

# Orange Countywide Oversight Board

Agenda Item No. 10a

Date: 9/22/2020

From: Successor Agency to the Garden Grove Redevelopment Agency

Subject: Resolution of the Countywide Oversight Board Approving the transfer of certain real property to New Age Brookhurst, LLC in accordance with the Long Range Property Management Plan and Dissolution Laws

## Recommended Action:

Approve resolution to transfer certain real property to New Age Brookhurst, LLC in accordance with the Long Range Property Management Plan.

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The Garden Grove Successor Agency requests approval of a resolution approving the transfer of certain real property to New Age Brookhurst, LLC in accordance with the Long Range Property Management Plan and the dissolution laws.

The Disposition and Development Agreement (“DDA”) by and between the Garden Grove Agency for Community Development (“Former Agency”) and the Developer dated November 24, 2010, contemplates the sale and subsequent development of the Brookhurst Triangle property in two phases. Specifically, Section 201 of the DDA requires conveyance of the properties to the developer in Phases.

On March 7, 2014, the Revised Long Range Property Management Plan (“LRPMP”) was approved by the State Department of Finance. The LRPMP, among other things, designates the Site (identified in lines 8 through 20 on the matrix attached to the LRPMP) (composed of “Phase I Property” and “Phase II Property.”) as an enforceable obligation and for the property to be conveyed to New Age in accordance with the DDA.

The Successor Agency conveyed all Phase I Property to New Age in accordance with the DDA and the LRPMP. The Developer completed Phase I Property development with construction of 180 new apartment Homes.

The Successor Agency now seeks Oversight Board approval, pursuant to the attached Resolution \_\_\_ - \_\_\_ for the transfer of Phase II properties in accordance with the LRPMP identified properties 8 through 16 and properties 19 and 20 on the LRPMP Matrix in Subphases, as that term is defined in the DDA, with properties 15, 16, 19 and 20 closing on or before December 31, 2020 and properties 8 through 16, 19 and 20 closing on or before December 31, 2022.

The Garden Grove Successor Agency approved a resolution approving the transfer of certain real property to New Age Brookhurst LLC in accordance with the Long Range Property Management Plan and the dissolution laws at its regularly scheduled meeting on Tuesday, September 8, 2020. Successor Agency approval is subject to submittal to and approval by the Countywide Oversight Board and by the State Department and Finance (DOF). The Successor Agency also requests authorization to post the approved Resolution to the City’s website and to transmit the Resolution to the DOF. Further, the City of Garden Grove’s City Manager and his designees, in consultation with legal counsel, shall be authorized to make augmentations, modifications, additions or revisions as may be necessary or directed by DOF.

## Impact on Taxing Entities

No impact. The taxing entities will receive proceeds in accordance with the DDA.

Staff Contact(s)

Grace Lee, Sr. Economic Development Specialist  
Office of Economic Development  
City of Garden Grove  
Phone: 714-741-5130  
[gracel@ggcity.org](mailto:gracel@ggcity.org)

Lisa Kim  
Assistant City Manager/Community and Economic Development Director  
City of Garden Grove  
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Attachments

Successor Agency Approved Resolution  
Proposed Oversight Board Resolution  
Phases of Brookhurst Triangle Property Transfer Chart  
Long Range Property Management Plan  
DOF Letter of Approval of Long Range Property Management Plan  
Resolution No. 31-14 Approving Revised Long Range Property Management Plan  
Disposition and Development Agreement

**RESOLUTION NO. \_\_\_\_\_**

**IN THE MATTER OF APPROVING THE TRANSFER OF CERTAIN REAL PROPERTY TO NEW AGE BROOKHURST LLC IN ACCORDANCE WITH THE LONG RANGE PROPERTY MANAGEMENT PLAN AND THE DISSOLUTION LAWS**

**WHEREAS**, the Successor Agency to the Garden Grove Agency for Community Development (“Successor Agency”) is a public body corporate and politic, organized and operating under Parts 1.8 and 1.85 of Division 24 of the California Health and Safety Code, and the successor the former Garden Grove Agency for Community Development (“former Agency”) that was previously a community redevelopment agency. organized and existing pursuant to the Community Redevelopment Law, Health and Safety Code Section 33000, et seq. (“CRL”); and

**WHEREAS**, Assembly Bill lx26 (“AB lx26”) added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code and which laws were modified, in part, and determined constitutional by the California Supreme Court in the petition *California Redevelopment Association, et al. v. Ana Matosantos, et al., Case No. S194861* (“*Matosantos Decision*”), which laws and court opinion caused the dissolution of all redevelopment agencies and winding down of the affairs of former redevelopment agencies; thereafter, such laws were amended further by Assembly Bill 1484 (“AB 1484”) (together AB lx26, the *Matosantos Decision*, and AB 1484 are referred to as the “Dissolution Laws”); and

**WHEREAS**, as of February 1, 2012 the former Agency was dissolved pursuant to the Dissolution Laws and as a separate public entity, corporate and politic the Successor Agency administers the enforceable obligations of the former Agency and otherwise unwinds the former Agency's affairs, all subject to the review and approval by a seven-member oversight board (“Oversight Board”); and

**WHEREAS**, Health and Safety Code Section 34191.5(b) requires the Successor Agency to prepare a “long-range property management plan” (also referred to herein as the “LRPMP”) addressing the future disposition and use of all real property of the former Agency no later than six months following the issuance to the Successor Agency of a finding of completion by the State Department of Finance (“DOF”) pursuant to Health and Safety Code Section 34179.7; and

**WHEREAS**, the DOF issued a finding of completion to the Successor Agency on May 15, 2013; and

**WHEREAS**, the Successor Agency prepared an LRPMP and the LRPMP prepared by the Successor Agency was approved by the Oversight Board and the DOF; and

**WHEREAS**, the approved LRPMP designates the subject real property (identified in lines 8 through 16, 19 and 20 on the matrix attached to the LRPMP) (the “Property”) as the Phase II property to be conveyed in accordance with the Disposition and Development Agreement by and between the former Agency and New Age Brookhurst LLC (“New Age”), dated November 24, 2010 and in accordance with LRPMP to New Age; and

**WHEREAS**, the Agency will transfer the Properties, identified as 15, 16, 19, and 20 on the LRPMP and Matrix to New Age on or before December 31, 2020 and 8 through 16, 19, and 20 on or before December 31, 2022; and

**WHEREAS**, the conveyance of the Property to New Age complies with the CRL, the Dissolution Laws and the LRPMP.

**NOW, THEREFORE, BE IT RESOLVED BY THE ORANGE COUNTYWIDE OVERSIGHT BOARD:**

**SECTION 1.** The Recitals set forth above are true and correct and are incorporated into the Resolution by this reference.

**SECTION 2.** The Countywide Oversight Board hereby approves and authorizes the conveyance of the Property in accordance with the approved LRPMP.

**SECTION 3.** The Chair of the Countywide Oversight Board shall sign the passage and adoption of this Resolution and thereupon the same shall take effect and be in force.

**SECTION 4.** The Successor Agency Director is hereby directed to transmit this Resolution to DOF.

**SECTION 6.** The approval of this Resolution does not commit the Oversight Board to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act.

**SECTION 7.** If any provision of this Resolution or the application of any such provision to any person or circumstance is held valid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

**SECTION 8.** This Resolution shall be effective immediately upon adoption.

**SECTION 9.** The Clerk of the Oversight Board shall certify to the adoption of this Resolution.

GARDEN GROVE SUCCESSOR AGENCY

RESOLUTION NO. 62-20

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR  
COMMUNITY DEVELOPMENT APPROVING THE TRANSFER OF CERTAIN REAL  
PROPERTY TO NEW AGE BROOKHURST LLC IN ACCORDANCE WITH THE LONG  
RANGE PROPERTY MANAGEMENT PLAN AND DISSOLUTION LAW

WHEREAS, the Successor Agency to the Garden Grove Agency for Community Development ("Successor Agency") is a public body corporate and politic, organized and operating under Parts 1.8 and 1.85 of Division 24 of the California Health and Safety Code, and the successor the former Garden Grove Agency for Community Development ("former Agency") that was previously a community redevelopment agency organized and existing pursuant to the Community Redevelopment Law, Health and Safety Code Section 33000, et seq. ("CRL");

WHEREAS, Assembly Bill 1x26 ("AB 1x26") added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code and which laws were modified, in part, and determined constitutional by the California Supreme Court in the petition *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861 ("*Matosantos Decision*"), which laws and court opinion caused the dissolution of all redevelopment agencies and winding down of the affairs of former redevelopment agencies; thereafter, such laws were amended further by Assembly Bill 1484 {"AB 1484"} (together AB 1x26, the *Matosantos Decision*, and AB 1484 are referred to as the "Dissolution Laws");

WHEREAS, as of February 1, 2012 the former Agency was dissolved pursuant to the Dissolution Laws and as a separate public entity, corporate and politic the Successor Agency administers the enforceable obligations of the former Agency and otherwise unwinds the former Agency's affairs, all subject to the review and approval by the seven-member oversight board ("Successor Agency");

WHEREAS, Health and Safety Code Section 34191.5(b) requires the Successor Agency to prepare a "long-range property management plan" (also referred to herein as the "LRPMP") addressing the future disposition and use of all real property of the former Agency no later than six months following the issuance to the Successor Agency of a finding of completion by the State Department of Finance ("DOF") pursuant to Health and Safety Code Section 34179.7;

WHEREAS, DOF issued a finding of completion to the Successor Agency on May 15, 2013;

WHEREAS, the Successor Agency prepared an LRPMP and the LRPMP prepared by the Successor Agency was approved by the Successor Agency and the DOF;

WHEREAS, the approved LRPMP designates the subject real property (identified in lines 8 through 16, 19 and 20 on the matrix attached to the LRPMP) (the "Property") as the Phase II property to be conveyed in accordance with the Disposition and Development Agreement by and between the former Agency and New Age Brookhurst LLC ("New Age"), dated November 24, 2010 and in accordance with LRPMP to New Age;

WHEREAS, the Agency will transfer the Properties, identified as 15, 16, 19, and 20 on the LRPMP to New Age on or before December 31, 2020 and 8 through 16, 19 and 20 on or before December 31, 2022; and

WHEREAS, the conveyance of the Property to New Age complies with the Community Redevelopment Law, Dissolution Laws and the LRPMP.

NOW, THEREFORE, BE IT RESOLVED BY THE SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT:

Section 1. The foregoing recitals are true and correct and constitute a substantive part of this Resolution.

Section 2. The Successor Agency hereby approves and authorizes the conveyance of the Property in accordance with the approved LRPMP.

Section 3. The Director of the Successor Agency shall sign the passage and adoption of this Resolution and thereupon the same shall take effect and be in force.

Section 4. After approval by the Countywide Oversight Board, the Successor Agency authorizes transmittal of the Resolution to the DOF.

Section 5. The Secretary of the Successor Agency shall certify to the adoption of this Resolution.

Adopted this 8<sup>th</sup> day of September 2020.

ATTEST:  
  
\_\_\_\_\_  
SECRETARY

  
\_\_\_\_\_  
CHAIR

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

I, TERESA POMEROY, Secretary of The City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development, do hereby certify that the foregoing Resolution was duly adopted by the Successor Agency, at a meeting held on the 8th day of September 2020, by the following vote:

Garden Grove Successor Agency

Resolution No. 62-20

Page 3

AYES: MEMBERS: (7) BRIETIGAM, BUI, O'NEILL, NGUYEN D.,  
KLOPFENSTEIN, NGUYEN K., JONES

NOES: MEMBERS: (0) NONE

ABSENT: MEMBERS: (0) NONE

  
\_\_\_\_\_  
SECRETARY

## PHASES OF BROOKHURST TRIANGLE PROPERTY TRANSFER

LRPMP LINE #	Phase I	Phase II – A	Phase II - B
Property 8			Entire property
Property 9			Entire property
Property 10			Entire property
Property 11			Entire property
Property 12			Entire property
Property 13			Entire property
Property 14			Entire property
Property 15	Portion of the property	Portion of the property	Portion of the property
Property 16	Portion of the property	Portion of the property	Portion of the property
Property 17	Entire property		
Property 18	Entire property		
Property 19	Portion of the property	Portion of the property	Portion of the property
Property 20		Portion of the property	Portion of the property





Garden Grove Long Range Property Management Plan

No.	Property Type	HSC 34191.5(c)(2)		HSC 34191.5(c)(1)(A)			Date of Estimated Current Value	Sale of Property		HSC 34191.5(c)(1)(B)	HSC 34191.5(c)(1)(C)				HSC 34191.5(c)(1)(D)	HSC 34191.5(c)(1)(E)		HSC 34191.5(c)(1)(F)	HSC 34191.5(c)(1)(G)	HSC 34191.5(c)(1)(H)	
		Permissible Use	Permissible Use Detail	Acquisition Date	Value At Purchase	Estimated Current Value		Proposed Sale Value	Proposed Sale Date		Address	APN	Lot Size	Current Zoning		Estimate of Current Value	Est. of Income/Revenue (Annual)				Contractual Req. for Use of Inc/Revenue
46	Vacant Remnant	To be sold for the benefit of the taxing entities		12/20/06	\$ 160,000	\$ 156,000		\$ 156,000		Project met goals and objectives of redevelopment project area plan - Infrastructure Improvements	13502 Lanning	100-381-01	7,800	R-1	\$ 156,000	\$0.00	N/A	No known environmental issues	N/A	Remnant parcels from street widening	
47	Vacant Remnant			12/20/06	\$ 160,000	\$ 149,500		\$ 149,500			13501 Barnett	100-385-01	7,475		\$ 149,500	\$0.00	N/A				
48	Vacant Remnant			12/20/06	\$ 165,000	\$ 154,000		\$ 154,000			13502 Barnett	100-382-02	7,700		\$ 154,000	\$0.00	N/A				
49	Improved Remnant	To be sold for the benefit of the taxing entities		Unknown	Unknown	De Minimis	Underdetermined	Underdetermined	Underdetermined	Project met goals and objectives of redevelopment project area plan - Housing	Landscaping	100-504-74	1,482	PUD (R-2)	De Minimis	\$0.00	N/A	No known environmental issues	N/A	PUD-113-96	
50	Former Rail Road Right-of-Way	To be sold for the benefit of the taxing entities	The Agency will obtain valuation analyses/appraisals for these properties. The proceeds from the sales will be remitted to the Orange County Auditor Controller for distribution to the taxing entities. Refer to 5/29/13 cover letter for more information.	Sep-91	\$ 383,328	\$ 522,720	Best estimate based on detrimental encumbrances	\$ 522,720	See Note 6	Project met goals and objectives of redevelopment project area plan - Commercial/Economic Development	No Address (Chapman Ave)	133-091-45	69,696	Mixed-Use	\$ 522,720	\$2,400.00	N/A	No known environmental issues	Properties are a transit corridor via covenant	N/A	
51		Sep-91		\$ 790,614	\$ 1,078,000	\$ 1,078,000		No Address (Elxby)			133-111-43	143,748	\$ 1,078,000								
52		Sep-91		\$ 87,445	\$ 119,242	\$ 119,242		No Address (Brookhurst St)			133-123-02	15,899	\$ 119,242								
53	Commercial Building/Smog Test	To be sold for the benefit of the taxing entities		7/3/01	\$ 415,000	\$ 381,000	Based on appraisal for neighboring properties under development.	\$ 381,000		Project met goals and objectives of redevelopment project area plan - Century Triangle Project.	13052 Century Blvd	099-091-15	10,880	Mixed Use (GGMU1)	\$ 381,000	\$13,800.00	N/A	No Known environmental issues	Parcel is located near Garden Grove Blvd, which is a major arterial street	Various residential and retail projects	
54	Remnant/ Widening	To be sold for the benefit of the taxing entities		Unknown	Unknown	\$0.00	Undetermined	Undetermined	Undetermined	Project met goals and objectives of redevelopment project area plan - Infrastructure Improvements	Acacia Pkwy	089-201-32	677	Community Center Specific Plan	\$0.00	\$0.00	N/A	No known environmental issues per OCTA disclosure.	N/A	N/A	
55	Vacant Lot (formerly Item 30)	To be sold for the benefit of the taxing entities		11/8/10	\$ 434,639	\$ 524,000	Based on an appraisal for comparable Harbor Blvd. properties.	7/9/12	TBD based on an appraisal	6/15/14	Property, adjacent to the Site B2 Hotel Project became available and was purchased for additional parking for the project as well as to provide an additional buffer between the project and the adjacent residential area.	12311 Thackery Dr.	231-471-23	6,530	R-1	\$ 524,000	\$0.00	N/A	No known environmental issues	N/A	N/A

\* See Agency 2010-2014 Five-Year Implementation Plan included in the 5/29/13 LRPMP submittal.

1. Residual land value based on approved zoning and entitlements for a 600-room resort waterpark hotel. See 5/29/13 LRPMP cover letter.
2. Residual land value based on mixed-use zoning and entitlements for up to 700 residential units and 100,000 square feet of retail space. See 5/29/13 LRPMP cover letter.
3. Funding source for these acquisitions came from City-issued 2002 Certificates of Participation. No tax increment funds were used. See 5/29/13 LRPMP cover letter.
4. Federal Community Development Block Grant (CDBG) funds were used by the Agency to acquire these properties. No tax increment funds were used.
5. Residual land value based on zoning and entitlements for 700 full service hotel rooms. See 5/29/13 LRPMP cover letter.
6. An RFP process will commence upon approval of the RPMP by the State Department of Finance.



