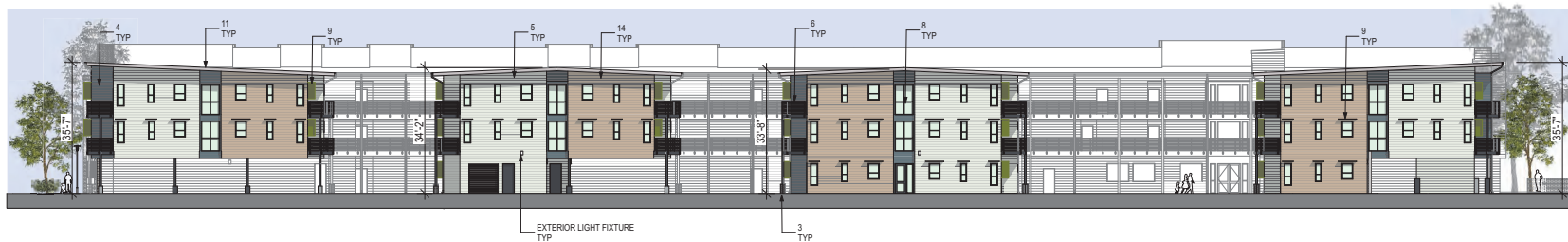
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- 2 SUMMER WHEAT MODULAR THIN BRICK 3/4" H.C. MUDDOX
- 3 EBONY MODULAR THIN BRICK 3/4" H.C. MUDDOX
- 4 FC SIDING - 12X4 PAINTED STORMY SEA - DE5817 DUNN-EDWARDS
- 5 FC SIDING - 12X4 PAINTED BE COOL - DEHW09 DUNN-EDWARDS
- 6 METAL RAILING PAINTED CHARCOAL SMUDGE, DE6370 DUNN-EDWARDS
- 7 TRELLIS
- 8 GLASS STOREFRONT WITH BRAKE METAL SYSTEM
- 9 METAL SUNSHADE PAINTED CHARCOAL SMUDGE, DE6370 DUNN-EDWARDS
- 10 METAL LOUVERS.
- 11 WHITE TPO ROOFING MEMBRANE
- 12 SIGNAGE (BY OTHERS)
- 13 4 FT HIGH BRICK WALL - COLOR PER ELEVA
- 14 PAINTED BIRCHWOOD - DEC752 DUNN-EDWARDS



**EAST ELEVATION**



**WEST ELEVATION**

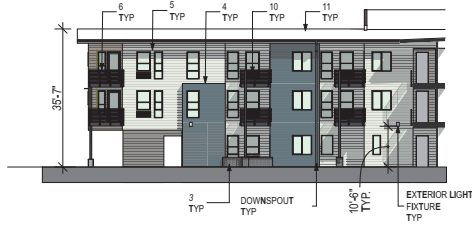


**SOUTH ELEVATION**

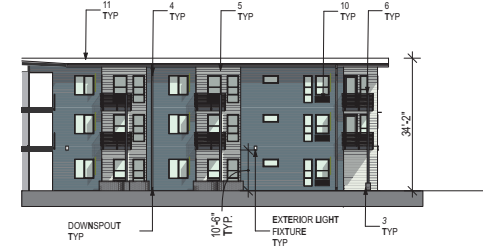


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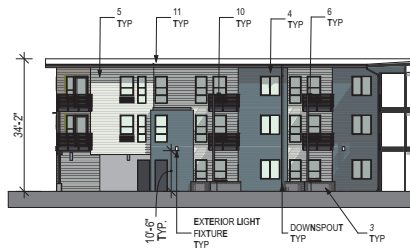
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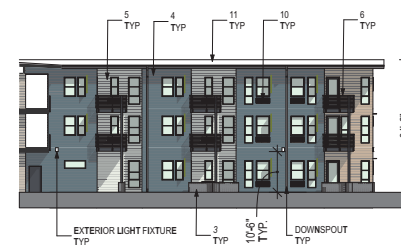
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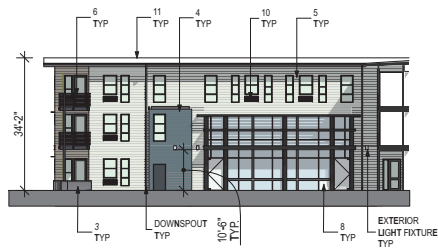
**COURTYARD 1 EAST ELEVATION**



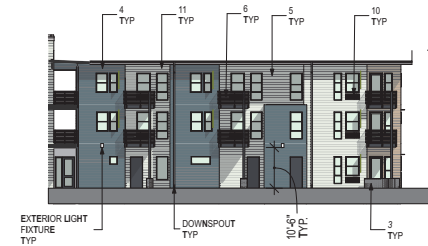
**COURTYARD 2 WEST ELEVATION**



**COURTYARD 2 EAST ELEVATION**



**COURTYARD 3 WEST ELEVATION**



**COURTYARD 3 EAST ELEVATION**

**LEGEND**

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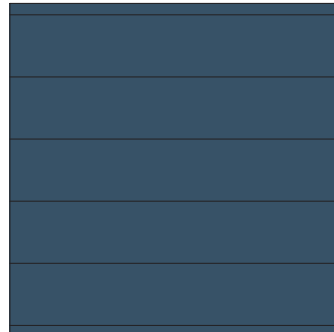
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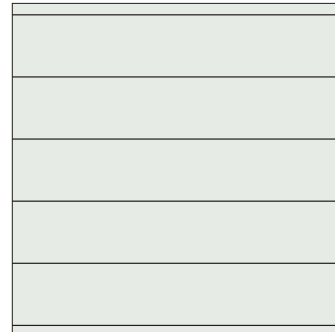
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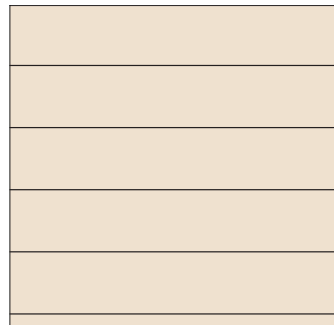
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13 4 FT HIGH BRICK WALL - COLOR PER  
ELEVATIONS



14 FC SIDING - 12X4  
PAINTED BIRCHWOOD - DEC752  
DUNN-EDWARDS





**Exhibit C**

**SCHEDULE OF PERFORMANCE**

Capitalized terms which are not defined herein shall have the meaning set forth in the Agreement attached hereto. This Schedule of Performance may be modified in writing by the Developer and by the City Manager on behalf of the City without formal amendment of this Agreement.