March 7, 2014

Mr. Jim DellaLonga, Senior Project Manager  
City of Garden Grove  
11222 Acacia Parkway  
Garden Grove, CA 92840

Dear Mr. DellaLonga:

Subject: Long-Range Property Management Plan

Pursuant to Health and Safety Code (HSC) section 34191.5 (b), the City of Garden Grove Successor Agency (Agency) submitted a Long-Range Property Management Plan (LRPMP) to the California Department of Finance (Finance) on May 29, 2013. The Agency subsequently submitted a revised LRPMP to Finance on December 11, 2013. Finance has completed its review of the LRPMP, which may have included obtaining clarification for various items.

The Agency received a Finding of Completion on May 15, 2013. Further, based on our review and application of the law, we are approving the Agency's use or disposition of all the properties listed on the LRPMP. Our approval of the LRPMP also took into account the corresponding Oversight Board Resolution No. 31-14.

In accordance with HSC section 34191.4, upon receiving a Finding of Completion from Finance and approval of a LRPMP, all real property and interests in real property shall be transferred to the Community Redevelopment Property Trust Fund of the Agency, unless that property is subject to the requirements of an existing enforceable obligation. Pursuant to HSC section 34191.3 the approved LRPMP shall govern, and supersede all other provisions relating to, the disposition and use of all the real property assets of the former redevelopment agency.

Agency actions taken pursuant to a Finance approved LRPMP are subject to oversight board (OB) approval per HSC section 34181 (f). Any subsequent OB actions addressing the Agency's implementation of the approved LRPMP should be submitted to Finance for approval.

Mr. Jim DellaLunga

March 7, 2014

Page 2

Please direct inquiries to Nichelle Thomas, Supervisor, or Alex Watt, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD

Assistant Program Budget Manager

cc: Mr. Matthew J. Fertal, City Manager, City of Garden Grove  
Mr. Frank Davies, Property Tax Manager, Orange County  
Ms. Elizabeth Gonzalez, Bureau Chief, Local Government Audit Bureau, California State  
Controller's Office  
California State Controller's Office

OVERSIGHT BOARD

RESOLUTION NO. 31-14

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT APPROVING REVISIONS TO THE REVISED LONG RANGE PROPERTY MANAGEMENT PLAN

WHEREAS, the Successor Agency to the Garden Grove Agency for Community Development ("Successor Agency") is acting as Successor Agency to the Garden Grove Agency for Community Development ("Former Agency") pursuant to ABx1 26; and

WHEREAS, pursuant to AB 1484, the Successor Agency is required to prepare a long range property management plan ("Property Management Plan") for the Former Agency's real property assets; and

WHEREAS, pursuant to AB 1484, once the Successor Agency receives a Finding of Completion from the State Department of Finance ("DOF") pursuant to Health & Safety Code Section 34179.7, the Successor Agency must submit the Property Management Plan to the State Department of Finance no later than six months following the issuance to the Successor Agency of the Finding of Completion; and

WHEREAS, on May 15, 2013, pursuant to Health & Safety Code Section 34179.7, the Successor Agency received a Finding of Completion from the State Department of Finance; and

WHEREAS, on May 28, 2013, pursuant to Health & Safety Code Section 34191.5(b), the Successor Agency approved the completed Property Management Plan and authorized the transmittal of the Property Management Plan to the Oversight Board to the Successor Agency to the Garden Grove Agency for Community Development ("Oversight Board") for approval; and

WHEREAS, on May 29, 2013, pursuant to Health & Safety Code Section 34191.5, the Oversight Board to the City Council of the City of Garden Grove Acting as Successor Agency to the Garden Grove Agency for Community Development ("Oversight Board") approved the Property Management Plan and authorized the Successor Agency to submit the Property Management Plan to the DOF; and

WHEREAS, on November 22, 2013, the Successor Agency received a letter from the DOF denying approval of the Property Management Plan and requiring certain changes to the Property Management Plan and reconsideration and approval of said revised Property Management Plan by the Successor Agency and Oversight Board;

WHEREAS, the Successor Agency has made the required changes to the Property Management Plan; and

WHEREAS, on December 11, 2013, the Oversight Board approved the Successor Agency's Revised Property Management Plan and said plan was transmitted to the DOF for approval; and

WHEREAS, on February 19, 2014, Successor Agency staff met with representatives from the DOF, and Successor Agency staff was given specific direction by DOF relating to the necessary revisions to the Revised Property Management Plan; and

WHEREAS, on February 25, 2014, the Successor Agency adopted a resolution approving Revisions to the Revised Property Management Plan; and

WHEREAS, by this Resolution, the Oversight Board desires to approve the revised Property Management Plan, in the form attached to this Resolution as Attachment 1 and incorporated herein by this reference, by resolution pursuant to Health & Safety Code Section 34191.5 and authorizes the Successor Agency to transmit said Revisions to the Revised Property Management Plan to the State Department of Finance.

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT:

Section 1. The foregoing recitals are true and correct and constitute a substantive part of this Resolution.

Section 2. The Oversight Board hereby approves the Revisions to the Revised Property Management Plan pursuant to Health & Safety Code Section 34191.5 and authorizes the Successor Agency to transmit said Revisions to the Revised Property Management Plan to the State Department of Finance.

Section 3. This Resolution shall be effective immediately upon adoption.

Section 4. The Secretary to the Oversight Board shall certify to the adoption of this Resolution.

The foregoing Resolution was adopted by the Oversight Board this 26<sup>th</sup> day of February 2014.

ATTEST:

  
\_\_\_\_\_  
TERESA POMEROY, CMC  
DEPUTY SECRETARY

  
\_\_\_\_\_  
STEVEN R. JONES  
VICE CHAIR

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

I, TERESA POMEROY, Deputy Secretary of the Oversight Board to The City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development, do hereby certify that the foregoing Resolution was adopted by the Oversight Board, at a Regular Meeting held on the 26<sup>th</sup> day of February 2014, by the following vote:

AYES:           MEMBERS: (5) DELP, DUNN, GUERRERO, MEFFORD, JONES  
NOES:           MEMBERS: (0) NONE  
ABSENT:        MEMBERS: (2) DALTON, HARRIS  
ABSTAIN:       MEMBERS: (0) NONE

  
\_\_\_\_\_  
TERESA POMEROY, CMC  
DEPUTY SECRETARY

**ATTACHMENT 1**

**Revisions to Revised Long Range Property Management Plan**

Item No.	Property/Project Name	Description of Revision
8-20	Brookhurst Triangle	As an Enforceable Obligation, the net sales proceeds from the disposition of these properties will be retained by the Successor Agency for future recognized obligations
30 & 31	Garden Grove Education Center	Properties placed in the "Government Use" category. The Agency has determined the value to be zero due to the encumbrance of a 99-year lease on the property and a reciprocal easement agreement. This property is a parking lot that serves Concorde Career Institute, Coastline Community College, and California State University, Fullerton. It is not a public parking lot.
32	Jordan Manor Greenbelt/Park	Property placed in the "Government Use" category. The Agency has determined the value to be zero due to the current use and size of the lot. At its current size, it is undevelopable. Its current use is a greenbelt/park for the adjacent senior housing development and other residents in the Civic Center Area.
38	Remnant Property	The Agency has determined the value to be zero due to the size, shape, and location of the property. Its triangular shape, lack of access, and location adjacent to the 22 Freeway render the parcel unusable.
40-45	Vacant Restaurant and Site C	The Successor Agency intends to transfer these properties to the City and the City intends to enter into compensation agreements with the taxing entities. The Successor Agency will verify that compensation agreements are in place and executed prior to the transfer of these properties to the City.
49	Improved Remnant	The Agency has determined the value to be zero due to the size, shape, and location of the lot. It is only 12 to 24 inches wide and is located along an alley for an apartment complex.
54	Remnant/Widening	The Agency has determined the value to be zero due to the size, shape, and location of the lot. It is only 677 sq. ft., triangular in shape, and adjacent to Acacia Parkway and the Orange County Transit Authority Right of Way.



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**DISPOSITION AND DEVELOPMENT AGREEMENT**

By and Between the

**GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**

and

**NEW AGE BROOKHURST, LLC**

TABLE OF CONTENTS

	<u>Page</u>
100. DEFINITIONS .....	1
200. ACQUISITION AND CONVEYANCE OF THE SITE.....	7
201. Agreement to Purchase and Sell; Purchase Price .....	7
202. Escrow.....	8
203. Review of Title .....	10
204. Title Insurance .....	11
205. Conditions Precedent to Closing.....	11
206. Representations and Warranties.....	14
207. Studies and Reports; Access to the Site for Inspection and Testing.....	16
208. Physical and Environmental Condition of the Site.....	16
300. DEVELOPMENT OF THE SITE .....	18
301. Scope of Development.....	18
302. Design Review.....	18
303. Land Use Approvals .....	19
304. Schedule of Performance .....	20
305. Cost of Construction .....	20
306. Insurance Requirements.....	20
307. Developer's Indemnity.....	21
308. Rights of Access .....	21
309. Compliance With Governmental Requirements .....	22
310. Release of Construction Covenants .....	22
311. Financing of the Improvements.....	22
400. USE, MAINTENANCE, AND NON-DISCRIMINATION COVENANTS AND RESTRICTIONS .....	25
401. Use and Operation in Accordance with the Agreement and the Redevelopment Plan .....	25
402. Use of Retail Improvements .....	25
403. Maintenance and CC&Rs .....	25
404. Nondiscrimination Covenants.....	26
405. Effect of Violation of the Terms and Provisions of this Agreement After Completion of Construction .....	28
500. RENTAL UNITS -- PROVISION OF MODERATE INCOME RENTAL HOUSING .....	28
501. Number of Affordable Rental Units .....	29
502. Duration of Affordability Requirements.....	29
503. Selection of Tenants.....	29
504. Household Income Requirements .....	29
505. Affordable Rent .....	29
506. Occupancy Limits .....	30
507. Marketing Program .....	30
508. Monitoring and Recordkeeping .....	30
509. Regulatory Agreement and Notice of Affordability Restrictions .....	31

TABLE OF CONTENTS  
(Continued)

	<u>Page</u>
510. Option to Increase Number of Affordable Rental Units .....	31
600. DEFAULTS, TERMINATION, AND REMEDIES .....	31
601. Default Remedies .....	31
602. Institution of Legal Actions .....	31
603. Termination by the Developer Prior to the Conveyance.....	32
604. Termination by the Agency Prior to the Conveyance.....	32
605. Option to Acquire Site Upon Default .....	32
606. Acceptance of Service of Process.....	32
607. Rights and Remedies Are Cumulative .....	33
608. Inaction Not a Waiver of Default.....	33
609. Applicable Law .....	33
610. Non-Liability of Officials and Employees of the Agency .....	33
611. Attorneys' Fees .....	33
700. GENERAL PROVISIONS .....	33
701. Notices, Demands and Communications Between the Parties .....	33
702. Force Majeure; Extension of Times of Performance .....	34
703. Transfers of Interest in Site or Agreement.....	34
704. Relationship Between Agency and Developer .....	36
705. Agency Approvals and Actions .....	36
706. Counterparts .....	36
707. Integration .....	36
708. Real Estate Brokerage Commission.....	37
709. Titles and Captions .....	37
710. Interpretation .....	37
711. No Waiver .....	37
712. Modifications .....	37
713. Severability .....	37
714. Computation of Time .....	37
715. Legal Advice .....	37
716. Time of Essence .....	38
717. Cooperation.....	38
718. Conflicts of Interest.....	38
719. Time for Acceptance of Agreement by Agency .....	38
720. Estoppel Certificate.....	38
721. No Third Party Beneficiaries .....	38

## ATTACHMENTS

Attachment No. 1	Legal Description
Attachment No. 2	Site Map
Attachment No. 3	Grant Deed
Attachment No. 4	Scope of Development
Attachment No. 5	Schedule of Performance
Attachment No. 6	Release of Construction Covenants
Attachment No. 7	Declaration of Uses
Attachment No. 8	Regulatory Agreement
Attachment No. 9	Notice of Affordability Restrictions
Attachment No. 10	Option Agreement

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## DISPOSITION AND DEVELOPMENT AGREEMENT

This DISPOSITION AND DEVELOPMENT AGREEMENT (the "Agreement") is entered into as of NOVEMBER 24, 2010, by and between the GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public body, corporate and politic (the "Agency"), and NEW AGE BROOKHURST, LLC, a California limited liability company (the "Developer").

### RECITALS

The following recitals are a substantive part of this Agreement:

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A. In furtherance of the objectives of the California Community Redevelopment Law, the Agency desires to cooperate with the Developer in the redevelopment of approximately 13.91 acres of real property in the City of Garden Grove known as the "Brookhurst Triangle," and owned by the Agency which is bounded by Brookhurst Street on the east, Garden Grove Boulevard on the south, and Brookhurst Way on the northern and western edge (the "Site"). The Site is described in the Legal Description and shown on the Site Map.

B. The Agency and the Developer desire by this Agreement for the Agency to convey the Site to the Developer in two separate Phases, and for the Developer to purchase the Site and to develop a two Phase mixed use residential and retail project thereon, together with other onsite and offsite improvements (collectively, the "Improvements").

C. Phase I of the Improvements will consist of approximately 148 attached For Sale Units in three (3) four-story buildings. Phase II of the Improvements will be developed in multiple Subphases and will consist of approximately 252 attached For Sale Units in five (5) four-story buildings, approximately 200 Rental Units, of which 60 will be Affordable Rental Units or, at the election of the Developer, the Affordable Rental Units may be increased to 120, approximately 80,000 square feet of retail space. Phase 2 may include a Hotel Component of approximately One Hundred (100) rooms.

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

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

#### 100. DEFINITIONS

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

*"Affiliate"* means an entity owned and controlled by Kam Sang Company, Inc.

*"Affordability Period"* is defined in Section 502.

**"Affordable Rent"** means the maximum monthly rent chargeable for an Affordable Rental Unit as described in Section 505.

**"Affordable Rental Unit"** means the Rental Units that will be offered for rent to Persons and Families of Moderate Income at an Affordable Rent.

**"Affordable Rental Unit(s)"** means the Housing Unit(s) that are to be constructed and developed within the Rental Units all of which shall be rented or leased to Persons and Families of Low or Moderate Income at Affordable Rents for Fifty-Five (55) years, as provided within this Agreement.

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**"Affordable Unit(s)"** means Affordable Rental Unit(s) and/or For-Sale Housing Units.

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

**"Agency's Phase I Conditions Precedent"** is defined in Section 205.1.

**"Agency's Phase II Conditions Precedent"** is defined in Section 205.3.

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

**"Association CC&Rs"** is defined in Section 403.

**"Breach"** is defined in Section 701.

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

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

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

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

**"Conceptual Site Plan"** is attached to the PUD.

**"Condition(s) Precedent"** means the Agency's Conditions Precedent to Phase I Closing, the Developer's Conditions Precedent to Phase I, the Agency's Conditions Precedent to Phase II and/or the Developer's Conditions Precedent to Phase II, as applicable.

**"Conveyance"** or **"Conveyed"** means each conveyance of a Phase by the Agency to the Developer on the applicable Closing Date.

**"County"** means the County of Orange.

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

***"Declaration of Uses"*** means the Declaration of Uses, substantially in the form of Attachment No. 7, which is incorporated herein; which shall be recorded as an encumbrance to the parcels containing the Retail Improvements.

***"Default"*** is defined in Section 701.

***"Deposit"*** is defined in Section 201.1.

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***"Developer"*** means New Age Brookhurst, LLC., and its permitted successors and assigns.

***"Developer's Phase I Conditions Precedent"*** is defined in Section 205.2.

***"Developer's Phase II Conditions Precedent"*** is defined in Section 205.4.

***"Environmental Consultant"*** means the environmental consultant which may be employed by the Developer pursuant to Section 208.3 hereof.

***"Environmental Report"*** means the report setting forth the results of the environmental investigation of the Site which may be conducted by the Environmental Consultant, as set forth in Section 208.3 hereof.

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

***"Escrow"*** is defined in Section 202 hereof.

***"Escrow Agent"*** is defined in Section 202 hereof.

***"Exceptions"*** is defined in Section 203 hereof.

***"FIRPTA"*** means the Foreign Investment in Real Property Transfer Act.

***"For Sale Housing Unit(s)"*** mean the 148 condominium units in Phase I and the 252 condominium units in Phase II which will be offered for sale, including all common areas associated therewith.

***"Force Majeure"*** is defined in Section 702.

***"Governmental Requirements"*** means all applicable laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the State, the County, the City, or any other political subdivision in which the Property is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over the City, the Developer or the Property, including all applicable state labor standards, the City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City's Municipal Code, and all applicable disabled and handicapped access requirements, including without limitation the

Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, and the Unruh Civil Rights Act, Civil Code Sections 51, *et seq.* Developer and its contractors and subcontractors shall comply with all applicable public works requirements, including without limitation, if applicable, the payment of prevailing wages in compliance with Labor Code Section 1770, *et seq.*, keeping of all records required pursuant to Labor Code Section 1776, complying with the maximum hours requirements of Labor Code Sections 1810 through 1815, and complying with all regulations and statutory requirements pertaining thereto.

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

**“Hazardous Materials”** means any substance, material, or waste which is or becomes, regulated by any local governmental authority, the State, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a “hazardous waste,” “extremely hazardous waste,” or “restricted hazardous waste” under Section 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law)), (ii) defined as a “hazardous substance” under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a “hazardous material,” “hazardous substance,” or “hazardous waste” under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a “hazardous substance” under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) friable asbestos, (vii) polychlorinated biphenyls, (viii) methyl tertiary butyl ether, (ix) listed under Article 9 or defined as “hazardous” or “extremely hazardous” pursuant to Article 11 of Title 22 of the California Code of Regulations, Division 4, Chapter 20, (x) designated as “hazardous substances” pursuant to Section 311 of the Clean Water Act (33 U.S.C. §1317), (xi) defined as a “hazardous waste” pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §§6901, *et seq.* (42 U.S.C. §6903) or (xii) defined as “hazardous substances” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §§9601, *et seq.*

**“Hotel Component”** means a limited-select service hotel, such as Aloft, Element, Hyatt Place, Hyatt Summerfield Suite, or Marriott Springhill Suites of approximately 100 guest rooms.

**“Housing Set Aside Fund”** means the fund established by the Agency pursuant to Health & Safety Code Section 33334.2.

**“Housing Units”** means the For Sale Units and Rental Units, which are constructed on the Site pursuant to the Scope of Development.

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

**“Kam Sang Company, Inc.”** is a California corporation of which Ronnie Lam is the majority shareholder. Kam Sang Company, Inc. is the managing member and principal owner of the Developer.



*"Land Use Approvals"* is defined in Section 303.

*"Legal Description"* means the description of the Site and the Phases within the Site which is attached hereto as Attachment No. 1 and incorporated herein.

*"Management Plan"* is defined in Section 407.

*"Marketing Program"* is defined in Section 507.

*"Master Association"* is defined in Section 403.

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*"Ministerial Approvals"* is defined in Section 303.

*"Notice"* shall mean a notice in the form prescribed by Section 701 hereof.

*"Notice of Affordability Restrictions"* is attached hereto as Attachment No. 9 and incorporated herein by reference.

*"Option Agreement"* is attached hereto as Attachment No. 10 and incorporated herein by reference.

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

*"Persons and Families of Low or Moderate Income"* is defined in Health & Safety Code Section 50093.

*"Phase(s)"* means Phase I and/or Phase II, Phase II, Subphase A and/or other Subphases within Phase II, as applicable.

*"Phase I"* means the approximately 3.7 acre portion of the Site which is so identified in the Legal Description and the Site Map.

*"Phase I Closing"* means the Closing for the Agency's Conveyance of Phase I to the Developer.

*"Phase I Improvements"* means the approximately 148 attached For Sale Units in three (3) four-story buildings.

*"Phase I Outside Date"* means the last date the Phase I Closing shall occur, as set forth in Section 202.4 hereof.

*"Phase I Purchase Price"* means the purchase price payable by Developer to Agency in consideration for the Agency's Conveyance of Phase I, to the Developer, in the amount set forth in Section 201 hereof.

*"Phase II"* means the approximately 10.21 acre portion of the Site which is so identified in the Legal Description and the Site Map.

**"Phase II Closing"** means the Closing for the Agency's Conveyance of Phase II to the Developer.

**"Phase II Improvements"** means the approximately 252 attached For Sale Units in five (5) four-story buildings, approximately 200 Rental Units of which 60 will be Affordable Rental Units, or, at the election of the Developer, the Affordable Rental Units may be increased to 120, approximately 80,000 square feet of Retail Improvements, and the Hotel Component.

**"Phase II Outside Date"** means the last date the Phase II Closing shall occur, as set forth in Section 202.4 hereof.

**"Phase II Purchase Price"** means the purchase price payable by Developer to Agency in consideration for the Agency's Conveyance of Phase II to the Developer, in the amount set forth in Section 201 hereof.

**"Phase II, Subphase A"** means the first Subphase of Phase II.

**"Physical and Environmental Condition"** means with respect to the Site, the square footage, supporting infrastructure; if any, development rights and exactions, expenses associated with the Site and development thereof in the manner proposed herein, taxes, assessments, bonds, permissible uses, title exceptions, water or water rights, topography, utilities, zoning of the Site, soil, subsoil, geology, drainage, environmental or building laws, rules or regulations, toxic waste or Hazardous Materials, required scope of remediation, or any other matters affecting or relating to the Site and its development in the manner proposed herein.

**"Property Manager"** is defined in Section 403.

**"PUD"** means that certain planned unit development approved as PUD 123-09 on November 10, 2009.

**"Purchase Price"** is defined in Section 201 hereof.

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

**"Redevelopment Project"** means the Garden Grove Community Project, adopted by the City pursuant to the Redevelopment Plan.

**"Regulatory Agreement"** is attached hereto as Attachment No. 8 and incorporated herein by reference.

**"Release of Construction Covenants"** means the document which evidences the Developer's satisfactory completion of the Improvements, as set forth in Section 310 hereof. The Release of Construction Covenants shall be in the form of Attachment No. 6 hereto which is incorporated herein.

**"Rental Unit(s)"** means the 200 apartment units that will be offered for rent in Phase II of which 60 will be Affordable Rental Units in Phase II.

*“Residential Improvement”* or *“Residential Component”* means the Housing Units.

*“Retail Improvements”* or *“Retail Component”* means the Improvements to be constructed on the Site in accordance with the Scope of Development which will contain retail uses, and at least one (1) restaurant whose identity is approved by the Agency acting in its sole and absolute discretion.

*“Schedule of Performance”* means the Schedule of Performance attached hereto as Attachment No. 5 and incorporated herein, setting out the dates and/or time periods by which certain conditions and obligations set forth in this Agreement must be accomplished.

*“Scope of Development”* means the Scope of Development which describes the scope, amount and quality of development of the Improvements to be constructed by the Developer pursuant to the terms and conditions of this Agreement, as provided in Section 301 hereof. The Scope of Development is attached hereto as Attachment No. 4 and incorporated herein.

*“Site”* means that certain approximately 13.91 acres of real property in the City of Garden Grove known as the “Brookhurst Triangle,” which is bounded by Brookhurst Street on the east, Garden Grove Boulevard on the south, and Brookhurst Way on the northern and western edge. The Site is legally described in the Legal Description and depicted on the Site Map.

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

*“State”* means the State of California.

*“Subphase(s)”* means the separate multiple subphase(s) within Phase II.

*“Title Company”* is defined in Section 203 hereof.

*“Title Policy”* is defined in Section 204 hereof.

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

*“Transfer”* is defined in Section 703.1 hereof.

## **200. ACQUISITION AND CONVEYANCE OF THE SITE**

**201. Agreement to Purchase and Sell; Purchase Price.** The Developer agrees to purchase the Site from the Agency and the Agency agrees to sell the Site to the Developer at fair market price, in accordance with and subject to all of the terms, covenants, and conditions of this Agreement. The combined purchase price for Phase I and Phase II shall be Thirty Million, Four Hundred Thousand Dollars (\$30,400,000) (the “Purchase Price”) allocated Six Million Dollars (\$6,000,000) for Phase I (the “Phase I Purchase Price”) and Twenty Four Million, Four Hundred Thousand Dollars (\$24,400,000) (the “Phase II Purchase Price”). The Phase I Purchase Price and Phase II Purchase Price are each equal to or greater than the fair market value of the applicable portion of the Site, as determined by an appraisal performed by a state-certified appraiser.

**201.1 Payment of Agency Costs by Developer.** The Developer has hereto provided the Agency with the sum of Fifty Thousand Dollars (\$50,000) for use and retention by the

Agency in connection with the preparation and implementation of this Agreement (the "Deposit"). The Deposit shall not be applied to the Purchase Price.

**201.2 Payment of the Purchase Price.** The Developer shall deposit into the Escrow for the Phase I Closing the all cash sum of Six Million Dollars (\$6,000,000) and for Phase II the all cash sum of Twenty Four Million, Four Hundred Thousand Dollars (\$24,400,000) in cash, wire transfer or other immediately available funds.

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

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

**202.2 Escrow Instructions.** This Agreement constitutes the joint escrow instructions of Developer and Agency, and Escrow Agent to whom these instructions are delivered is hereby empowered to act under this Agreement. The Parties hereto agree to execute and deliver such documents (in recordable form as required), pay or deposit such funds, do all such acts consistent with their respective obligations hereunder as may be reasonably necessary to close the Escrow for each Phase in the shortest possible time and in any event on or before the Outside Date for each Phase. All funds received in the Escrow shall be deposited with other escrow funds in a general escrow account(s) and may be transferred to any other such escrow trust account in any State or National Bank doing business in the State. All disbursements shall be made by check from such account. If in the opinion of Escrow Agent or either Party it is necessary or convenient in order to accomplish the Closing of this transaction, such Party may require that the Parties sign supplemental escrow instructions; provided that if there is any inconsistency between this Agreement and the supplemental escrow instructions, then the provisions of this Agreement shall control. The Parties agree to execute such other and further documents as may be reasonably necessary, helpful or appropriate to effectuate the provisions of this Agreement. Escrow Agent is instructed to release Agency's and Developer's escrow closing statements to both Parties.

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

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

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

(c) Disburse funds and deliver and record, as applicable, the Grant Deed, the Regulatory Agreement, Notice of Affordability Restrictions, Option Agreement, Association CC&Rs, and Declaration of Uses each for the applicable Phase.

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

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

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

**202.4 Closing.** The Site shall be Conveyed in two Phases, Phase I and Phase II. Each Conveyance shall close (the "Closing") simultaneously with or as soon as practical after satisfaction of all of the Conditions Precedent applicable to such Phase. In no event, however, shall the Phase I Closing occur later than September 1, 2011, (the "Phase I Outside Date") and, in no event, shall the Phase II Closing occur later than the earlier of September 1, 2013 or 720 days after the Phase I Closing (the "Phase II Outside Date"). The "Closing" shall mean the time and day the Grant Deed for the applicable Phase is filed for recorded with the County Recorder. The "Closing Date" shall mean the day on which each Closing occurs.

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

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

- (a) Record the Grant Deed for the applicable Phase;
- (b) Record the Option Agreement;

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

**203. Review of Title.** Within the time set forth in the Schedule of Performance, the Agency shall cause First American Title Insurance Company or another title company mutually agreeable to both parties (the "Title Company"), to deliver to the Developer a preliminary title report or reports (collectively, the "Title Report") with respect to the title to each Phase of the Site, together with legible copies of the documents underlying the exceptions ("Exceptions") set forth in the Title Report. The Developer shall have the right to reasonably approve or disapprove the Exceptions; provided, however, that the Developer hereby approves the following Exceptions:

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

The Developer shall have thirty (30) days from the date of its receipt of the Title Report to give written Notice to the Agency and Escrow Agent of the Developer's approval or disapproval of any of such Exceptions set forth in the Title Report, within its reasonable discretion. Developer's failure to provide Notice of its approval of the Title Report within such time limit shall be deemed disapproval of the Title Report. If the Developer delivers Notice to the Agency of its disapproval of any Exceptions in the Title Report, the Agency shall have the right, but not the obligation, to elect to remove any disapproved Exceptions within thirty (30) days after receiving written Notice of the Developer's disapproval or to deliver Notice to the Developer providing assurances satisfactory to

the Developer within said time period that such Exception(s) will be removed on or before the Closing. If the Agency cannot or does not elect to remove any of the disapproved Exceptions within that period, the Developer shall have fifteen (15) days after the expiration of such thirty (30) day period to either give the Agency written Notice that the Developer elects to proceed with the purchase of the Site subject to the disapproved Exceptions or to give the Agency written Notice that the Developer elects to terminate this Agreement and the Developer's failure to give timely written Notice shall be deemed as an election to terminate this Agreement. Fee simple merchantable title subject only to the Exceptions to title approved by the Developer as provided herein shall hereinafter be referred to as the "Condition of Title." The Developer shall have the right to approve or disapprove any further Exceptions reported by the Title Company after the Developer has approved the Condition of Title for the Site (which are not created by the Developer). The Agency shall not voluntarily create any new exceptions to title following the Date of Agreement.

**204. Title Insurance.** Concurrently with recordation of the Grant Deed conveying title to each Phase of the Site, the Title Company shall issue to the Developer, at the Developer's election, a CLTA or an ALTA owner's policy of title insurance (the "Title Policy"), together with such endorsements as are reasonably requested by the Developer, insuring that the title to such Phase of the Site is vested in the Developer in the Condition of Title approved by the Developer as provided in Section 203 of this Agreement. The Title Company shall provide the Agency with a copy of the Title Policy. The Agency shall pay the portion of the premium for the Title Policy equal to the cost of a CLTA standard policy of title insurance in the amount of the Purchase Price for such Phase, and the Developer shall pay for any additional costs thereof, including the incremental additional cost of obtaining an ALTA policy, any endorsements to the title policy, and the cost of any survey which is performed.

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

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

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

**(b) Execution of Documents.** The Developer shall have executed the Regulatory Agreement, Notice to Affordability Restrictions, Option Agreement, Association CC&Rs and the Declaration of Uses for Phase I, and any other documents required to be executed by the Developer hereunder, and delivered such documents into Escrow.

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

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

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

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

**(g) Site Clearance and Relocation.** The Agency shall have cleared Phase I and relocated all tenants or other occupants from Phase I.

**(h) Developer Approval of Physical and Environmental Condition of the Site.** Developer shall have approved the Physical and Environmental Condition of the Site pursuant to Section 208 hereof.

**(i) Title Policy.** The Title Company is unconditionally committed to issue to Agency a lender's Title Policy for the Site in accordance with Section 204 hereof.

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

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

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

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

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

**(e) Site Clearance and Relocation.** The Agency shall have cleared Phase I and relocated all tenants or other occupants from Phase I.

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



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

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

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

**(b) Execution of Documents.** The Developer shall have executed the Regulatory Agreement, Notice to Affordability Restrictions, Option Agreement, Association CC&Rs and the Declaration of Uses for Phase II, and any other documents required to be executed by the Developer hereunder, and delivered such documents into Escrow.

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

**(d) No Litigation.** There shall be no litigation pending which challenges the Land Use Approvals or the validity of this Agreement.

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

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

**(g) Site Clearance and Relocation.** The Agency shall have cleared Phase II and relocated all tenants or other occupants from Phase II.

**(h) Ministerial Approvals.** Developer shall have secured Ministerial Approvals for Phase II, Subphase A.

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

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

**(b) Execution of Documents.** The Agency shall have executed the Grant Deed, the Regulatory Agreement, Notice of Affordability Restrictions, Option Agreement, Association CC&Rs and the Declaration of Uses for Phase II and any other documents required to be executed by the Agency hereunder, and delivered such documents into Escrow.

**(c) Financing.** The Financing for Phase II, Subphase A shall have closed and funded or shall be ready to close and fund upon the Phase II Closing.

**(d) No Litigation.** There shall be no litigation pending which challenges the Land Use Approvals or the validity of this Agreement.

**(e) Site Clearance and Relocation.** The Agency shall have cleared Phase II and relocated all tenants or other occupants from Phase II.

## **206. Representations and Warranties.**

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

**(a) Authority.** The Agency is a public body, corporate and politic, existing pursuant to the Community Redevelopment Law, which has been authorized to transact business pursuant to action of the City. The execution, performance and delivery of this Agreement by the Agency has been fully authorized by all requisite actions on the part of the Agency.

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

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

**(d) Condition of the Site.** To its Actual Knowledge, the Agency is not aware of and neither the Agency nor the City has received any notice or communication from any government agency having jurisdiction over the Site notifying the Agency or the City of the presence of surface or subsurface zone Hazardous Materials in, on, or under the Site, or any portion thereof. "Actual Knowledge," as used herein, shall not impose a duty of investigation, and shall be limited to the best knowledge of Agency and City employees and agents who are responsible for the management of the Site or have participated in the preparation of this Agreement, and all documents and materials in the possession of the Agency and the City.

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

Until each Closing has occurred, the Agency shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 206.1 to not be true as of

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

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

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

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

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

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

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

Section 504 hereof. The representations and warranties set forth in this Section 206.2 shall survive the Closings.

**207. Studies and Reports; Access to the Site for Inspection and Testing.** Within the time set forth in the Schedule of Performance, the Agency shall deliver to the Developer a copy of all information in its possession and/or in the possession of the City with respect to the Physical and Environmental Condition of the Site. The Developer shall be permitted to enter onto the Site within the first one hundred twenty (120) days after the date of this Agreement for the purpose of obtaining data and making surveys and tests necessary to carry out this Agreement, including the investigation of the Physical and Environmental Condition of the Site (the "Tests"). The Developer shall execute a right of entry agreement, in the form provided by the Agency, prior to its entry. Any preliminary investigation or work shall be undertaken only after securing any necessary permits from the appropriate governmental agencies.