<b>Milestone</b>	<b>Schedule</b>
Public Outreach and Engagement	Completed
Appraisal	Completed
Submit Loan Application and Preliminary Pro Forma	Completed
Execution of Amended and Restated LOI	Completed
Execute the Disposition and Development Agreement in a form satisfactory to both parties. City to declare Site "exempt surplus" at this time.	April 2025
Secure loan commitment from City Affordable Housing Fund.	March 2025
Developer Submits CDLAC/TCAC Application	May 2025
Consideration of entitlements by appropriate City approval authority.	June 2025
Secure Project funding	Summer 2025 – Late 2026
Developer shall prepare and submit the Final Financing Plan/Pro Forma	Within 180 days after receipt of CDLAC/TCAC Award
Close of Escrow	180 days from date of CDLAC/TCAC award in any competition held in 2025 or 2026
Break Ground/Begin Construction	Early 2026 – Mid 2027
Construction Completed	Summer 2027 – Late 2028
Lease-up / Certificate of Occupancy	Late 2027 – Early 2029

**Exhibit D**

**CITY LOAN TERM SHEET**

[Reserved]

Loan Term Sheet: Old Town  
 For Council Consideration | April 23, 2025

	Proposed Term																																								
<b>Lender</b>	City of Elk Grove (“City”)																																								
<b>Borrower</b>	Elk Grove Old Town Mutual Housing Associates, L.P., a California limited partnership (“Owner” or “Developer”)																																								
<b>Loan Amount</b>	The Loan Amount is \$4,200,000. Such amount is subject to the Cost Savings section set forth below.																																								
<b>Funding Source</b>	Affordable Housing Fund																																								
<b>Interest Rate</b>	4% simple interest per annum																																								
<b>Term</b>	City loan to have a term of 35 years from permanent loan closing, unless the tax credit investor requires a longer term, in which case, the City Manager may, in his sole discretion, approve a loan term of up to 55 years. Balance due on sale except as permitted in the loan documents. For amount due on refinancing, see “Refinancing” section.																																								
<b>Purpose</b>	<p>Construction and operation of an 89-unit senior affordable apartment project (commonly known as Old Town Apartments, or “Project”) that is deed-restricted by means of a Regulatory Agreement for 55 years. The Project shall be located at 9220-9244 Elk Grove Boulevard (APNs 134-0072-013, -014, -015, and -016) in the City of Elk Grove (“Land”), which Owner shall purchase from the City concurrent with the closing of the construction financing necessary to construct the Project.</p> <p>The affordability mix is as shown:</p> <table border="1"> <thead> <tr> <th rowspan="2">Affordability Level (% of AMI)</th> <th rowspan="2">Total Units</th> <th colspan="4">Number of Bedrooms</th> </tr> <tr> <th>STUDIO</th> <th>1BD</th> <th>2BD</th> <th>3BD</th> </tr> </thead> <tbody> <tr> <td>30%</td> <td>16</td> <td>1</td> <td>12</td> <td>3</td> <td>-</td> </tr> <tr> <td>40%</td> <td>10</td> <td>-</td> <td>8</td> <td>2</td> <td>-</td> </tr> <tr> <td>50%</td> <td>21</td> <td>-</td> <td>19</td> <td>2</td> <td>-</td> </tr> <tr> <td>60%</td> <td>41</td> <td>-</td> <td>35</td> <td>6</td> <td>-</td> </tr> <tr> <td>70%</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table>	Affordability Level (% of AMI)	Total Units	Number of Bedrooms				STUDIO	1BD	2BD	3BD	30%	16	1	12	3	-	40%	10	-	8	2	-	50%	21	-	19	2	-	60%	41	-	35	6	-	70%	-	-	-	-	-
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		<b>Proposed Term</b>					
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">Unrestricted</td> <td style="width: 11%;">1</td> <td style="width: 11%;">-</td> <td style="width: 11%;">-</td> <td style="width: 11%;">-</td> <td style="width: 13%;">1</td> </tr> </table> <p>*AMI is the area median income, adjusted for household size.</p> <p>The Owner may modify the affordability mix to ensure the project remains competitive for other proposed affordable housing financing, provided that the average affordability remains at or below 50%. Any proposed changes to the number of units per bedroom count must be approved by the City in writing in advance of Owner filing a funding application with such changes.</p> <p>The unrestricted unit must be occupied by either the full-time property manager or the full-time maintenance supervisor.</p> <p>Project amenities must include bike storage rooms, community clubrooms, BBQ/picnic areas, outdoor courtyards, office space for provision of resident services, elevators, laundry facilities, bike racks, benches, and lighted parking.</p>	Unrestricted	1	-	-	-	1
Unrestricted	1	-	-	-	1		
<b>Unit Occupancy</b>	<p>Owner commits to working with the City to address homelessness, including by implementing a policy moving homeless Elk Grove households to the top of the waitlist for any vacant unit for which they are qualified.</p> <p>At the City’s request, Owner shall implement a randomized process to allocate units to qualified interested persons (“Lottery”) at the time of initial lease-up. To the extent allowable by fair housing laws, homeless Elk Grove households referred by the City will take precedence over persons selected through the Lottery.</p> <p>Owner shall (1) perform annual income certifications or recertifications and adjust unit affordability accordingly; and (2) provide City, within 14 days of City’s request, copies of any annual income certifications or recertifications. For example, this means that a household initially living in a 30% AMI unit and whose household income rises to 50% AMI will continue to qualify as a 30% AMI unit but would have their rent adjusted to the 50% AMI level, and the next available unit would be made available to a household earning 30% AMI. Nothing in this policy shall require Owner to violate any regulation of the California Low Income Housing Tax Credit (LIHTC) Program.</p>						

	<b>Proposed Term</b>
<b>Social Services</b>	<p>On-site social services must include provision of resident support for no less than 12 hours per week. Resident support services, including social programming, must be offered at staffing ratios adequate to support the level of demand from residents and commensurate with the number of units on the property. A resident services coordinator (or equivalent position) must be on-site weekly and available by phone on weekdays. The social services provider shall conduct a resident needs assessment at initial move-in and every 18-24 months thereafter, and submit a social services plan to the City for approval biennially. Social services provider will provide reports to the City at least quarterly containing qualitative and quantitative data on activities offered and resident participation in activities.</p>
<b>Timing of Funding</b>	<p>The City shall provide an initial disbursement of \$1,200,000 at closing of construction financing as part of the total Loan Amount, provided that the Owner concurrently completes the purchase of Land from the City.</p> <p>Disbursements of the remaining \$3,000,000 balance of the total Loan Amount shall be as follows:</p> <ol style="list-style-type: none"> <li>1. 40% when the Project's framing inspection for all buildings is certified as complete by the City's Building Official, and provided that Developer has posted payment and performance bonds for the full amount of the construction contract.</li> <li>2. 20% when the Project has received a temporary Certificate of Occupancy for all buildings and the City has received proof of unconditional lien releases for general contractor or proof to City's satisfaction that Developer has posted a bond, at Developer's expense, from which to pay any judgment later entered against Developer or the property as a result of the lien, and proof of clear title to the satisfaction of the City; any bond issued pursuant to this section shall be in an amount sufficient to fully satisfy the lien, plus other recoverable costs and attorney's fees resulting from a judgment against Developer.</li> <li>3. 20% when the Project has received final Certificate of Occupancy for all buildings and the City has received proof of unconditional lien releases for general contractor or proof to City's satisfaction that Developer has posted a bond, at Developer's expense, from which to pay any judgment later entered against Developer or the property as a result of the lien, and proof of clear title to the satisfaction of the City; any bond issued pursuant to this section shall be in an amount sufficient to</li> </ol>

	<b>Proposed Term</b>
	<p>fully satisfy the lien, plus other recoverable costs and attorney’s fees resulting from a judgment against Developer.</p> <ol style="list-style-type: none"> <li>4. 10% upon (1) approval by the City of the Project’s Cost Certification prepared and signed by a third-party CPA, (2) a final construction inspection by City confirming that the Project was constructed and completed in the manner and form approved by City, and (3) the City has received proof of unconditional lien releases for all subcontractors or proof to City’s satisfaction that Developer has posted a bond, at Developer’s expense, from which to pay any judgment later entered against Developer or the property as a result of the lien, or expiration of the lien period has occurred with no liens filed that have not been bonded for and proof of clear title to the satisfaction of the City; any bond issued pursuant to this section shall be in an amount sufficient to fully satisfy the lien, plus other recoverable costs and attorneys’ fees resulting from a judgment against Developer.</li> <li>5. 10% when the Project has achieved “Project Stabilization.” This amount shall be held in a non-interest-bearing escrow account at the City as an operating reserve, over which the City has joint signing authority until Project Stabilization.</li> </ol> <p>“Project Stabilization” will be defined as:</p> <ol style="list-style-type: none"> <li>1. Physical occupancy of no less than 95% of all units;</li> <li>2. Ninety (90) consecutive days of sustained economic occupancy (net rent collected divided by gross rent potential) of at least 95%; and</li> <li>3. Ninety (90) consecutive days of sustained operating performance at or above a debt coverage ratio of 1.15 (inclusive of all amortizing debt payments).</li> </ol>
<b>Annual Payments</b>	<p>Following completion of construction, annual payments to the City will be equal to 50% of Residual Cash Flow, of which the City of Elk Grove will receive a percentage equal to its proportional amount of soft debt to the Project (the “City’s Share”).</p> <p>Residual Cash Flow is defined as all rental and other income generated by the Project after:</p> <ol style="list-style-type: none"> <li>1. Payment of the following operating expenses for the Project:</li> </ol>

	<b>Proposed Term</b>
	<ul style="list-style-type: none"><li>a. Property management fee not to exceed lesser of 1) \$789 per unit per annum, with a 3.0% escalator per annum, or 2) 6.3% of the Project’s effective gross income;</li><li>b. Advertising, legal, accounting, security, and other general office administration expenses;</li><li>c. Utilities;</li><li>d. Payroll expenses and payroll taxes;</li><li>e. Maintenance, repairs, grounds, and turnover costs;</li><li>f. Property insurance;</li><li>g. Taxes and assessments; and</li><li>h. Costs of social service programs offered to residents.</li></ul> <ul style="list-style-type: none"><li>2. Cash deposited into the Project’s Replacement Reserve and/or Operating Reserve in such amounts as are required by the Project lenders (including the City) and/or tax credit investor (including a requirement that if drawn, operating reserves must be replenished prior to any distributions of cash flow);</li><li>3. Cash deposited into escrow for property taxes and/or insurance as may be required by any of the Project Lenders;</li><li>4. Payment of senior loan debt service;</li><li>5. Payment of monitoring fees, if such monitoring is required by another public entity funder;</li><li>6. Payment of asset management fees to the tax credit investor limited partner in an amount no greater than \$10,000 per annum starting in the first year the Project receives a certificate of occupancy and escalating at no more than 3% per year, which fees may accrue if not paid in a given year;</li><li>7. Payment of asset management fees to the Managing General Partner of the Project partnership in an amount no greater than \$15,000 per annum with payments starting in the first year the Project receives a certificate of occupancy and escalating at no more than 3% per year; and</li><li>8. Payment of the deferred portion of the Adjusted Developer Fee, if any.</li></ul> <p>Note: All payments not specified above, including those to General Partner(s), Limited Partner(s), or parties related thereto, and including but not limited to asset management fees, incentive fees, monitoring fees not required by a public entity funder, and performance fees will be “below the line” and payable only from Residual Cash Flow.</p>