**208. Physical and Environmental Condition of the Site.**

**208.1 Site Clearance.** The Agency shall deliver each Phase free and clear of any above ground structures.

**208.2 As-Is Condition; Exceptions.** Except as otherwise set forth in this Agreement, the Site shall be conveyed to the Developer in an "as is," with no warranty, express or implied, by the Agency as to its Physical and Environmental Condition, and it shall be the sole responsibility of the Developer at its expense to investigate and determine the Physical and Environmental Condition for the Improvements to be constructed and the proposed use of same. If the Physical or Environmental Condition is not in all respects entirely suitable for the use or uses to which the Site will be put, the Developer may terminate this Agreement as provided in Section 208.2 hereof. If the Developer approves the Physical and Environmental Condition of the Site and accepts the Conveyance of Phase I (and assuming the Agency has not elected to pay for the cost of curing or correcting physical or environmental defects or problems with the Site pursuant to the optional provisions of the fourth sentence of Section 208.2), then it shall be the sole responsibility and obligation of the Developer to take such action as may be necessary to place the Physical and Environmental Conditions of the entire Site in a condition entirely suitable for its development.

**208.3 Physical and Environmental Investigation and Testing of Site.** The Developer shall have the right, at its sole cost and expense, to engage its own environmental consultant (the "Environmental Consultant") to make such investigations of the Site as the Developer deems necessary, and the Agency shall promptly be provided a copy of all reports and test results provided to the Developer by the Environmental Consultant (collectively, the "Environmental Report"). The Developer shall reasonably approve or disapprove of the Physical and Environmental Condition of the Site within the time set forth in the Schedule of Performance. The Developer's failure to deliver written Notice of its approval within such time limit shall be deemed disapproval of the Physical and Environmental Condition of the Site. If the Developer, based upon the above environmental reports, reasonably disapproves the physical or environmental condition of the Site, then the Agency shall have the right, but not the obligation, to elect to pay for the cost of correcting or curing any physical or environmental defect or problem with the Site identified by the Developer, provided that the Developer must approve in writing the content and timing of any plan requiring removal and/or remediation of Hazardous Materials. If the Agency and the Developer do not agree on such matters within ninety (90) days after the date the Developer initially disapproves or is deemed to have disapproved the Physical and Environmental Condition of the Site, as provided

above, the Developer shall be deemed to have adhered to its initial disapproval and either party may terminate this Agreement by written Notice to the other pursuant to Section 503 hereof.

**208.4 Release of Agency.** The Developer hereby waives, releases and discharges forever the Agency and the City, and their respective employees, officers, agents and representatives, from all present and future claims, demands, suits, legal and administrative proceedings and from all liability for damages, losses, costs, liabilities, fees and expenses, present and future, arising out of or in any way connected with the Physical and Environmental Condition of the Site, any Hazardous Materials on or under the Site, or the existence of Hazardous Materials contamination due to the generation of Hazardous Materials from the Site, however they came to be placed there.

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

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.”

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

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

**208.6 Developer Indemnity.** Upon and after each Closing, the Developer agrees to indemnify, defend and hold the Agency and City and their respective employees, officers, agents and representatives harmless from and against any claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense (including, without limitation, reasonable attorneys' fees), resulting from, arising out of, or based upon the Physical and Environmental Condition of the Phase acquired, including without limitation, (i) the presence, release, use, generation, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from the Site which occurs during the period of the Developer's ownership of the Site, or (ii) the violation, or alleged violation, of any statute, ordinance, order, rule, regulation, permit, judgment or license relating to the use, generation, release, discharge, storage, disposal or transportation of Hazardous Materials on, under, in or about, to or from, the Site which occurs during the period of the Developer's ownership of the Site. This indemnity shall include, without limitation, any damage, liability, fine, penalty, or expense arising from or out of any claim, action, suit or proceeding for personal injury (including sickness, disease or death), tangible or intangible property damage, compensation for lost wages, business income, profits or other economic loss, damage to the natural resource or the environment, nuisance, contamination, leak, spill, release or other adverse effect on the environment. At the request of the Developer, the Agency shall cooperate with and assist the Developer in its defense of any such claim, action, suit,

proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense; provided that the Agency shall not be obligated to incur any expense in connection with such cooperation or assistance.

### **300. DEVELOPMENT OF THE SITE**

#### **301. Scope of Development.**

**301.1 Developer's Obligation to Construct Improvements.** Subject to all of the other terms and conditions set forth in this Agreement, the Developer shall develop or cause the development of the Improvements in accordance with the Scope of Development, the City's Municipal Code, and the plans, drawings and documents submitted by the Developer and approved by the Agency as set forth herein. The Improvements shall generally consist of the following: Phase I of the Improvements will consist of approximately 148 attached For Sale Units in three (3), four (4)-story buildings. Phase II of the Improvements will be developed in multiple Subphases and will consist of approximately 252 attached For Sale Units in five (5), four (4)-story buildings, approximately 200 Rental Units, of which 60 will be Affordable Rental Units or, at the election of the Developer, the Affordable Rental Units may be increased to 120, and approximately 80,000 square feet of retail space. Developer shall also construct related onsite improvements and all public improvements, all as identified in the Scope of Development or required pursuant to the land use approvals listed in Sections 302-303 hereof. Phase II will be developed in multiple Subphases. Phase II may also include the Hotel Component.

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

#### **302. Design Review.**

**302.1 Developer Submissions.** As a Condition Precedent to the Phase I Closing, and at or prior to the time set forth in the Schedule of Performance, the Developer shall submit to the City any plans and drawings (collectively, the "Design Development Drawings") which may be required by the City with respect to any permits and entitlements which are required to be obtained to develop the Phase I Improvements. Developer, on or prior to the date set forth in the Schedule of Performance, shall further submit to the City such plans for the Phase I Improvements as required by the City in order for Developer to obtain building permits for the Phase I Improvements. To the extent required by the City in order to accept such plans and permit applications for processing (given that the Developer may not own fee title to the Site at the time and may not have obtained the written authorization from the owners of the Parcels to apply for and process such plans and permits), provided that such submittal is in accordance with this Agreement and Developer is not in Breach or Default hereunder, the Agency shall sign any such application as a co-applicant with the Developer

and cooperate with the Developer in order to expedite the City's review thereof (but without any representation or warranty by the Agency that the City will approve any such application or approve such application with or without any particular conditions). Within thirty (30) days after the City's disapproval or conditional approval of such plans, Developer shall revise the portions of such plans identified by the City as requiring revisions and resubmit the revised plans to the City; provided, however, that the Developer reserves the right to deliver a Notice of termination to the Agency pursuant to Section 503 hereof if the Developer determines in its sole and absolute discretion that the required revisions adversely and materially affect the value or development of the Site.

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

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

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

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

- (a) General Plan Amendment and zoning change for the Site.
- (b) Site Plan.
- (c) A subdivision map.
- (d) A development agreement between the Developer and the City that provides for the Developer's payment of the City's standard development impact fee ("DIF") for the Improvements.

(e) All other discretionary entitlements, permits, and approvals required by the City, County, and other governmental agencies with jurisdiction over the Improvements.

(f) Any environmental studies and documents required pursuant to the California Environmental Quality Act ("CEQA"), Public Resources Code Section 21000, *et seq.*, with respect to any of the discretionary entitlements, permits, and approvals referred to in clauses (a)-(e), inclusive.

(g) All ministerial entitlements, permits, and approvals as to the Phase I Improvements that may be required, including without limitation and to the extent applicable a final tract map, rough and precise grading permit(s), and approval of final building plans and permits, utility plans, public works improvement plans for the perimeter offsite improvements and any encroachment permits required for work to be performed within the public right-of-way, and landscaping plans ("Ministerial Approvals").

As a Condition Precedent to the Phase II Closing, Developer shall secure the Ministerial Approvals for Phase II, Subphase A.

**304. Schedule of Performance.** The Developer shall submit all Design Development Drawings, Plan Drawings and Construction Drawings, commence and complete all construction of the Improvements, and satisfy in all material respects all other obligations and conditions of this Agreement, and the Agency shall satisfy all of its obligations and conditions pursuant to this Agreement, within the times established therefor in the Schedule of Performance.

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

**306. Insurance Requirements.** The Developer shall take out and maintain or shall cause its contractor to take out and maintain until the issuance of the Release of Construction Covenants pursuant to Section 310 of this Agreement, a commercial general liability policy including contractual liability, in the minimum amount of Five Million Dollars (\$5,000,000), and an automobile liability policy in the minimum amount of Two Million Dollars (\$2,000,000), combined single limit, as shall protect the Developer, the City, and the Agency from claims for such damages, and which policies shall be issued by an "A" rated insurance carrier. Such policy or policies shall be written on an occurrence form. The Developer shall also furnish or cause to be furnished to the Agency evidence satisfactory to the Agency that the Developer and any contractor with whom it has contracted for the performance of work on the Site or otherwise pursuant to this Agreement carries workers' compensation insurance as required by law. Prior to and as an Agency Condition Precedent to each Phase or Subphase, as applicable, the Developer shall furnish a certificate of insurance countersigned by an authorized agent of the insurance carrier on a form approved by the Agency setting forth the general provisions of the insurance coverage. This countersigned certificate shall name the City and the Agency and their respective officers, agents, and employees as additionally insured parties under the policy, and the certificate shall be accompanied by a duly executed endorsement evidencing such additional insured status. The certificate and endorsement by the insurance carrier shall contain a statement of obligation on the part of the carrier to notify the City and the Agency of any material change, cancellation or termination of the coverage at least thirty (30) days in advance of the effective date of any such material change, cancellation or termination. Coverage provided hereunder by the Developer shall be primary insurance and not be contributing



with any insurance maintained by the Agency or the City, and the policy shall contain such an endorsement. The insurance policy or the endorsement shall contain a waiver of subrogation for the benefit of the City and the Agency. The required certificate shall be furnished by the Developer at the time set forth therefor in the Schedule of Performance.

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

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

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

**309. Compliance With Governmental Requirements.** The Developer shall carry out the design, construction, and operation of the Improvements in conformity with all applicable laws, including the City zoning and development standards, building, plumbing, mechanical and electrical codes, and all Governmental Requirements.

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

**309.2 Relocation; Obligations.** The Agency shall be responsible for causing all occupants of the Site to vacate prior to the Closing, and for complying and/or causing compliance with all applicable laws and regulations concerning the displacement and/or relocation of all Eligible Persons from the Site, if any, including without limitation, compliance with the California Relocation Assistance Law, California Government Code Section 7260, *et seq.*, all state and local regulations implementing such laws, and all other applicable state and local laws and regulations relating to such Eligible Persons.

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

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

**311. Financing of the Improvements.**

**311.1 Approval of Financing.** As required herein, the Developer shall submit to the Agency Director reasonable evidence that the Developer has obtained sufficient equity capital and/or that the Developer has obtained commitments for construction financing necessary to

undertake the development of each and the construction of the Improvements for Phase I (as a Condition Precedent to the Phase I Closing) and Phase II, Subphase A (as a Condition Precedent to the Phase II Closing) in accordance with this Agreement. Such evidence of financing shall include, as applicable, the following: (a) the annual report or audited financial statement of the institutional lender proposing to provide the construction financing, (b) a copy of a loan commitment(s) obtained by Developer from one or more institutional lenders, reasonably acceptable to the Agency, for the mortgage loan or loans for financing to fund the construction of the Improvements, subject to such lenders' reasonable, customary and normal conditions and terms, and/or (c) evidence reasonably satisfactory to Agency that Developer has sufficient funds for such construction, and that such funds have been committed to such construction, and/or other documentation reasonably satisfactory to the Agency Director as evidence of other sources of capital sufficient to demonstrate that Developer has adequate funds to cover the difference between the total cost of the construction of the Improvements, less financing authorized by those loans set forth in clause (a) above.

The Agency Director shall approve or disapprove such institutional lender and evidence of financing capacity or commitments within thirty (30) days of receipt of a complete submission. Approval shall not be unreasonably withheld, delayed or conditioned. If the Agency Director shall disapprove any such evidence of financing, he or she shall do so by written Notice to Developer stating the reasons for such disapproval. Upon receipt of the Agency Director's disapproval of the proposed financing, the Developer shall either promptly obtain and submit new evidence of financing to the Agency Director or terminate this Agreement as provided in Section 503 hereof. The Agency Director shall approve or disapprove such new evidence of financing in the same manner and within the same times established in this Section 311.1 for the approval or disapproval of the evidence of financing as initially submitted. If any portion of the Developer's financing consists of secured third party loans, the Developer shall close the approved construction financing at the Closing.

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

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

**311.4 Notice of Default to Mortgagee or Deed of Trust Holders; Right to Cure.**

With respect to any mortgage or deed of trust granted by the Developer as provided herein, whenever the Agency may deliver any notice or demand to the Developer with respect to any Default by the Developer in completion of construction of the Improvements, the Agency may at the same time deliver to each holder of record of any mortgage or deed of trust authorized by this Agreement a copy of such notice or demand. Each such holder shall (insofar as the rights granted by the Agency are concerned) have the right, at its option, within ninety (90) days after the receipt of the notice, to cure or remedy or commence to cure or remedy and thereafter to pursue with due diligence the cure or remedy of any such Default and to add the cost thereof to the mortgage debt and the lien of its mortgage. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction or completion of the Improvements, or any portion thereof (beyond the extent necessary to conserve or protect the improvements or construction already made) without first having expressly assumed the Developer's obligations to the Agency by written agreement reasonably satisfactory to the Agency. The holder, in that event, must agree to complete, in the manner provided in this Agreement, the improvements to which the lien or title of such holder relates. Any such holder properly completing such improvement shall be entitled, upon compliance with the requirements of Section 310 of this Agreement, to a Release of Construction Covenants. It is understood that a holder shall be deemed to have satisfied the ninety (90) day time limit set forth above for commencing to cure or remedy a Developer Default which requires title and/or possession of the Site (or portion thereof) if and to the extent any such holder has within such ninety (90) day period commenced proceedings to obtain title and/or possession and thereafter the holder diligently pursues such proceedings to completion and cures or remedies the Default.

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

- (a) The unpaid mortgage or deed of trust debt at the time title became vested in the holder (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings);
- (b) All expenses with respect to foreclosure including reasonable attorneys' fees;
- (c) The net expense, if any (exclusive of general overhead), incurred by the holder as a direct result of the subsequent management of the Site or part thereof;
- (d) The costs of any improvements made by such holder;

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

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

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

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

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

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

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

**402. Use of Retail Improvements.** Until the expiration of the Redevelopment Plan, the Retail Improvements shall be used only for retail and commercial purposes. Upon the Closing for each Phase, the Agency and Developer shall execute and record a Declaration of Uses, substantially in the form attached hereto as Attachment No. 6 and incorporated herein.

**403. Maintenance and CC&Rs.** The Developer shall maintain or cause to be maintained the Improvements and the Site in a decent, safe and sanitary manner, in accordance with the standard of maintenance of similar mixed-use developments within Orange County, California. The Developer shall prepare and submit to the Agency's legal counsel for its reasonable approval a Declaration of Covenants, Conditions and Restrictions for each of the separate Housing Units and Retail Improvements to be constructed within the Site and a master association over all of the Improvements (the "Association CC&Rs"), which establishes a separate property owner's association for the For Sale Units, Rental Units, and Retail Improvements (each, an "Association(s)") and a property owner's association for all of the Improvements ("Master Association"). Each

Association CC&Rs shall require the owners of the Housing Units and Retail Improvements to be members of the Associations. In addition, the Master Association CC&Rs shall require reciprocal access and parking and the maintenance of the Improvements and the Site in accordance with the standards of this Section 403 and the standards of similar mixed-use developments within the County. The Association CC&Rs shall be enforceable by the Agency, and any substantive amendments to such Association CC&Rs shall require the consent of the Agency, which consent shall not unreasonably be withheld. The Association CC&Rs shall be recorded against the applicable portion of the Site concurrently with the Applicable Closing. The Association CC&Rs shall specifically state that the Agency is an intended third party beneficiary of the Association CC&Rs with the ability to enforce all the obligations set forth therein, including, without limitation, the ability to cause any and all maintenance and repair obligations to be performed. Upon the formation of the Association and its acquisition of the common areas of the Improvements, the Association shall assume the Developer's obligations under this Section 403.

Specifically with respect to the Rental Units, the Developer shall submit for the reasonable approval of the Agency a "Management Plan" which sets forth in detail the Developer's property management duties, a tenant selection process and crime prevention program, the procedures for the collection of rent, the procedures for eviction of tenants, the rules and regulations of the Rental Units and manner of enforcement, a standard lease form, an Operating Budget, the identity of the manager of the Rental Units (the "Property Manager"), and other matters relevant to the management of the Rental Units. The management of the Rental Units shall be in compliance with the Management Plan which is approved by the Agency. The Agency hereby approves Kam Sang Company, Inc. or an Affiliate as the Property Manager for the Rental Units.

If the Agency determines that the performance of the Property Manager is deficient based upon the standards set forth in the Management Plan and in this Agreement, the Agency shall provide notice to the Developer of such deficiencies, and the Developer shall use its best efforts to correct such deficiencies. In the event that such deficiencies have not been cured within ninety (90) days of the date on which Agency provides such notice of deficiencies, the Agency shall have the right to require the Developer to immediately remove and replace the Property Manager with another property manager or property management company which is reasonably acceptable to the Agency, which is not related to or affiliated with the Developer, and which has not less than five (5) years experience in property management, including significant experience managing housing facilities of the size, quality and scope of the applicable Phase of the Rental Units.