	<b>Proposed Term</b>
	<p>Further, any identity of interest costs (e.g. use of a related party management company, vendor, or the like) included within the Project’s annual operating budget must be disclosed and approved by the City as necessary and reasonable. The City approves Mutual Housing Management as property manager for the Project.</p>
<b>Balloon Payment</b>	<p>At the expiration of the loan term, 100% of the principal balance of the loan and all accrued interest will be due.</p>
<b>Refinancing</b>	<p>City approval shall be required for any proposed refinancing, including a refinancing of the senior permanent financing; provided however, no City consent shall be required to the refinance of the senior permanent financing provided that the new loan has a principal balance not greater than the outstanding balance of the senior permanent financing immediately prior to repayment plus any commercially reasonable costs associated with such refinancing and the funding of reserves.</p>
<b>Security</b>	<p>City loan will be secured by a deed of trust, UCC filing, and assignment of rents and leases junior to construction and permanent financing sources set forth.</p> <p>The City loan will be in a junior position, behind senior permanent financing in the amount of approximately \$6,000,000, tax-exempt bond financing, and loans from public entities in principal amounts greater than the City’s loan (or with respect to any financing from the California Department of Housing and Community Development, if applicable, as required by the Uniform Multifamily Regulations). City approval shall be required for any changes to the senior financing, with such approval not to be unreasonably withheld.</p> <p>City will require joint and several corporate guarantees from the underlying corporate owners of the general partner(s), member(s), or other controlling entities of the Owner and from any other guarantors required by the other financing sources investing in the Project.</p> <p>Required guarantees will include:</p> <ol style="list-style-type: none"> <li>1. A guarantee of Project completion; and</li> <li>2. A guarantee for full and prompt payment of any loss, damage, liability, action, cause of action, cost, or expense incurred by City as a result of, and to the extent of, i) fraud or material gross</li> </ol>

	<b>Proposed Term</b>
	<p>misrepresentation, ii) intentional bad faith waste, iii) losses resulting from Owner/Developer’s failure to properly maintain insurance, iv) gross misappropriation of any of the rents, security deposits, loan proceeds, insurance proceeds, condemnation awards, or any other proceeds derived from the collateral security; and/or v) unauthorized disbursements of Residual Cash Flow.</p> <p>The guarantee of Project completion will include a provision to the following effect:                      In the event any provision contained in this Guaranty causes Owner to violate any regulation of the LIHTC or other Affordable Housing Financing programs or causes Owner to be disqualified from receiving any federal or state tax credits through the LIHTC Program, such provision shall be deemed unenforceable and the remaining provisions of this Guaranty shall remain in full force and effect.</p>
<b>Bidding/Procurement</b>	<p>All construction subcontracts must be competitively and publicly bid, with a minimum of three qualified bids for each trade or subtrade, except for when the Project expenditure for a trade or subtrade is less than \$100,000, in which case the construction subcontract must still be reasonably priced and contracted for. Owner to provide all bid records to City upon request. Owner must make a reasonable effort to secure a minimum of three qualified bids, including by publicly publishing notices related to bid opportunities in local or regional newspapers and providing plans and bid documents online. Owner shall provide City with a list of all bids received by Owner, including the name of the bidder and contract information and the bid details.</p> <p>Awards to any firm other than the lowest responsive and responsible bidder, in cases where the selected firm’s bid exceeds the lowest responsive and responsible bid by more than 15%, must be approved in advance by the City. Procurement of non-construction goods and services shall be substantiated by a minimum of three cost estimates for like items for all purchases over \$50,000; if the lowest-cost provider is not selected, written justification must be provided. City shall respond to such requests for approval within ten (10) business days of receipt of said request and shall not withhold approval unreasonably.</p> <p>The parties agree that if Owner breaches this term, it will be impracticable or extremely difficult to determine the damages suffered by the City. It is therefore agreed that (1) upon the second instance of Owner’s failure to comply with this term, Owner shall pay the City the sum of \$2,500 as liquidated damages, and (2) upon the third instance of Owner’s failure to comply with this term, and for each additional instance</p>

	<b>Proposed Term</b>
	<p>of non-compliance thereafter, Owner shall pay the City the sum of \$5,000 as liquidated damages. The amount of liquidated damages set forth herein shall be deducted from the available City Loan Amount.</p>
<b>Change Orders</b>	<p>Written authorization from City for all change orders and/or line item budget adjustments of \$125,000 or more for construction costs and \$35,000 or more for soft costs is required. City shall respond to such request for approval within ten (10) business days of receipt of said change order and shall not withhold approval unreasonably. If the City does not respond to any request within such ten (10) business day period, City's approval shall be deemed to have been granted.</p> <p>The parties agree that if Owner approves change orders or other line item budget adjustments in excess of the above-noted amounts and without the City's written authorization prior to approval, City at their discretion, may decline to cover the cost of said change order.</p> <p>Owner shall submit to City monthly construction reports, which shall include contracts awarded, change orders approved, and status of completion by line item.</p>
<b>Cost Savings</b>	<p>If, at the completion and stabilization of the project development, there are excess proceeds as a result of a reduction in total development costs or a net increase in other permanent sources compared to the Project's approved Financing Plan after considering all final sources of funding and adjustments thereto that have been reasonably approved by the City (as will be further defined in the loan agreement between Owner and the City), City shall, at its option, be entitled to reduce its permanent loan to the Project by the City's Share of such excess proceeds, after the funding of reserves, payment of deferred developer fee, if any, and repayment of developer advances previously approved in writing by City, if any. In the event the City has fully disbursed its loan prior to the Project's completion, the Owner will make a one-time payment credited against the principal balance of the loan (i.e. effectively treating that portion of the City loan as construction lending only). In determining whether to require a reduction in the permanent loan, the City will consult with the California Tax Credit Allocation Committee to evaluate the implications under the QAP and scoring procedures.</p>