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

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

immediately preceding paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the immediately preceding paragraph.

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

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

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

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

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

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

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

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

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

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

**500. RENTAL UNITS -- PROVISION OF MODERATE INCOME RENTAL HOUSING**



**501. Number of Affordable Rental Units.** Pursuant to this Agreement and the Regulatory Agreement, the Developer covenants and agrees to make available, restrict occupancy to, and rent not less than one hundred twenty (120) Affordable Rental Units to Persons and Families of Low or Moderate Income at an Affordable Rent as follows:

(a) Seventy (70) of the one (1) bedroom Rental Units in Phase II to Persons and Families of Low or Moderate Income at an Affordable Rent.

(b) Forty (40) of the two (2) bedroom Rental Units in Phase II to Persons and Families of Low or Moderate Income at an Affordable Rent.

(c) Ten (10) of the three (3) bedroom Rental Units in Phase II to Persons and Families of Low or Moderate Income at an Affordable Rent.

**502. Duration of Affordability Requirements.** The Affordable Rental Units shall be subject to the requirements of this Agreement for fifty-five (55) years from the date of the City's issuance of a certificate of occupancy for the applicable Phase (the "Affordability Period").

**503. Selection of Tenants.** The Developer shall be responsible for the selection of tenants for the Affordable Rental Units in compliance with lawful and reasonable criteria, as set forth in the Regulatory Agreement and the Management Plan which is required to be submitted and approved by the Agency pursuant to Section 403.

**504. Household Income Requirements.** Following the initial lease-up of the Affordable Rental Units in Phase II, and annually thereafter, the Developer shall submit to the Agency, at the Developer's expense, a summary of the income, household size and rent payable by each of the tenants of the Affordable Rental Units of such Phase. At the Agency's request, the Developer shall also provide to the Agency completed income computation and certification forms, in a form reasonably acceptable to the Agency, for any such tenant or tenants. The Developer shall obtain, or shall cause to be obtained by the Property Manager, a certification from each household leasing a Affordable Rental Unit demonstrating that such household is/are Persons and Families of Low or Moderate Income, and meets the eligibility requirements established for the Affordable Rental Unit. The Developer shall verify, or shall cause to be verified by the Property Manager, the income certification of the household.

**505. Affordable Rent.** The maximum Monthly Rent chargeable for the Affordable Rental Units shall be annually determined in accordance with the following requirements. The Monthly Rent for the Affordable Rental Units to be rented to Persons and Families of Low or Moderate Incomes shall not exceed the amount set forth in Section 50093 of the California Health and Safety Code.

For purposes of this Agreement, "Monthly Rent" means the total of monthly payments charged to and paid by tenants for (a) use and occupancy of each Affordable Rental Unit and land and facilities associated therewith, (b) any separately charged fees or service charges assessed by the Developer which are required of all tenants, other than security deposits, (c) a reasonable allowance for an adequate level of service of utilities not included in (a) or (b) above, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuels, but not including telephone service, and (d) possessory interest, taxes or other fees or charges assessed for use of the land and facilities associated therewith by a public or private entity other than the

Developer. In the event that all utility charges are paid by the landlord rather than the tenant, no utility allowance shall be deducted from the rent. "Monthly Rent" does not include optional payments by tenants for optional services provided by the Developer or the Property Manager.

**506. Occupancy Limits.** The maximum occupancy of the Affordable Rental Units shall not exceed more than such number of persons as is equal to the sum of the number of bedrooms in the unit, multiplied by two (2), plus one (1). For the two (2) bedroom units, the maximum occupancy shall not exceed five (5) persons. For the one (1) bedroom unit, the maximum occupancy shall not exceed three (3) persons.

**507. Marketing Program.** The Developer shall prepare and obtain Agency Director's approval, which approval shall not be unreasonably withheld, of a marketing program for the leasing of the Affordable Rental Units within each Phase (the "Marketing Program"). The leasing of the Affordable Rental Units shall be marketed in accordance with the approved Marketing Program as the same may be amended from time to time with Agency Director's prior written approval, which approval shall not unreasonably be withheld. The Developer shall provide the Agency with periodic reports with respect to the leasing of the Affordable Rental Units. The Developer shall be responsible to organize, schedule and coordinate a lottery drawing to select potential tenants for the Affordable Rental Units for initial lease-up only, which shall be open to the public. The lottery shall take place not less than 90 days prior to completion of the applicable Phase of the Affordable Rental Units. Preference in the lottery, so long as not inconsistent with federal and State law (including, without limitation, all fair housing laws, rules and regulations), shall be given as follows:

- (1) Any persons who have been displaced from their residences due to programs or projects implemented by the Agency; and
- (2) Other households who live or work in Garden Grove.

Subject to all fair housing laws, rules, and regulations, all categories shall receive preference in the order listed. The requirements of this Section 507 shall only apply to the extent that the number of applicants for Affordable Rental Units exceeds the number of Affordable Rental Units available for lease upon initial lease-up.

For the purpose of the lottery drawing, the lottery will be divided by those who have claimed a preference and those who do not. All lottery forms will be drawn and numbered to create a complete list of alternate applications.

The Developer shall provide written notification to lottery participants informing them of the results and their priority number. This priority number represents the order with which prospective tenants will be reviewed for final determination of eligibility. If a household who was selected claimed a preference but could not verify such preference, then that participant will be deemed ineligible and the next selected participant will be notified.

**508. Monitoring and Recordkeeping.** Throughout the Affordability Period, Developer shall comply with all applicable recordkeeping and monitoring requirements set forth in Health and Safety Code Section 33418 and shall annually complete and submit to the Agency a report, prior to January 30th of each year, for the Affordable Rental Units which includes the name, address, income and age of each occupant of a Affordable Rental Unit, the bedroom count and Monthly Rent for such Affordable Rental Unit. Representatives of the Agency shall be entitled to enter the Rental Units,

upon at least seventy-two (72) hours prior written notice, to monitor compliance with this Agreement, to inspect the records, and to conduct an independent audit or inspection of such records. The Developer agrees to cooperate with the Agency in making the Rental Units available for such inspection or audit. The Developer agrees to maintain records in a businesslike manner, and to maintain such records for the term of this Agreement.

**509. Regulatory Agreement and Notice of Affordability Restrictions.** The requirements of this Agreement which are applicable to the Affordable Rental Units after the conveyance of the Site to the Developer are set forth in each Regulatory Agreement. Additionally, the Developer shall record a Notice of Affordability Restrictions on Transfer of Property ("Notice of Affordability Restrictions") as to each Phase of the Rental Units, which shall run with the land and shall be enforceable against any owner who violates a covenant or restriction and each successor in interest who continues the violation pursuant thereto. The execution of a Regulatory Agreement and the Developer's execution of a Notice of Affordability Restrictions is a Condition Precedent to the Closing for each Phase, as set forth in Section 205. The Agency shall not subordinate this Agreement, each Regulatory Agreement and Notice of Affordability Restrictions to the construction and permanent financing approved pursuant to Section 311.1. Any such lender shall specifically subordinate its lien to the lien of each Regulatory Agreement and Notice of Affordability Restrictions.

**510. Option to Increase Number of Affordable Rental Units.** Not less than thirty (30) days prior to the Phase II Closing, the Developer may elect to increase the number of Affordable Rental Units from 60 to 120 in which case the Agency will pay to Developer the all cash sum of Six Million, Four Hundred Thousand Dollars (\$6,400,000) at the Phase II Closing from its Housing Set Aside Fund for the purpose of providing funds sufficient to allow the Developer to provide the additional 60 Affordable Rental Units to Families of Low or Moderate Income at Affordable Rent. In the event of such election, Developer shall identify the Subphase in which the Affordable Rental Units will be located.

## **600. DEFAULTS, TERMINATION, AND REMEDIES**

**601. Default Remedies.** Subject to any extensions of time of the deadlines for performance that may be permitted in accordance with Section 702 of this Agreement, failure by either Party to perform any action or covenant required by this Agreement, constitutes a "Breach" under this Agreement. A Party claiming a Breach shall give written Notice of Breach to the other Party specifying the Breach complained of. Except as otherwise expressly provided in this Agreement, the claimant shall not institute any proceeding against the other Party, and the other Party shall not be in Default if such Party cures such Breach within thirty (30) days from receipt of such Notice, or if such Breach cannot reasonably be cured within such thirty (30) day period, if the other Party immediately, with due diligence, commences to cure, correct or remedy such failure or delay and completes such cure, correction or remedy with diligence, but in no event later than ninety (90) days after the date of receipt of the Notice. Failure to cure the Breach as described in the immediately preceding sentence is a "Default" hereunder.

**602. Institution of Legal Actions.** In addition to any other rights or remedies and subject to the restrictions otherwise set forth in this Agreement, either Party may institute an action at law or equity to seek specific performance of the terms of this Agreement, or to cure, correct or remedy any Breach, to recover damages for any Default, or to obtain any other remedy consistent with the

purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Orange, State of California.

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

**604. Termination by the Agency Prior to the Conveyance.** In the event that prior to the Conveyance of any Phase of the Site the Agency is not in Breach or Default of its obligations set forth in this Agreement and either (a) one or more of the Agency's Conditions Precedent is not fulfilled within the time set forth in the Schedule of Performance, or (b) the Developer is in Default of this Agreement, then this Agreement may, at the option of the Agency, be terminated by the Agency by written Notice thereof to the Developer. From the date of the written Notice of termination of this Agreement by the Agency to the Developer and thereafter this Agreement shall be deemed terminated. Unless otherwise stated herein, upon such a termination, there shall be no further rights or obligations between the Parties, except that (i) this Agreement shall remain in effect as to any Phases of the Site which have previously been conveyed to the Developer, and (ii) the Agency reserves all of its damages remedies in the event of a termination made pursuant to clause (b) above.

**605. Option to Acquire Site Upon Default.** Developer agrees to enter into an Option Agreement, in substantially the form attached hereto as Attachment No. 10, which grants to Agency an option to purchase each Phase within the Site and the Improvements thereon in the event that the Developer (or its successors in interest) shall:

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

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

(c) contrary to the provisions of Section 703, transfer or suffer any involuntary transfer in violation of this Agreement, and such transfer has not been approved by the Agency or rescinded within thirty (30) days of notice thereof from Agency to Developer.

**606. Acceptance of Service of Process.** In the event that any legal action is commenced by the Developer against the Agency, service of process on the Agency shall be made by personal service upon the Agency's Director or in such other manner as may be provided by law. In the event that any legal action is commenced by the Agency against the Developer, service of process on the Developer shall be made in the manner required by law or, in the alternative, by personal service

upon any officer of the Developer so long as a copy of such service is delivered in accordance with Section 701 of this Agreement, and said service shall be effective whether made within or outside the State of California.

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

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

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

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

**611. Attorneys' Fees.** In any action between the Parties to interpret, enforce, reform, modify, rescind, or otherwise in connection with any of the terms or provisions of this Agreement, the prevailing Party in the action shall be entitled, in addition to damages, injunctive relief, or any other relief to which it might be entitled, reasonable costs and expenses including, without limitation, litigation costs, expert witness fees and reasonable attorneys' fees.

## **700. GENERAL PROVISIONS**

**701. Notices, Demands and Communications Between the Parties.** Any approval, disapproval, demand, document or other notice ("Notice") which either Party may desire to give to the other Party under this Agreement must be in writing and delivered either personally, by first class United States mail with postage prepaid, or by a national commercial delivery services (such as Federal Express) that provides a receipt verifying the date and time of delivery. Notices shall be directed to the address or addresses of the Party as set forth below, or to any other address or addresses as that Party may later designate by Notice delivered in accordance with this Section 701. Any delivered Notices shall be deemed effective upon actual receipt.

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

Copy to: Stradling Yocca Carlson & Rauth  
660 Newport Center Drive, Suite 1600  
Newport Beach, California 92660  
Attention: Thomas P. Clark, Jr.

To Developer: New Age Brookhurst, LLC  
411 E. Huntington Drive, Suite 305  
Arcadia, California 91016  
Attention: Mr. Ronnie Lam

Copy to: \_\_\_\_\_, Suite \_\_\_\_\_  
\_\_\_\_\_, California \_\_\_\_\_  
Attention: \_\_\_\_\_

**702. Force Majeure; Extension of Times of Performance.** In addition to specific provisions of this Agreement, performance by either Party hereunder shall not be deemed to be in Breach, and all performance and other dates specified in this Agreement shall be extended, where a delay or Breach is due to causes beyond the control and without the fault of the Party claiming an extension of time to perform, which may include the following: war; acts of terrorism; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor or supplier; acts or omissions of the other party; acts or failures to act of the City or any other public or governmental agency or entity, other than the acts or failures to act of the Agency which shall not excuse performance by the Agency ("Force Majeure"). Notwithstanding anything to the contrary in this Agreement, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the Party claiming such extension is sent to the other Party within thirty (30) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the mutual agreement of Agency and Developer. Notwithstanding any provision of this Agreement to the contrary, the lack of funding to complete the Improvements, and/or lack of financial feasibility shall not constitute grounds of enforced delay pursuant to this Section 702.

**703. Transfers of Interest in Site or Agreement.**

**703.1 Prohibition.** The qualifications and identity of the Developer are of particular concern to the Agency. It is because of those qualifications and identity that the Agency has entered into this Agreement with the Developer. Furthermore, the parties acknowledge that the Agency has negotiated the terms of this Agreement in contemplation of the construction of the Improvements and the property tax increment revenues to be generated by the operation of the Improvements on the Site. Accordingly, for the period commencing upon the date of this Agreement and until the expiration of the Declaration of Uses, no changes in the owner of the Retail Improvements shall occur, and for the period commencing upon the date of this Agreement and until the issuance of the Release of Construction Covenants, no voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement, nor shall the Developer make any total or partial sale, transfer, conveyance, assignment, or lease of the whole or

any part of the Site or the Improvements thereon (collectively referred to herein as a "Transfer"), without the prior written approval of the Agency, except as expressly set forth herein.

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

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

(b) Any requested assignment for financing purposes (subject to such financing being considered and approved by the Agency pursuant to Section 311.1 herein), including the grant of a deed of trust to secure the funds necessary for land acquisition, construction and permanent financing of the Improvements, and further including the approved lender's acquisition of the Site by foreclosure or deed in lieu of foreclosure.

(c) The sale of completed For Sale Units to individual homebuyers or the lease of Rental Units or Retail Improvements all in the ordinary course of business.

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

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

**703.3 Agency Consideration of Requested Transfer.** The Agency agrees that it will not unreasonably withhold, condition, or delay approval of a request for approval of a Transfer made pursuant to this Section 703 which requires the Agency's approval, provided the Developer delivers written Notice to the Agency requesting such approval. Such Notice shall be accompanied by evidence regarding the proposed transferee's development and/or operational qualifications and experience and its financial commitments and resources in sufficient detail to enable the Agency to evaluate the proposed assignee or purchaser pursuant to the criteria set forth in this Section 703 and as reasonably determined by the Agency. The Agency may, in considering any such request, take into consideration such factors as, without limitation, the transferee's experience and expertise, the transferee's past performance as developer or operator of similar developments, and the transferee's current financial condition and capabilities.

An assignment and assumption agreement in form reasonably satisfactory to the Agency's legal counsel shall also be required for all proposed Transfers requiring the Agency's approval hereunder. Within fifteen (15) days after the receipt of the Developer's written Notice requesting Agency approval of a Transfer pursuant to this Section 703, the Agency shall either approve or disapprove such proposed assignment or shall respond in writing by stating what further information, if any, the Agency reasonably requires in order to determine the request complete and determine

whether or not to grant the requested approval. Upon receipt of such a response, the Developer shall promptly furnish to the Agency such further information as may be reasonably requested and the Agency shall approve or disapprove the requested Transfer within fifteen (15) days after the receipt of such information. Upon the effective date of an assignment approved by the Agency, the assignor or transferor shall be released from all obligations to the Agency hereunder.

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

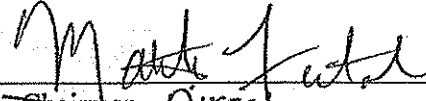
**720. Estoppel Certificate.** Each of the Parties shall at any time and from time to time upon not less than twenty (20) days prior notice by the other, execute, acknowledge and deliver to such other Party a statement in writing certifying that this Agreement is unmodified and is in full force and effect (or if there shall have been modifications that this Agreement is in full force and effect as modified and stating the modifications), and stating whether or not to the best knowledge of the signer of such certificate such other Party is in Breach or Default in performing or observing any provision of this Agreement, and, if in Breach or Default, specifying each such Breach or Default of which the signer may have knowledge, and such other matters as such other Party may reasonably request, it being intended that any such statement delivered by Developer may be relied upon by Agency or any successor in interest to Agency, and it being further intended that any such statement delivered by Agency may be relied upon by any prospective assignee of Developer's interest in this Agreement or any prospective mortgagee or encumbrancer thereof. Reliance on any such certificate may not extend to any Breach or Default as to which the signer of the certificate shall have had no actual knowledge. The Party requesting the Estoppel Certificate shall reimburse the other Party for all actual and direct third party costs incurred by such Party in connection with such Estoppel Certificate within ten (10) days after written demand therefor which notice shall contain all relevant invoices or other evidence of such costs.

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

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

**AGENCY:**

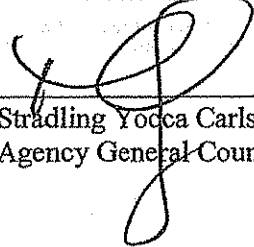
**GARDEN GROVE AGENCY FOR  
COMMUNITY DEVELOPMENT,**  
a public body, corporate and politic

By:   
~~Chairman~~ Director

**ATTEST:**

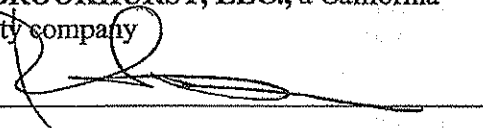
  
Agency Secretary

**APPROVED AS TO FORM:**

  
Stradling Yocca Carlson & Rauth,  
Agency General Counsel

**DEVELOPER:**

**NEW AGE BROOKHURST, LLC.,** a California  
limited liability company

By: 

By: Its Manager, Kam Sang Co., Inc.  
Ronnie Lam, its President



**State of California  
Secretary of State**

LLC-1

File #

**201032010313**

**Limited Liability Company  
Articles of Organization**

**ENDORSED - FILED**  
in the office of the Secretary of State  
of the State of California

NOV - 9 2010

A \$70.00 filing fee must accompany this form.

Important - Read instructions before completing this form.

This Space For Filing Use Only

**Entity Name** (End the name with the words "Limited Liability Company," or the abbreviations "LLC" or "L.L.C." The words "Limited" and "Company" may be abbreviated to "Ltd." and "Co.," respectively.)

1. NAME OF LIMITED LIABILITY COMPANY  
NEW AGE BROOKHURST, LLC

**Purpose** (The following statement is required by statute and should not be altered.)

2. THE PURPOSE OF THE LIMITED LIABILITY COMPANY IS TO ENGAGE IN ANY LAWFUL ACT OR ACTIVITY FOR WHICH A LIMITED LIABILITY COMPANY MAY BE ORGANIZED UNDER THE BEVERLY-KILLEA LIMITED LIABILITY COMPANY ACT.

**Initial Agent for Service of Process** (If the agent is an individual, the agent must reside in California and both Items 3 and 4 must be completed. If the agent is a corporation, the agent must have on file with the California Secretary of State a certificate pursuant to California Corporations Code section 1505 and Item 3 must be completed (leave Item 4 blank).)

3. NAME OF INITIAL AGENT FOR SERVICE OF PROCESS  
KAM SANG COMPANY, INC.

4. IF AN INDIVIDUAL, ADDRESS OF INITIAL AGENT FOR SERVICE OF PROCESS IN CALIFORNIA CITY STATE ZIP CODE  
CA

**Management** (Check only one)

5. THE LIMITED LIABILITY COMPANY WILL BE MANAGED BY:

- ONE MANAGER
- MORE THAN ONE MANAGER
- ALL LIMITED LIABILITY COMPANY MEMBER(S)

**Additional Information**

6. ADDITIONAL INFORMATION SET FORTH ON THE ATTACHED PAGES, IF ANY, IS INCORPORATED HEREIN BY THIS REFERENCE AND MADE A PART OF THIS CERTIFICATE.

**Execution**

7. I DECLARE I AM THE PERSON WHO EXECUTED THIS INSTRUMENT, WHICH EXECUTION IS MY ACT AND DEED.

November 8, 2010

DATE

SIGNATURE OF ORGANIZER

Kam Sang Co., Inc., By Ronnie Lam, its President

TYPE OR PRINT NAME OF ORGANIZER



I hereby certify that the foregoing  
transcript of \_\_\_\_\_ page(s)  
is a full, true and correct copy of the  
original record in the custody of the  
California Secretary of State's office.

NOV 30 2010 SH

Date: \_\_\_\_\_

*Debra Bowen*  
DEBRA BOWEN, Secretary of State

## ATTACHMENT NO. 1

### LEGAL DESCRIPTION

#### Parcel A

Real property in the City of Garden Grove, County of Orange, State of California, described as follows:

That Portion Of The Southwest Quarter Of The Southwest Quarter Of Section 32, Township 4 South, Range 10 West, In The Rancho Las Bolsas, As Shown On A Map Recorded In Book 51, Page 10 Of Miscellaneous Maps, Records Of Orange County, California, Described As Follows:

Beginning At The Southwest Corner Of The North 5 Acres Of The West Half Of The Southwest Quarter Of The Southwest Quarter Of Said Section 32; Thence North  $0^{\circ} 35' 50''$  West, Along The West Line Of Said North 5 Acres, A Distance Of 100.00 Feet; Thence North  $89^{\circ} 52' 10''$  East, Parallel With The South Line Of Said North 5 Acres, A Distance Of 36.14 Feet To A Point On The Easterly Right-Of-Way Of Brookhurst Way, 80 Feet Wide, Said Point Being The "TRUE POINT OF BEGINNING-A (TPOB-A)"; Thence North  $89^{\circ} 52' 10''$  East, Parallel With Said South Line Of North 5 Acres, A Distance Of 308.81 Feet To A Point On The West Right-Of-Way Of Brookhurst Street, 120 Feet Wide ; Thence South  $33^{\circ} 33' 43''$  East Along Said West Right-Of-Way Of Brookhurst Street, A Distance Of 418.60 Feet ; Thence South  $56^{\circ} 26' 17''$  West, A Distance Of 272.86 Feet ; Thence North  $33^{\circ} 33' 43''$  West Parallel To Said West Right-Of-Way Of Brookhurst Street, A Distance Of 250.53 Feet ; Thence South  $89^{\circ} 24' 10''$  West, A Distance Of 171.32 Feet To A Point On Said Easterly Right-Of-Way Of Brookhurst Way, 80' Wide ; Thence North  $0^{\circ} 35' 50''$  West, A Distance Of 292.00 Feet To The " TRUE POINT OF BEGINNING-A."

Containing total of 3.700 acres, more or less.

#### Parcel B

Real property in the City of Garden Grove, County of Orange, State of California, described as follows:

That Portion Of The Southwest Quarter Of The Southwest Quarter Of Section 32, Township 4 South, Range 10 West, In The Rancho Las Bolsas, As Shown On A Map Recorded In Book 51, Page 10 Of Miscellaneous Maps, Records Of Orange County, California, Described As Follows:

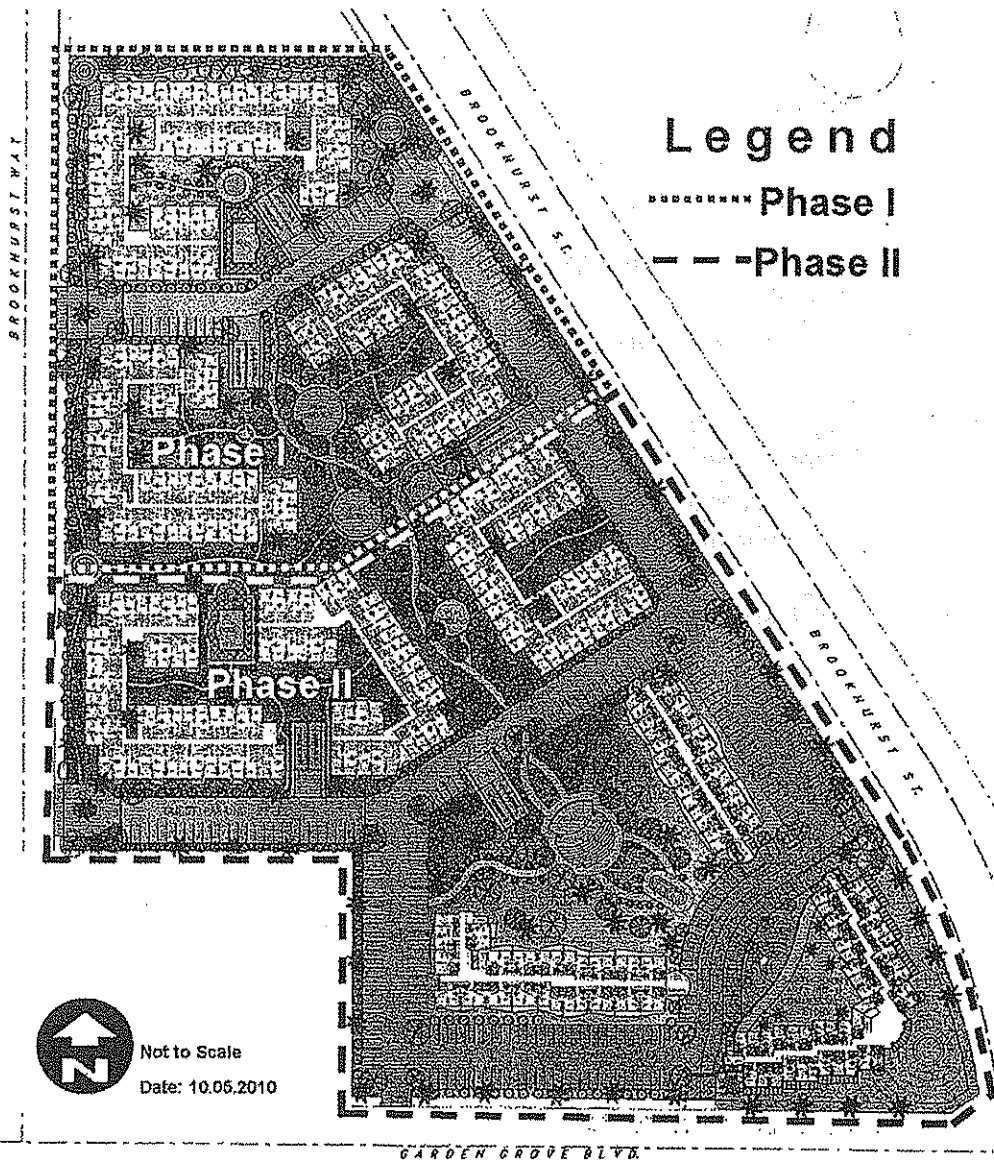
Beginning At The Southwest Corner Of The North 5 Acres Of The West Half Of The Southwest Quarter Of The Southwest Quarter Of Said Section 32; Thence North  $89^{\circ} 52' 10''$  East, Along The South Line Of Said North 5 Acres, A Distance Of 36.49 Feet To A Point On The Easterly Right-Of-Way Of Brookhurst Way, 80 Feet Wide ; Thence South  $0^{\circ} 35' 50''$  East, Along Said Easterly Right-Of-Way Of Brookhurst Way, A Distance Of 192.00 Feet To The "TRUE POINT OF BEGINNING-B (TPOB-B)"; Thence North  $89^{\circ} 24' 10''$  East, A Distance Of 171.32 Feet ; Thence South  $33^{\circ} 33' 43''$  East Parallel To West Right-Of-Way Of Brookhurst Street, A Distance Of 250.53 Feet ; Thence North  $56^{\circ} 26' 17''$  East, A Distance Of 272.86 Feet To A Point On The Westerly Right-Of-Way Of Said Brookhurst Street, 120 Feet Wide ; Thence South  $33^{\circ} 33' 43''$  East Along Said Westerly Right-Of-Way Of Brookhurst Street, A Distance Of 494.74 Feet To The Beginning Of A Curve, Concave To The West And Having A Radius Of 740.00 Feet ; Thence Southeasterly Along Said Curve, Through A Central Angle Of  $22^{\circ} 25' 30''$ , An Arc Distance Of 289.63 Feet ; Thence South  $39^{\circ} 46' 16''$  West, A Distance Of 25.66 Feet To A Point On The Northerly Right-Of-Way Of Garden Grove Blvd., 100 Feet Wide, Thence South  $89^{\circ} 53' 57''$  West Along Said Northerly Right-Of-Way Of Garden Grove Blvd., A Distance Of 603.69 Feet To A Point On The Westerly Line Of The East Half Of The Southwest Quarter Of The Southwest Quarter Of The Southwest Quarter Of Said Section 32 ; Thence North  $0^{\circ} 24' 30''$  West Along Said Westerly Line, A Distance Of 229.94 Feet ; Thence South  $89^{\circ} 54' 35''$  West, A Distance Of 292.91 Feet To A Point On The Easterly Right-Of-Way Of Brookhurst Way, 80 Feet Wide ; Thence North  $0^{\circ} 35' 50''$  West, A Distance Of 525.89 Feet To The " TRUE POINT OF BEGINNING-B."

Containing total of 10.228 acres, more or less.

ATTACHMENT NO. 2

SITE MAP

Site Plan



ATTACHMENT NO. 5

CONDENSED SCHEDULE OF PERFORMANCE

ITEM OF PERFORMANCE	TIME FOR PERFORMANCE
Initial consideration of DDA by the Agency Board.	Within thirty (30) days after Developer's delivery to the Agency of three (3) executed copies of this DDA.
Developer submits Deposit.	Prior to consideration of the DDA by the Agency.
Agency and Developer open Escrow.	Within ten (10) days after Agency and Developer execute DDA.
Developer completes its Site Investigation pursuant to Section 208.3.	On or before the Due Diligence Date.
Developer commences Construction Documents.	Within ninety (90) days after Agency approves DDA.
Developer presents Site Plan and Tentative Tract Map to the Planning Commission.	Within 180 days after Agency approves DDA.
Developer completes and submits Construction Documents.	Within 270 days after Agency approves DDA.
Developer to provide Agency evidence of Financing for Phase I Improvements.	Within 360 days after Agency approves DDA.
Developer presents Final Tract Map for Phase I Improvements to the City Council and Agency Board.	Within 270 days after Agency approves DDA.
Developer to provide evidence of insurance prior to the Close of Escrow	Prior to the Close of Escrow.
Close of Escrow.	On or before December 1, 2011.
Developer secures Permits and commences Construction on Phase I Improvements.	Within fifteen (15) days after Close of Escrow.
Developer completes the first building (80) units of the Phase I Improvements.	Within 455 days after Phase 1 Close of Escrow.
Developer to provide Agency evidence of Financing for Phase II , Subphase A Improvements.	The earlier to occur 470 days after Phase I Close of Escrow or one hundred eighty 180 days after completion of the first building of Phase 1
Phase II Close of Escrow.	On or before the earlier of September 1, 2013 or 570 days after the Phase 1 Closing.



ATTACHMENT NO. 3

RECORDING REQUESTED BY, )  
MAIL TAX STATEMENTS TO )  
AND WHEN RECORDED MAIL TO: )

New Age Brookhurst, LLC )  
411 E. Huntington Drive, Suite 305 )  
Arcadia, California 91006 )  
Attention: Mr. Ronnie Lam )

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

GRANT DEED

For valuable consideration, receipt of which is hereby acknowledged,

The GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public body, corporate and politic (the "Agency"), hereby grants to NEW AGE BROOKHURST, LLC., a California limited liability company ("Developer"), the real property hereinafter referred to as the "Phase \_\_\_ Site," as applicable, described in Exhibit A attached hereto and incorporated herein, subject to the following:

1. **Conveyance in Accordance With Disposition and Development Agreement.** The Site is conveyed in accordance with and subject to the provisions of the Disposition and Development Agreement entered into by and between Agency and Developer dated \_\_\_\_\_, 2010 (the "DDA"), a copy of which is on file with the Agency at its offices located at 11222 Acacia Parkway, Garden Grove, California 92840, as a public record and which is incorporated herein by reference. The DDA generally requires the Developer to construct and develop the Improvements, and to comply with all of the other requirements set forth therein. The covenants in the DDA shall run with the land and shall be binding upon the Developer and all of the successors and assigns of the Developer's right, title, and interest in and to any portion of the Site for the periods of time set forth therein. All the terms used herein, unless otherwise defined herein shall have the meaning as in the DDA.

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

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

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

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

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

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

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

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

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

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

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

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

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

**4. Covenants For Benefit of Agency Only.** All covenants without regard to technical classification or designation shall be binding for the benefit of the Agency, and such covenants shall run in favor of the Agency for the entire period during which such covenants shall be in force and effect consistent with Paragraphs 2 and 3 hereof, without regard to whether the Agency is or remains an owner of any land or interest therein to which such covenants relate. The Agency, in the event of any breach of any such covenants, shall have the right to exercise all the rights and remedies and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach. The covenants contained in this Grant Deed, without regard to technical classification, shall not benefit or be enforceable by any owner of any other real property within or outside the Project Area, or any person or entity having any interest in any other such realty.

**AGENCY:**

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

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

**ATTEST:**

\_\_\_\_\_  
Secretary of the Agency

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Stradling Yocca Carlson & Rauth  
Agency General Counsel

**ACCEPTED BY DEVELOPER:**

**NEW AGE BROOKHURST, LLC.,** a California  
limited liability company

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

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

**EXHIBIT A TO ATTACHMENT NO. 3**

**LEGAL DESCRIPTION OF SITE**

[TO BE INSERTED]

## ATTACHMENT NO. 4

### SCOPE OF DEVELOPMENT

Unless otherwise specified herein, all capitalized terms in the Scope of Development shall have the meaning(s) set forth for the same Disposition and Development Agreement to which this Scope of Development is attached (DDA).