	<b>Proposed Term</b>
<b>Bonding</b>	<p>Payment and performance bonding will not be required on the construction if the City does not provide funding during construction and the senior lender’s loan documents do not obligate the City to fund any portion of the Project cost prior to issuance of final Certificates of Occupancy. Unconditional lien releases or proof to City’s satisfaction that Developer has posted a bond, at Developer’s expense, from which to pay any judgment later entered against Developer or the property as a result of the lien and satisfactory evidence of clear title will be accepted in lieu of payment and performance bonding for the purposes of the loan documents; any bond issued pursuant to this section shall be in an amount sufficient to fully satisfy the lien, plus other recoverable costs and attorneys’ fees resulting from a judgment against Developer. Payment and performance bonding may be required for construction of public improvements per City policy and State law.</p>
<b>Developer Fee</b>	<p>The Adjusted Developer Fee shall be limited to 10% of total development cost, excluding the developer fee itself. “Adjusted Developer Fee” shall mean the total developer fee as allowed under CTCAC regulations, less a) the amount contributed as equity to the Project that is in excess of 10% of total development cost, excluding the developer fee itself, or b) the amount of developer fee that is in excess of 10% of total development cost, excluding the developer fee itself, that is deferred and paid from residual cash flow.</p> <p>In the event of increases in the total development cost, the developer fee will not be increased proportionately. The total developer fee and the Effective Developer Fee shall be fixed upon the Project’s successful application for tax credits and will be based on the total developer fee and Project costs specified within such application.</p>
<b>Insurance</b>	<p>Owner and Project must carry insurance that meets the requirements of Attachment B of the Request for Proposals due on June 30, 2023. Proof of workers compensation and automobile insurance will be provided by Mutual Housing Management as the property manager for the Project. Further, the City retains the right to update insurance requirements (e.g. coverage limits) for its Affordable Housing Program from time to time. The Project must agree to comply with any such updates so long as those requirements are commercially reasonable and consistent with standards applied to affordable housing projects financed with LIHTC in the vicinity of the Project.</p>

	<b>Proposed Term</b>
	<p>Additionally, insurance proceeds must be used wholly to repair or rebuild property in the event of damage except for those insurance proceeds specifically allocated for covering rent loss or loss of tax credits due to the casualty, as long as defined as a separate benefit in the policy.</p>
<b>Reporting</b>	<p>During initial lease-up of Project units, Owner will provide the City with monthly financial and occupancy reporting. Following Project Stabilization, Owner may provide monthly or quarterly financial and occupancy reporting. Audited financial statements demonstrating compliance with the formula for the distribution of cash flow as described in the “Annual Payments” section of this term sheet will be due not later than the first month of the second quarter of the year following the reporting year. Failure to comply with the reporting requirements will result in liquidated damages of \$500 per violation per month, provided that Owner has failed to cure the non-compliance within 45 days from written notice from City.</p> <p>Additionally, the City reserves the right to reasonably alter, supplement, or otherwise modify the frequency or content of required reports as needed to maintain adequate oversight of the Project, to address findings related to noncompliance by the Project, or to standardize reporting requirements across its portfolio of assisted projects.</p>
<b>Conditions</b>	<p>The funding of the City loan is conditioned on the following:</p> <ol style="list-style-type: none"> <li>1. The Project has secured the unconditional commitment of all funding sources necessary to develop the Project. Those sources currently contemplated include a construction loan, tax-exempt bonds, 4% tax credit equity financing (or such substantially similar substitute financing as may be available from the California Tax Credit Allocation Committee); however, so long as the Project is in balance (i.e. funding sources equal projected Project costs), these sources may be revised prior to construction closing and any draw down on the City’s loan.</li> <li>2. The Property is free and clear of any mechanics liens or similar liens, or if a mechanics lien or similar lien has been filed against the Property, Owner shall bond around the lien as provided by law so that the title company can issue the City a lien free endorsement.</li> <li>3. The Owner and City have agreed as to the form of loan documents and regulatory agreement(s) and have each executed the documents.</li> <li>4. All insurance requirements are met.</li> </ol>

	<b>Proposed Term</b>
	<p>5. A market study and an as-built appraisal that meet the Affordable Housing Loan Program Guidelines requirements have been submitted. The City may rely on the appraisal commissioned by the senior lender and/or the tax credit investor</p> <p>6. The Project’s design and construction plans substantially conform with the terms of the Disposition and Development Agreement executed by the City and Developer, or have otherwise been approved by the City.</p>
<b>Commitment Length</b>	<p>City loan commitment terminates after the earlier of: a) denial of award of 4% tax credit equity financing in three consecutive 4% application rounds at which state credits are available, the first of which is May 20, 2025, or b) December 31, 2026.</p>
<b>Regulatory Agreement</b>	<p>Owner shall enter into a Regulatory Agreement, in a form provided by the City, which will include affordability and age restriction covenants to be recorded against the property, senior to all liens and junior only to the TCAC LURA, bond regulatory agreement, and City regulatory agreement pertaining to density bonus for the Project requiring that the units remain affordable at levels consistent with the affordability mix in the “Purpose” section. Owner shall provide all proposed regulatory agreements or other forms of deed restriction for the City’s review and approval prior to execution. The Regulatory Agreement must remain against the property, binding against all successors in interest, for the full term, even in the event of foreclosure by the senior lender. Notwithstanding the forgoing, upon the earlier to occur of recordation of the transfer of title pursuant to a foreclosure sale or a deed in lieu of foreclosure of a senior deed of trust or a loss or reduction of any rent subsidy for the Project, City agrees that (i) all restricted units under the regulatory agreement may be leased to households whose income levels are at or below fifty percent (50%) of AMI, and (ii) may be leased for a monthly affordable rent not to exceed the product of 1/12th of 30% times 50% of the AMI adjusted for family size appropriate for the unit. Such changes to restricted units must be made at vacancy and may not be applied to any tenant whose tenancy is in place at the time for the foreclosure sale or deed in lieu of foreclosure or loss or reduction in subsidy.</p>
<b>Reserves</b>	<p>Owner must establish and shall maintain an Operating Reserve Account and a Replacement Reserve Account (collectively, the Reserve Accounts). All Reserve Accounts shall be held in interest-bearing segregated accounts held in banks or credit unions fully licensed to do business in the State of California and insured to the maximum limit of either the Federal Deposit Insurance Corporation (FDIC) or the National</p>