#### I. DEVELOPER OBLIGATIONS

##### A. PROJECT

The Project shall be a first-class mixed use commercial residential development and related parking, open space, landscape and hardscape improvements. The Project shall be consistent with the Redevelopment Plan and the approved PUD.

##### B. ARCHITECTURE AND DESIGN

1. The Developer shall develop construction plans and design documents shall be developed in compliance with the approved PUD for the Site and shall be consistent with the Conceptual Site Plan. The Residential Component shall include the use of high quality materials including the incorporation of glass, and stone building materials. Each Phase of the project will include architecture that is varied in modern and contemporary Architectural styles. Particular attention shall be paid to massing, scale, color, and materials in order to articulate the buildings elevations. The elevations shall be articulated to extent as possible, avoid flat or one-dimensional elevations. Architectural icon shall be incorporated at the corner of Garden Grove Boulevard and Brookhurst Street, which is a major focal point for the Project.
2. The Project shall have amenities including, but not limited to interior passive water feature, outdoor seating arrangements, decorative trellis shaded area, grassy recreational areas, common BBQ cooking facilities, landscaped meandering walks, urban walking trail along right-of-way on the perimeter of the property, exterior balconies for each unit, enhanced landscaped and paved entry, private streets with decorative paving accent areas, and water fountain in included in the open space program.

##### C. BUILDING SERVICE, PROJECT TRAFFIC AND MANAGEMENT

1. The Developer shall develop a building service, project traffic and management plan to be included in the Declaration. The Declaration shall specifically include without limitation, the following:
  - (a) A service plan that includes general times for deliveries, trash collection, street cleaning and the agreed upon routing for such service-vehicles. This plan shall include routing and stopping for patron drop-off and small service-vehicles including mail, overnight delivery and messengers as well as conference facility deliveries.

This plan shall also include routing and marked areas for emergency services.

- (b) A traffic plan that includes the Developer's commitment to pay for traffic control officers at the entrances to the parking structures during holiday peak periods and for special events that are expected to generate large volumes of traffic.
- (c) A maintenance and management plan that includes cleaning and refuse policing, no visibility into service areas from public streets, degreasing and deodorizing (particularly for the service, trash and garbage areas), re-stripping, re-painting, re-lighting, drainage cleaning, signage, graffiti management and security.

#### D. LANDSCAPING

All areas of the Site that are not used for buildings, sidewalks, driveways or other hardscape improvements shall be landscaped in accordance with a landscaping plan to be approved by the Agency. The Developer, at its sole cost and expense, shall be responsible for all these area. Landscaping shall consist of ground cover, trees, potted plants, and fountains, pools, or other water features, if applicable. A permanent automatic water sprinkler system shall be provided in all landscaped areas as required for adequate coverage/maintenance.

#### E. REFUSE

Refuse areas shall be provided in accordance with the requirements of the Land Use Approvals.

#### F. SIGNS

The Developer shall develop a sign program. The Project shall have a comprehensive graphics/logos and sign program that shall govern the entire Project; all signs shall conform as to location, size, shape, illumination system, cabinet and copy face colors, letter style, shall be complementary to the overall architectural theme, and comply with the high standards of Underwriter Laboratories. The sign program is to be approved by the Agency.

#### G. UTILITIES

The Developer shall be responsible for, adequate utilities and utility capacity, roadway and traffic improvements, traffic mitigation measures required by the City to accommodate the project and offsite landscape work to incorporate the proposed urban pedestrian trail on the outside public right-of-way perimeter on Garden Grove Boulevard, Brookhurst Way and Brookhurst Street.

The provision of water, sewer, gas, cable television, and electricity to the Agency Property, although the point of connection will be the responsibility of the Developer, regardless of whether of whether the point of connection is at the property line of the Agency Property or within the public right-of-way adjacent to the Agency Property.

The provision for roadway and traffic improvements and traffic mitigation measures required to accommodate the Project.

#### H. HOTEL COMPONENT ALTERNATIVE

Developer may, at its election, construct a Hotel Component with approximately one hundred (100) rooms. The Hotel Component shall include the use of high quality materials including the incorporation of glass, and stone building materials. Particular attention shall be paid to massing, scale, color, and materials in order to articulate the buildings elevations. The elevations shall be articulated to extent as possible, avoid flat or one-dimensional elevations. The Hotel Component shall be a Limited-Select Service Hotel such as Aloft Element, Hyatt Place, Hyatt Summerfield Suites, or Marriot Springhill Suites.

#### II. AGENCY OBLIGATIONS

1. Acquisition of the Site and relocation of all occupants of the Site in compliance with all applicable federal, state and local laws and regulations concerning displacement and relocation;
2. The demolition and removal of all existing structures and above ground improvements, in compliance with all applicable federal, state and local laws and regulations with respect to demolition and/or disposal and mitigation as described above; and
3. The vacation or abandonment of all existing utilities on the Site which would interfere with the proposed development, provided that the Developer agrees to grant easement rights which do not interfere with proposed buildings or which are required to serve the Project.



ATTACHMENT NO. 6

RECORDING REQUESTED BY )  
AND WHEN RECORDED MAIL TO: )  
 )  
New Age Brookhurst, LLC )  
411 E. Huntington Drive, Suite 305 )  
Arcadia, California 91006 )  
Attention: Mr. Ronnie Lam )  
 )

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

RELEASE OF CONSTRUCTION COVENANTS

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

RECITALS

A. The Agency and the Developer have entered into that certain Disposition and Development Agreement (the "DDA") dated \_\_\_\_\_, 2010 concerning the redevelopment of certain real property situated in the City of Garden Grove, California, as more fully described therein (the "Site").

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

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

NOW, THEREFORE, the Agency hereby certifies as follows:

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

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

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

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

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

Its: \_\_\_\_\_

**ATTEST:**

\_\_\_\_\_  
Agency Secretary

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Stradling Yocca Carlson & Rauth  
Agency General Counsel

**APPROVED BY DEVELOPER:**

**NEW AGE BROOKHURST, LLC.,** a California  
limited liability company

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

EXHIBIT A EXHIBIT A TO ATTACHMENT NO. 6

PROPERTY DESCRIPTION

Parcel A

Real property in the City of Garden Grove, County of Orange, State of California, described as follows:

That Portion Of The Southwest Quarter Of The Southwest Quarter Of Section 32, Township 4 South, Range 10 West, In The Rancho Las Bolsas, As Shown On A Map Recorded In Book 51, Page 10 Of Miscellaneous Maps, Records Of Orange County, California, Described As Follows:

Beginning At The Southwest Corner Of The North 5 Acres Of The West Half Of The Southwest Quarter Of The Southwest Quarter Of Said Section 32; Thence North  $0^{\circ} 35' 50''$  West, Along The West Line Of Said North 5 Acres, A Distance Of 100.00 Feet; Thence North  $89^{\circ} 52' 10''$  East, Parallel With The South Line Of Said North 5 Acres, A Distance Of 36.14 Feet To A Point On The Easterly Right-Of-Way Of Brookhurst Way, 80 Feet Wide, Said Point Being The "TRUE POINT OF BEGINNING-A (TPOB-A)"; Thence North  $89^{\circ} 52' 10''$  East, Parallel With Said South Line Of North 5 Acres, A Distance Of 308.81 Feet To A Point On The West Right-Of-Way Of Brookhurst Street, 120 Feet Wide; Thence South  $33^{\circ} 33' 43''$  East Along Said West Right-Of-Way Of Brookhurst Street, A Distance Of 418.60 Feet; Thence South  $56^{\circ} 26' 17''$  West, A Distance Of 272.86 Feet; Thence North  $33^{\circ} 33' 43''$  West Parallel To Said West Right-Of-Way Of Brookhurst Street, A Distance Of 250.53 Feet; Thence South  $89^{\circ} 24' 10''$  West, A Distance Of 171.32 Feet To A Point On Said Easterly Right-Of-Way Of Brookhurst Way, 80' Wide; Thence North  $0^{\circ} 35' 50''$  West, A Distance Of 292.00 Feet To The " TRUE POINT OF BEGINNING-A."

Containing total of 3.700 acres, more or less.

Parcel B

Real property in the City of Garden Grove, County of Orange, State of California, described as follows:

That Portion Of The Southwest Quarter Of The Southwest Quarter Of Section 32, Township 4 South, Range 10 West, In The Rancho Las Bolsas, As Shown On A Map Recorded In Book 51, Page 10 Of Miscellaneous Maps, Records Of Orange County, California, Described As Follows:

Beginning At The Southwest Corner Of The North 5 Acres Of The West Half Of The Southwest Quarter Of The Southwest Quarter Of Said Section 32; Thence North  $89^{\circ} 52' 10''$  East, Along The South Line Of Said North 5 Acres, A Distance Of 36.49 Feet To A Point On The Easterly Right-Of-Way Of Brookhurst Way, 80 Feet Wide; Thence South  $0^{\circ} 35' 50''$  East, Along Said Easterly Right-Of-Way Of Brookhurst Way, A Distance Of 192.00 Feet To The "TRUE POINT OF BEGINNING-B (TPOB-B)"; Thence North  $89^{\circ} 24' 10''$  East, A Distance Of 171.32 Feet; Thence South  $33^{\circ} 33' 43''$  East Parallel To West Right-Of-Way Of Brookhurst Street, A Distance Of 250.53 Feet; Thence North  $56^{\circ} 26' 17''$  East, A Distance Of 272.86 Feet To A Point On The Westerly Right-Of-Way Of Said Brookhurst Street, 120 Feet Wide; Thence South  $33^{\circ} 33' 43''$  East Along Said Westerly Right-Of Way Of Brookhurst Street, A Distance Of 494.74 Feet To The Beginning Of A Curve, Concave To The West And Having A Radius Of 740.00 Feet; Thence Southeasterly Along Said Curve, Through A Central Angle Of  $22^{\circ} 25' 30''$ , An Arc Distance Of 289.63 Feet; Thence South  $39^{\circ} 46' 16''$  West, A Distance Of 25.66 Feet To A Point On The Northerly Right-Of-Way Of Garden Grove Blvd., 100 Feet Wide, Thence South  $89^{\circ} 53' 57''$  West Along Said Northerly Right-Of-Way Of Garden Grove Blvd., A Distance Of 603.69 Feet To A Point On The Westerly Line Of The East Half Of The Southwest Quarter Of The Southwest Quarter Of The Southwest Quarter Of Said Section 32; Thence North  $0^{\circ} 24' 30''$  West Along Said Westerly Line, A Distance Of 229.94 Feet; Thence South  $89^{\circ} 54' 35''$  West, A Distance Of 292.91 Feet To A Point On The Easterly Right-Of-Way Of Brookhurst Way, 80 Feet Wide; Thence North  $0^{\circ} 35' 50''$  West, A Distance Of 525.89 Feet To The " TRUE POINT OF BEGINNING-B."

Containing total of 10.228 acres, more or less.

DOCSOC/1421753v16/022012-0250

ATTACHMENT NO. 7

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

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

DECLARATION OF USES

THIS DECLARATION OF USES (the "Declaration") is made as of \_\_\_\_\_, 200\_, by and between the GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public body corporate and politic (the "Agency"), and NEW AGE BROOKHURST, LLC., a California limited liability company (the "Developer"), with reference to the following:

A. The Agency and the Developer have executed a Disposition and Development Agreement (the "Agreement"), dated as of \_\_\_\_\_, 2010, which provides for the development of retail improvements on certain real property located in the City of Garden Grove, County of Orange, State of California, more fully described in Exhibit "A" attached hereto and incorporated herein by this reference (the "Retail Improvements"). The Agreement is available for public inspection and copying at the office of the Agency, 11222 Acacia Parkway, Garden Grove, California 92840. All of the terms, conditions, provisions and covenants of the Agreement are incorporated in this Declaration by reference as though written out at length herein. Capitalized terms used herein and not otherwise defined shall have the same meaning as set forth in Section 100 of the Agreement.

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

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

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

2. **Prohibited Uses.** Without limitation upon the foregoing, no use or operation will be made, conducted or permitted on or with respect to all or any part of the Retail Improvements, which use or operation is obnoxious to, or out of harmony with, the development or operation of retail or commercial uses and facilities, including but not limited to, the following:

- (a) any public or private nuisance, any noise or sound that is objectionable due to intermittence, beat, frequency, shrillness or loudness, or any obnoxious odor;
- (b) any excessive quantity of dust, dirt, or fly ash; provided, however, this prohibition shall not preclude the sale of soils, fertilizers, or other garden materials or building materials in containers if incident to the operation of a home improvement or general merchandise store;
- (c) any fire, explosion or other damaging or dangerous hazard, including the storage, display or sale of explosives or fireworks;
- (d) any adult bookstore, adult entertainment establishment, or other establishment primarily selling or displaying sexually oriented materials;
- (e) any distillation (except for a microbrewery associated with a restaurant use, or similar operation), refining, smelting, agriculture or mining operations;
- (f) any mobilehome or trailer court, labor camp, junk yard, stock yard or animal raising;
- (g) any drilling for and/or removal of subsurface substances; provided, however, that slant drilling is permitted so long as no drilling equipment is located upon the surface of the Property;
- (h) any dumping of garbage or refuse, other than in enclosed receptacles intended for such purpose;
- (i) any cemetery, mortuary or similar service establishment;
- (j) any car washing establishment;
- (k) any automobile body and fender repair work;
- (l) any skating rink, bowling alley, teenage discotheque, discotheque, dance hall, pool room, massage parlor, off-track betting facility, casino, card club, bingo parlor or facility containing gaming equipment;
- (m) any fire sale, flea market, bankruptcy sale (unless pursuant to a court order) or auction operation;
- (n) any automobile, truck, trailer or recreational vehicle sales, leasing or display which is not entirely conducted inside of a building;
- (o) any bar, tavern, restaurant or other establishment whose annual gross revenues from the sale of alcoholic beverages for on-premises consumption exceeds fifty percent (50%) of the gross revenues of such business, except for a microbrewery or wine bar associated with a restaurant use or similar operation;

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

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

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

(s) any industrial use.

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

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

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

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

7. **Miscellaneous Provisions.**

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

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

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

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

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

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

**AGENCY:**

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

---

**ATTEST:**

---

Agency Secretary

**APPROVED AS TO FORM:**

---

Stradling Yocca Carlson & Rauth,  
Agency General Counsel

**DEVELOPER:**

**NEW AGE BROOKHURST, LLC.**, a California  
limited liability company

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



EXHIBIT A TO ATTACHMENT NO. 7

LEGAL DESCRIPTION OF SITE

Parcel A

Real property in the City of Garden Grove, County of Orange, State of California, described as follows:

That Portion Of The Southwest Quarter Of The Southwest Quarter Of Section 32, Township 4 South, Range 10 West, In The Rancho Las Bolsas, As Shown On A Map Recorded In Book 51, Page 10 Of Miscellaneous Maps, Records Of Orange County, California, Described As Follows:

Beginning At The Southwest Corner Of The North 5 Acres Of The West Half Of The Southwest Quarter Of The Southwest Quarter Of Said Section 32; Thence North 0° 35' 50" West, Along The West Line Of Said North 5 Acres, A Distance Of 100.00 Feet; Thence North 89° 52' 10" East, Parallel With The South Line Of Said North 5 Acres, A Distance Of 36.14 Feet To A Point On The Easterly Right-Of-Way Of Brookhurst Way, 80 Feet Wide, Said Point Being The "TRUE POINT OF BEGINNING-A (TPOB-A)"; Thence North 89° 52' 10" East, Parallel With Said South Line Of North 5 Acres, A Distance Of 308.81 Feet To A Point On The West Right-Of-Way Of Brookhurst Street, 120 Feet Wide ; Thence South 33° 33' 43" East Along Said West Right-Of-Way Of Brookhurst Street, A Distance Of 418.60 Feet ; Thence South 56° 26' 17" West, A Distance Of 272.86 Feet ; Thence North 33° 33' 43" West Parallel To Said West Right-Of-Way Of Brookhurst Street, A Distance Of 250.53 Feet ; Thence South 89° 24' 10" West, A Distance Of 171.32 Feet To A Point On Said Easterly Right-Of-Way Of Brookhurst Way, 80' Wide ; Thence North 0° 35' 50" West, A Distance Of 292.00 Feet To The " TRUE POINT OF BEGINNING-A."

Containing total of 3.700 acres, more or less.