	<b>Proposed Term</b>
	<p>Credit Union Association (NCUA), or any successor, as applicable. Any interest earned on the Reserve Accounts shall remain within the Reserve Accounts.</p> <p>All Reserve Accounts shall remain in place through the restriction period notwithstanding any change in ownership and in no circumstances may be disbursed for “exit taxes” upon any future transfer of limited partner interests.</p> <p>Any withdrawal or transfer from the Operating Reserve Account or Replacement Reserve Account in excess of \$20,000 shall require the written approval of the City, by and through its designee. The City’s approval or request for additional information to substantiate the need for the withdrawal or transfer shall be provided within ten (10) business days of its receipt of a request for such action. Owner must establish the Reserve Accounts to require the signature of the City’s designee and Owner for all withdrawals and transfers. Further, Owner shall authorize the financial institutions in which Reserve Accounts are held to provide the City, upon request, verified statements reflecting account balances and transactions. All reserve accounts may be jointly controlled by all third party lenders and the tax credit investors.</p> <ol style="list-style-type: none"><li>1. Operating Reserve Account: Not later than receipt of 8609s, Owner shall fund and maintain an Operating Reserve Account of not less than three months of underwritten operating expenses, replacement reserve deposits, and debt service. After Project Stabilization, the Operating Reserve Account may be used to pay operating costs and expenses to the extent the collected gross receipts are insufficient for such purpose. Further, the Operating Reserve Account may not be used to pay any identity of interest costs or fees, with the exception of reasonable direct property management fees incurred by a property management company that the City has previously approved of in writing. Owner shall obtain City’s approval of identity of interest property management fees, which shall not be unreasonably withheld. If drawn upon, the Operating Reserve Account must be replenished to its required minimum balance prior to distributions of Residual Cash Flow.</li><li>2. Replacement Reserve Account: Owner shall fund a Replacement Reserve Account with annual deposits in the first year following construction completion (which may be prorated based on the actual date of completion) equal to \$350 per unit per year. In subsequent years, the deposit to the Replacement Reserve shall be increased by 3% annually. To the extent that other Project lenders</li></ol>

	<b>Proposed Term</b>
	<p>require higher annual deposits to the Replacement Reserve Account, the 3% inflator will not be required so long as the total aggregate amount of annual deposits is equal to or greater than \$350 per unit per year plus the 3% annual inflator compounded annually. Disbursements from this Replacement Reserve Account shall be for the purpose of effecting replacement of structural elements and mechanical equipment of the Project or for other similar purposes for the benefit of the Project.</p> <p>In the event TCAC no longer requires completion of a “transfer questionnaire” or a capital needs assessment at the time of any Transfer Event, then prior a Transfer Event, Borrower shall submit to the City a Qualified Capital Needs Assessment. The entity which shall own the Project subsequent to the Transfer Event (the “Post Transfer Owner”) shall covenant to the City that the Post Transfer Owner (and any assignee thereof) shall:</p> <ol style="list-style-type: none"><li>1. Set aside at the closing of the Transfer Event adequate funds to perform the Short Term Work;</li><li>2. Perform the Short Term Work within three years from the date of the Transfer Event;</li><li>3. Make monthly deposits to reserves as are necessary to fund the Long Term Work, taking into account any balance in replacement reserve accounts upon the conclusion of the Transfer Event beyond those required by Section 1 of this clause; and</li><li>4. Complete the long term work when required, or prior thereto, pursuant to the Qualified Capital Needs Assessment.</li></ol> <p>For purposes of this section, the following terms shall have the following meanings:</p> <ol style="list-style-type: none"><li>1. “Qualified Capital Needs Assessment” shall mean a capital needs assessment for the property dated within one hundred eighty (180) days of the proposed Transfer Event which is prepared by an independent third-party architect, engineer, or other qualified firm approved by the City and clearly sets forth (1) the capital needs of the Project for the next three (3) years (the “Short-Term Work”) and the projected costs thereof, and (2) the capital needs of the Project for the subsequent twelve (12) years (the “Long Term Work”) and the projected contributions to reserves that will be needed to accomplish that work.</li><li>2. “Transfer Event” shall mean (1) a transfer of the ownership of the Project, (2) the sale or assignment of a partnership interest in Borrower and/or (3) the refinancing of secured debt on the Project. The</li></ol>

	<b>Proposed Term</b>
	<p>following shall not be deemed a Transfer Event: (1) the transfer of the Project or a partnership interest in Borrower in which reserves remain with the Project and the debt encumbering the Project is not increased, refinanced or otherwise modified, (2) the refinancing of Project debt which does not increase the outstanding principal balance of the debt other than in the amount of the closing costs and fees paid to the Project lender and third parties as transaction costs, provided that reserves remain with the Project, (3) the replacement of a general partner by a limited partner upon the occurrence of a default by a general partner in accordance with partnership agreement of the Project owner, or (4) a transfer pursuant to a foreclosure or deed in lieu of foreclosure to a non-related party.</p>
<p><b>Operating Budget Oversight</b></p>	<p>Prior to the beginning of its fiscal year, Owner shall submit a proposed operating budget to the City for review and approval. The City shall respond to such requests for approval within ten (10) business days of receipt of said request and shall not withhold approval unreasonably. The proposed budget must i) identify any identity of interest or related party costs if the management company is an affiliate of the Owner, ii) compare the proposed budget to the prior year's (or trailing 12 month) actual operating costs, and iii) provide explanations of substantive changes in the budget.</p>
<p><b>Distributions of Residual Cash Flow</b></p>	<p>Owner shall not make distributions of Residual Cash Flow to any Controlling Entity or related parties, other than for normal operating costs in the annual budget approved by the City, without written approval by the City based on a determination by the City that:</p> <ol style="list-style-type: none"> <li>1. No default in the terms of the City's loan or related documents exists and is continuing;</li> <li>2. All required Reserve Accounts and escrows are fully and properly funded;</li> <li>3. The most recent annual audit of the Project has been received by the City and shows no material weaknesses or unresolved findings; and</li> <li>4. Making a distribution of Residual Cash Flow will not require the property to access Operating Reserve Accounts.</li> </ol> <p>To obtain approval to make a Residual Cash Flow distribution, Owner shall submit to the City a request at least thirty (30) business days prior to any anticipated distribution together with a current financial statement for the Project that will enable the City to assess criteria above. Owner shall provide a prompt response to the City's requests for additional documentation, if needed.</p>

	Proposed Term
	<p>Unauthorized distributions of Residual Cash Flow will result in liquidated damages provided that Owner fails to return any unauthorized distributions within three (3) notice from City.</p> <p>The City’s willingness to make the loan as anticipated herein is contingent upon an reliance on the evaluation of the specific individuals and entities making up the Ow</p> <p>Owner agrees that no sale or transfer of general partnership interests, member int member interest, or other controlling interest in the Owner will be made without t of the City, which shall not be unreasonably withheld. City shall review and provide on the sale or transfer within 60 calendar days of receipt of written notice of the p This right of review will include but is not limited to:</p> <ol style="list-style-type: none"> <li>1. The voluntary or involuntary re-assignment of the role of general partner, n other controlling entity or individual (collectively the “Controlling Entities”) individual; and</li> <li>2. Sale or transfer of the interest of any owner of a Controlling Entity.</li> </ol> <p><b>Other</b></p> <p>Notwithstanding anything to the contrary in this Agreement or any other Loan Doc to the transfer of the limited partnership interests in Owner and the removal of the Owner by the investor limited partner for cause, and the replacement of the gener affiliate of the investor limited partner in accordance with the terms of the partner must provide notice of such transfer to the City at least 30 days prior to the transfe</p> <p>Additionally, the City’s willingness to make the Loan as anticipated herein is also c with specific reliance on the evaluation of the planned property manager for throughout the term of this Agreement, the City must approve of any property r another similar agent, employed by the Owner. The City’s approval of a specif company or agent for the Project may be withdrawn at any time, and upon notic</p>

	<b>Proposed Term</b>
	identify and contract with a property manager otherwise acceptable to the City, relevant agencies and investors.  Initially, the City has approved Mutual Housing Management as the property manager for the Project.

**Exhibit E**

**INSURANCE REQUIREMENTS**

A. Prior to commencement of any work on the Proposed Project and continuing until issuance of a Certificate of Occupancy, DEVELOPER and all contractors working on behalf of DEVELOPER shall provide to the City proof of, and maintain in full force and effect at all times until the issuance of a Certificate of Occupancy, at its sole cost and expense, policies of insurance as set forth herein. DEVELOPER and all contractors shall comply with all reporting and other provisions of the policies of insurance as set forth herein including, but not limited to, timely reporting of claims and suits. Further, should DEVELOPER maintain any programs of self-insurance, DEVELOPER shall comply with the applicable fulfillment of any self-insured retentions.

1. General Liability:

- a. Comprehensive general liability insurance including, but not limited to, protection for claims of bodily injury and property damage liability, personal and advertising injury liability, and product and completed operations liability.
- b. Coverage shall be at least as broad as Insurance Services Office Commercial General Liability coverage form CG 0001 (occurrence).
- c. Claims-made coverage is not acceptable.
- d. The limits of liability shall not be less than:

Each occurrence:	Two Million Dollars (\$2,000,000)
Products & Completed Operations:	Two Million Dollars (\$2,000,000)
Personal & Advertising Injury:	Two Million Dollars (\$2,000,000)

2. Umbrella Liability Policy:

- a. The policy must follow form of the underlying liability policies.
- b. The limit of liability shall not be less than \$5,000,000 per occurrence.

3. Automobile Liability:

- a. Automobile liability insurance providing protection against claims of bodily injury and property damage arising out of operation, maintenance, or use of hired and non-owned automobiles
- b. Coverage shall be at least as broad as Insurance Services Office Automobile Liability coverage form CA 0001, symbols 8 and 9 (hired and non-owned). DEVELOPER's coverage providing symbol 1 (Any Auto) shall be satisfactory.
- c. The limits of liability per accident shall not be less than:

Combined Single Limit	One Million Dollars (\$1,000,000)
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4. Worker's Compensation:

- a. Worker's Compensation Insurance, with coverage as required by the State of California (unless the DEVELOPER is a qualified self-insurer with the State of California), and Employers Liability coverage. The DEVELOPER shall execute a certificate in compliance with Labor Code Section 1861, on the form provided in Exhibit E.
- b. Employer's Liability Coverage shall not be less than the statutory requirements.
- c. If an injury occurs to any employee of the DEVELOPER for which the employee or his dependents, in the event of his death, may be entitled to compensation from the City under the provisions of the Acts, for which compensation is claimed from the City, there will be

retained out of the sums due the DEVELOPER under this Agreement, an amount sufficient to cover such compensation as fixed by the Acts, until such compensation is paid or it is determined that no compensation is due. If the City is required to pay such compensation, the amount so paid will be deducted and retained from such sums due, or to become due to the DEVELOPER.

- d. The insurer shall agree to waive all rights of subrogation against the City, its officers, officials, and employees for losses arising from work performed by the DEVELOPER.

5. Builder's Risk:

- a. Builder's Risk "Special Form" Completed Value upon the entire Proposed Project which is the subject of this Agreement, including completed work and work in progress.
- b. The policy or policies of insurance shall name the DEVELOPER and the City, its officials, officers, employees, agents, and volunteers as insureds as loss payees as their respective interests may appear.
- c. The Policy shall include an insurer's waiver of subrogation rights in favor of the DEVELOPER and the City, its officials, officers, employees, agents, and volunteers.
- d. Such insurance may have a deductible clause, but the amount of the deductible shall be subject to the approval of the City.
- e. In no event shall the Builder's Risk Coverage be less than the total value of the Agreement.
- f. DEVELOPER shall comply with all insurance requirements and shall not permit any condition to exist on the Property that would invalidate any part of any insurance coverage that this Instrument requires DEVELOPER to maintain.
- g. In the event of loss, DEVELOPER shall give immediate written notice to the insurance carrier and to City.
- h. The policy's deductible shall not exceed Fifty Thousand Dollars (\$50,000).

B. Upon issuance of a Certificate of Occupancy and continuing until the maturity date of the Loan, DEVELOPER shall provide to the City proof of, and maintain in full force and effect at all times until the maturity date of the Loan, at its sole cost and expense, policies of insurance as set forth herein:

1. General Liability:

- a. Comprehensive general liability insurance including, but not limited to, protection for claims of bodily injury and property damage liability, personal and advertising injury liability and product and completed operations liability.
- b. Coverage shall be at least as broad as Insurance Services Office Commercial General Liability coverage form CG 0001 (occurrence).
- c. Claims-made coverage is not acceptable.
- d. The limits of liability shall not be less than:
 

Each occurrence:	Two Million Dollars (\$2,000,000)
Products & Completed Operations:	Two Million Dollars (\$2,000,000)
Personal & Advertising Injury:	Two Million Dollars (\$2,000,000)

2. Umbrella Liability Policy:

- a. The policy must follow form of the underlying general liability policies.
- b. The limit of liability shall not be less than \$5,000,000 per occurrence.

3. Automobile Liability:

- a. Automobile liability insurance providing protection against claims of bodily injury and property damage arising out of ownership, operation, maintenance, or use of hired and non-owned automobiles.



- h. The policy's deductible shall not exceed Fifty Thousand Dollars (\$50,000).
- C. Prior to commencement of any work on the Proposed Project and continuing until the maturity date of the Loan, DEVELOPER and all contractors working on behalf of DEVELOPER shall abide by the following:
1. All general and auto liability policies required by this Agreement shall contain the following provisions and endorsements:
    - a. The City, its officers, officials, employees, agents and volunteers shall be covered and specifically named as additional insured as respects liability arising out of activities performed by or on behalf of the DEVELOPER, products and completed operations of the DEVELOPER, premises owned, occupied, or used by the DEVELOPER, or automobiles owned, leased, hired, or borrowed by the DEVELOPER on a separate endorsement acceptable to the City.
    - b. The insurer shall agree to waive all rights of subrogation against the City, its officers, officials, employees, and volunteers for losses arising from work performed by the DEVELOPER.
    - c. The policy shall contain no special limitations on the scope of coverage afforded to the City, its officials, employees, agents or volunteers.
    - d. Any insurance or self-insurance maintained by the City, its officers, officials, employees or volunteers shall be in excess of the DEVELOPER's insurance and shall not contribute with it, to the payment or satisfaction of any defense expenses, loss or judgment.
  2. Acceptability of Insurers: Insurance is to be placed with insurers with a **Bests' rating of no less than A:VII.**
  3. Any deductibles, aggregate limits, pending claims or lawsuits that may diminish the aggregate limits, or self-insured retention(s), must be declared to, and approved by, the City.
  4. The DEVELOPER shall furnish the City with certificates of insurance and original endorsements or insurance binders, signed by a person authorized by the insurer to bind coverage on its behalf, evidencing the coverage required by this Agreement. At anytime at the written request of the City, DEVELOPER agrees to furnish a duplicate original or certified copy of each required policy including the declaration pages, conditions, provisions, endorsements, and exclusions.
  5. The City, at its discretion, may increase the amounts and types of insurance coverage required hereunder at any time during the term of the Agreement by giving 30 days written notice.
  6. The DEVELOPER shall serve the City notice, in writing by certified mail, within 2 days of any notices received from any insurance carriers providing insurance coverage under this Agreement that concern the suspension, voidance, cancellation, termination, reduction in coverage or limits, non-renewal, or material changes of coverage proposed or otherwise.
  7. If the DEVELOPER fails to procure or maintain insurance as required by this section, and any Supplementary Conditions, or fails to furnish the City with proof of such insurance, the City, at its discretion, may procure any or all such insurance. Premiums for such insurance procured by the City shall be deducted and retained from any sums due the DEVELOPER under the Agreement.
  8. Failure of the City to obtain such insurance shall in no way relieve the DEVELOPER from any of its responsibilities under the Agreement.

9. The making of progress payments to the DEVELOPER shall not be construed as relieving the DEVELOPER or its agents of responsibility for loss or direct physical loss, damage, or destruction occurring prior to final acceptance by the City.
10. The failure of the City to enforce in a timely manner any of the provisions of this section shall not act as a waiver to enforcement of any of these provisions at any time during the term of the contract.
11. The requirement as to types, limits, and the City's approval of insurance coverage to be maintained by DEVELOPER are not intended to, and shall not in any manner, limit or qualify the liabilities and obligations assumed by DEVELOPER under the Agreement.

**Exhibit F**

**CERTIFICATE OF COMPLIANCE WITH LABOR CODE § 3700,  
RELEASE AND INDEMNIFICATION**

The undersigned, on behalf of and as the duly certified representative of PURCHASER, certifies as follows:

1. PURCHASER is aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and PURCHASER has complied or will comply with such provisions before commencing the performance of the work of this Agreement.
2. Should PURCHASER fail to secure Workers' Compensation coverage as required by the State of California, PURCHASER shall release, hold harmless, defend and indemnify the City of Elk Grove from and against any damage, liability, claim, cause of action and any other loss, including without limitation, court costs, reasonable attorney's fees and costs resulting from any failure to take and/or maintain Workers' Compensation insurance as required by law. The provisions of this Exhibit shall survive termination, suspension and/or completion of this Agreement. It is further understood and agreed that this release and assumption of risk is to be binding on PURCHASER successors, heirs and assigns.

**PURCHASER**  
ELK GROVE OLD TOWN MUTUAL  
HOUSING ASSOCIATES, L.P.

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

Date: 4/16/2025 | 10:07 AM PDT \_\_\_\_\_

Name: Craig Adelman \_\_\_\_\_

Title: Chief Executive Officer of MGP \_\_\_\_\_

**CERTIFICATION**  
**ELK GROVE CITY COUNCIL RESOLUTION NO. 2025-070**

STATE OF CALIFORNIA        )  
COUNTY OF SACRAMENTO    )        ss  
CITY OF ELK GROVE         )

*I, Jason Lindgren, City Clerk of the City of Elk Grove, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the City Council of the City of Elk Grove at a regular meeting of said Council held on April 23, 2025 by the following vote:*

**AYES:**        **COUNCILMEMBERS:**        *Singh-Allen, Robles, Brewer, Spease, Suen*

**NOES:**       **COUNCILMEMBERS:**        *None*

**ABSTAIN:**   **COUNCILMEMBERS:**        *None*

**ABSENT:**    **COUNCILMEMBERS:**        *None*

  
\_\_\_\_\_  
**Jason Lindgren, City Clerk**  
**City of Elk Grove, California**