Parcel B

Real property in the City of Garden Grove, County of Orange, State of California, described as follows:

That Portion Of The Southwest Quarter Of The Southwest Quarter Of Section 32, Township 4 South, Range 10 West, In The Rancho Las Bolsas, As Shown On A Map Recorded In Book 51, Page 10 Of Miscellaneous Maps, Records Of Orange County, California, Described As Follows:

Beginning At The Southwest Corner Of The North 5 Acres Of The West Half Of The Southwest Quarter Of The Southwest Quarter Of Said Section 32; Thence North 89° 52' 10" East, Along The South Line Of Said North 5 Acres, A Distance Of 36.49 Feet To A Point On The Easterly Right-Of-Way Of Brookhurst Way, 80 Feet Wide ; Thence South 0° 35' 50" East, Along Said Easterly Right-Of-Way Of Brookhurst Way, A Distance Of 192.00 Feet To The "TRUE POINT OF BEGINNING-B (TPOB-B)"; Thence North 89° 24' 10" East, A Distance Of 171.32 Feet ; Thence South 33° 33' 43" East Parallel To West Right-Of-Way Of Brookhurst Street, A Distance Of 250.53 Feet ; Thence North 56° 26' 17" East, A Distance Of 272.86 Feet To A Point On The Westerly Right-Of-Way Of Said Brookhurst Street, 120 Feet Wide ; Thence South 33° 33' 43" East Along Said Westerly Right-Of Way Of Brookhurst Street, A Distance Of 494.74 Feet To The Beginning Of A Curve, Concave To The West And Having A Radius Of 740.00 Feet ; Thence Southeasterly Along Said Curve, Through A Central Angle Of 22° 25' 30", An Arc Distance Of 289.63 Feet ; Thence South 39° 46' 16" West, A Distance Of 25.66 Feet To A Point On The Northerly Right-Of-Way Of Garden Grove Blvd., 100 Feet Wide, Thence South 89° 53' 57" West Along Said Northerly Right-Of-Way Of Garden Grove Blvd., A Distance Of 603.69 Feet To A Point On The Westerly Line Of The East Half Of The Southwest Quarter Of The Southwest Quarter Of The Southwest Quarter Of Said Section 32 ; Thence North 0° 24' 30" West Along Said Westerly Line, A Distance Of 229.94 Feet ; Thence South 89° 54' 35" West, A Distance Of 292.91 Feet To A Point On The Easterly Right-Of-Way Of Brookhurst Way, 80 Feet Wide ; Thence North 0° 35' 50" West, A Distance Of 525.89 Feet To The " TRUE POINT OF BEGINNING-B."

Containing total of 10.228 acres, more or less.

ATTACHMENT NO. 8

REGULATORY AGREEMENT

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

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

REGULATORY AGREEMENT

**THIS REGULATORY AGREEMENT** (the "Agreement") is entered into as of \_\_\_\_\_, 2010, by and between the **GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body corporate and politic (the "Agency"), and **NEW AGE BROOKHURST, LLC.**, a California limited liability company (the "Developer").

RECITALS

A. Developer has acquired from the Agency certain real property located within the City of Garden Grove, as particularly described in the Legal Description attached hereto as Exhibit A, which is incorporated herein by reference (the "Site").

B. Developer desires to construct a multifamily affordable housing development, which will consist of a minimum of one hundred forty (140) units (the "Rental Units"), and to make available and rent not less than one hundred twenty (120) of the Rental Units to Moderate Income Households at Affordable Rent (the "Affordable Rental Units").

C. Developer and Agency have entered into a Disposition and Development Agreement (the "DDA") dated as of \_\_\_\_\_, 2010. Capitalized terms not defined herein shall have the meaning set forth in the DDA. Subject to the terms and conditions therein, the Developer has agreed to acquire the Site and construct and operate, among other things, the Affordable Rental Units and the Developer has agreed to make available and lease all of the Affordable Rental Units to Persons and Families of Low or Moderate Income, all at an Affordable Rent (as those terms are defined herein). The execution and recording of this Agreement is a requirement of the DDA.

**NOW, THEREFORE**, the parties hereto agree as follows:

**1. Number of Affordable Rental Units.** The Developer covenants and agrees to make available, restrict occupancy to, and rent not less than one hundred twenty (120) Affordable Rental Units to Persons and Families of Low or Moderate Income at an Affordable Rent as follows:

(a) \_\_\_\_\_ ( ) of the two (2) bedroom Rental Units in Phase I to Persons and Families of Low or Moderate Income at an Affordable Rent;

(b) \_\_\_\_\_ ( ) of the one (1) bedroom Rental Units in Phase I to Persons and Families of Low or Moderate Income at an Affordable Rent;

(c) \_\_\_\_\_ ( ) of the two (2) bedroom Rental Units in Phase II to Persons and Families of Low or Moderate Income at an Affordable Rent; and

(d) \_\_\_\_\_ ( ) of the one (1) bedroom Rental Units in Phase II to Persons and Families of Low or Moderate Income at an Affordable Rent.

**2. Duration of Affordability Requirements.** The Affordable Rental Units shall be subject to the requirements of this Agreement for fifty-five (55) years from the date of the City's issuance of a certificate of occupancy for the applicable Phase.

**3. Selection of Tenants.** The Developer shall be responsible for the selection of tenants for the Affordable Rental Units in compliance with lawful and reasonable criteria, as set forth in the Regulatory Agreement and the Management Plan which is required to be submitted and approved by the Agency pursuant to Section 403.

**4. Household Income Requirements.** Following the initial lease-up of the Rental Units in each of Phase R-1 and Phase R-2, and annually thereafter, the Developer shall submit to the Agency, at the Developer's expense, a summary of the income, household size and rent payable by each of the tenants of the Rental Units of such Phase. At the Agency's request, the Developer shall also provide to the Agency completed income computation and certification forms, in a form reasonably acceptable to the Agency, for any such tenant or tenants. The Developer shall obtain, or shall cause to be obtained by the Property Manager, a certification from each household leasing a Rental Unit demonstrating that such household is/are Persons and Families of Low or Moderate Income, and meets the eligibility requirements established for the Affordable Rental Unit. The Developer shall verify, or shall cause to be verified by the Property Manager, the income certification of the household.

**5. Affordable Rent.** The maximum Monthly Rent chargeable for the Affordable Rental Units shall be annually determined in accordance with the following requirements. The Monthly Rent for the Affordable Rental Units to be rented to Persons and Families of Low or Moderate Incomes shall not exceed the amount set forth in Section 50093 of the California Health and Safety Code.

For purposes of this Agreement, "Monthly Rent" means the total of monthly payments charged to and paid by tenants for (a) use and occupancy of each Affordable Rental Unit and land and facilities associated therewith, (b) any separately charged fees or service charges assessed by the Developer which are required of all tenants, other than security deposits, (c) a reasonable allowance for an adequate level of service of utilities not included in (a) or (b) above, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuels, but not including telephone service, and (d) possessory interest, taxes or other fees or charges assessed for use of the land and facilities associated therewith by a public or private entity other than the Developer. In the event that all utility charges are paid by the landlord rather than the tenant, no

utility allowance shall be deducted from the rent. "Monthly Rent" does not include optional payments by tenants for optional services provided by the Developer or the Property Manager.

**6. Occupancy Limits.** The maximum occupancy of the Affordable Rental Units shall not exceed more than such number of persons as is equal to the sum of the number of bedrooms in the unit, multiplied by two (2), plus one (1). For the two (2) bedroom units, the maximum occupancy shall not exceed five (5) persons. For the one (1) bedroom unit, the maximum occupancy shall not exceed three (3) persons.

**7. Marketing Program.** The Developer shall prepare and obtain Agency Director's approval, which approval shall not be unreasonably withheld, of a marketing program for the leasing of the Affordable Rental Units within each Phase (the "Marketing Program"). The leasing of the Affordable Rental Units shall be marketed in accordance with the approved Marketing Program as the same may be amended from time to time with Agency Director's prior written approval, which approval shall not unreasonably be withheld. The Developer shall provide the Agency with periodic reports with respect to the leasing of the Affordable Rental Units. The Developer shall be responsible to organize, schedule and coordinate a lottery drawing to select potential tenants for the Affordable Rental Units for initial lease-up only, which shall be open to the public. The lottery shall take place not less than 90 days prior to completion of the applicable Phase of the Affordable Rental Units. Preference in the lottery, so long as not inconsistent with federal and State law (including, without limitation, all fair housing laws, rules and regulations), shall be given as follows:

- (1) Any persons who have been displaced from their residences due to programs or projects implemented by the Agency; and
- (2) Other households who live or work in Garden Grove.

Subject to all fair housing laws, rules, and regulations, all categories shall receive preference in the order listed. The requirements of this Section 507 shall only apply to the extent that the number of applicants for Affordable Rental Units exceeds the number of Affordable Rental Units available for lease upon initial lease-up.

For the purpose of the lottery drawing, the lottery will be divided by those who have claimed a preference and those who do not. All lottery forms will be drawn and numbered to create a complete list of alternate applications.

The Developer shall provide written notification to lottery participants informing them of the results and their priority number. This priority number represents the order with which prospective tenants will be reviewed for final determination of eligibility. If a household who was selected claimed a preference but could not verify such preference, then that participant will be deemed ineligible and the next selected participant will be notified.

**8. Monitoring and Recordkeeping.** Throughout the Affordability Period, Developer shall comply with all applicable recordkeeping and monitoring requirements set forth in Health and Safety Code Section 33418 and shall annually complete and submit to the Agency a report, prior to January 30th of each year, for the Affordable Rental Units which includes the name, address, income and age of each occupant of a Affordable Rental Unit, the bedroom count and Monthly Rent for such Affordable Rental Unit. Representatives of the Agency shall be entitled to enter the Rental Units, upon at least seventy-two (72) hours prior written notice, to monitor compliance with this

Agreement, to inspect the records, and to conduct an independent audit or inspection of such records. The Developer agrees to cooperate with the Agency in making the Rental Units available for such inspection or audit. The Developer agrees to maintain records in a businesslike manner, and to maintain such records for the term of this Agreement.

9. **Successors and Assigns.** This Agreement shall run with the land, and all of the terms, covenants and conditions of this Agreement shall be binding upon the Developer and the Agency and the permitted successors and assigns of the Developer and the Agency. Whenever the term "Developer," or "Agency" is used in this Agreement, such term shall include any other successors and assigns as herein provided.

10. **No Third Party Beneficiaries.** This Agreement is made and entered into for the sole protection and benefit of the Agency and its successors and assigns, and Developer and its successors and assigns, and no other person or persons shall have any right of action hereon.

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

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

13. **Amendment.** This Agreement may not be changed orally, but only by agreement in writing signed by Developer and the Agency.

14. **Definitions.** Any word, term or phrase not specifically defined in this Agreement shall have the same meaning as ascribed to it in the DDA.

[Signature block begins on follow page.]

ATTACHMENT NO. 9

NOTICE OF AFFORDABILITY RESTRICTION

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

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

NOTICE OF AFFORDABILITY RESTRICTIONS ON TRANSFER OF PROPERTY

This NOTICE OF AFFORDABILITY RESTRICTIONS ON TRANSFER OF PROPERTY (or "Notice of Affordability Restrictions") is executed and recorded pursuant to Section 33334.3(f)(3)(B) of the California Health & Safety Code as amended by AB 987, Chapter 690, Statutes of 2007 (herein, "Chapter 690"), and affects that certain real property generally located at \_\_\_\_\_ in the City of Garden Grove, California ("City") as legally described in Exhibit A hereto ("Property"). The GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public body corporate and politic ("Agency"), and NEW AGE BROOKHURST, LLC. ("Developer") have entered into that certain DISPOSITION AND DEVELOPMENT AGREEMENT dated as of \_\_\_\_\_, 20\_\_ ("DDA") and have entered into that certain REGULATORY AGREEMENT as of \_\_\_\_\_, 20\_\_ ("Regulatory Agreement"). Capitalized terms not defined herein shall have the meaning set forth in the DDA.

1. The Regulatory Agreement provides for affordability restrictions and restrictions on the transfer of the Property, as more particularly set forth in the Regulatory Agreement. A copy of the Regulatory Agreement is on file with Agency as a public record and is deemed incorporated herein. Reference is made

to the Regulatory Agreement with regard to the complete text of the provisions of such agreement and all defined terms therein, which provides for affordability restrictions and restrictions on the transfer of the Site.

2. The Regulatory Agreement generally provides for the Developer to construct and operate not less than one twenty (120) Affordable Rental Units for rent to Moderate Income Households at Affordable Rents for a period commencing upon the date on which certificates of occupancy are granted for the Affordable Rental Unit and terminating on the fifty-fifth (55th) anniversary thereof.

3. Section 500 of the DDA provides as follows:

“501. Number of Affordable Rental Units. Pursuant to this Agreement and the Regulatory Agreement, the Developer covenants and agrees to make available, restrict occupancy to, and rent not less than one hundred twenty (120) Affordable Rental Units to Persons and Families of Low or Moderate Income at an Affordable Rent as follows:

(a) Seventy (70) of the one (1) bedroom Rental Units in Phase II to Persons and Families of Low or Moderate Income at an Affordable Rent.

(b) Forty (40) of the two (2) bedroom Rental Units in Phase II to Persons and Families of Low or Moderate Income at an Affordable Rent.

(c) Ten (10) of the three (3) bedroom Rental Units in Phase II to Persons and Families of Low or Moderate Income at an Affordable Rent.

“502. Duration of Affordability Requirements. The Affordable Rental Units shall be subject to the requirements of this Agreement for fifty-five (55) years from the date of the City’s issuance of a certificate of occupancy for the applicable Phase (the “Affordability Period”).

“503. Selection of Tenants. The Developer shall be responsible for the selection of tenants for the Affordable Rental Units in compliance with lawful and reasonable criteria, as set forth in the Regulatory Agreement and the Management Plan which is required to be submitted and approved by the Agency pursuant to Section 403.

"504. Household Income Requirements. Following the initial lease-up of the Affordable Rental Units in each of Phase I and Phase II, and annually thereafter, the Developer shall submit to the Agency, at the Developer's expense, a summary of the income, household size and rent payable by each of the tenants of the Affordable Rental Units of such Phase. At the Agency's request, the Developer shall also provide to the Agency completed income computation and certification forms, in a form reasonably acceptable to the Agency, for any such tenant or tenants. The Developer shall obtain, or shall cause to be obtained by the Property Manager, a certification from each household leasing a Affordable Rental Unit demonstrating that such household is/are Persons and Families of Low or Moderate Income, and meets the eligibility requirements established for the Affordable Rental Unit. The Developer shall verify, or shall cause to be verified by the Property Manager, the income certification of the household.

"505. Affordable Rent. The maximum Monthly Rent chargeable for the Affordable Rental Units shall be annually determined in accordance with the following requirements. The Monthly Rent for the Affordable Rental Units to be rented to Persons and Families of Low or Moderate Incomes shall not exceed the amount set forth in Section 50093 of the California Health and Safety Code.

For purposes of this Agreement, "Monthly Rent" means the total of monthly payments charged to and paid by tenants for (a) use and occupancy of each Affordable Rental Unit and land and facilities associated therewith, (b) any separately charged fees or service charges assessed by the Developer which are required of all tenants, other than security deposits, (c) a reasonable allowance for an adequate level of service of utilities not included in (a) or (b) above, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuels, but not including telephone service, and (d) possessory interest, taxes or other fees or charges assessed for use of the land and facilities associated therewith by a public or private entity other than the Developer. In the event that all utility charges are paid by the landlord rather than the tenant, no utility allowance shall be deducted from the rent. "Monthly Rent" does not include optional payments by tenants for optional services provided by the Developer or the Property Manager.

"506. Occupancy Limits. The maximum occupancy of the Affordable Rental Units shall not exceed more than such number of persons as is equal to the sum of the number of bedrooms in the unit, multiplied by two (2), plus one (1). For the two (2) bedroom units, the maximum occupancy shall not



exceed five (5) persons. For the one (1) bedroom unit, the maximum occupancy shall not exceed three (3) persons.

“507. Marketing Program. The Developer shall prepare and obtain Agency Director’s approval, which approval shall not be unreasonably withheld, of a marketing program for the leasing of the Affordable Rental Units within each Phase (the “Marketing Program”). The leasing of the Affordable Rental Units shall be marketed in accordance with the approved Marketing Program as the same may be amended from time to time with Agency Director’s prior written approval, which approval shall not unreasonably be withheld. The Developer shall provide the Agency with periodic reports with respect to the leasing of the Affordable Rental Units. The Developer shall be responsible to organize, schedule and coordinate a lottery drawing to select potential tenants for the Affordable Rental Units for initial lease-up only, which shall be open to the public. The lottery shall take place not less than 90 days prior to completion of the applicable Phase of the Affordable Rental Units. Preference in the lottery, so long as not inconsistent with federal and State law (including, without limitation, all fair housing laws, rules and regulations), shall be given as follows:

- (1) Any persons who have been displaced from their residences due to programs or projects implemented by the Agency; and
- (2) Other households who live or work in Garden Grove.

Subject to all fair housing laws, rules, and regulations, all categories shall receive preference in the order listed. The requirements of this Section 507 shall only apply to the extent that the number of applicants for Affordable Rental Units exceeds the number of Affordable Rental Units available for lease upon initial lease-up.

For the purpose of the lottery drawing, the lottery will be divided by those who have claimed a preference and those who do not. All lottery forms will be drawn and numbered to create a complete list of alternate applications.

The Developer shall provide written notification to lottery participants informing them of the results and their priority number. This priority number represents the order with which prospective tenants will be reviewed for final determination of eligibility. If a household who was selected claimed a preference but could not verify such preference, then that participant will be deemed ineligible and the next selected participant will be notified.

“508. Monitoring and Recordkeeping. Throughout the Affordability Period, Developer shall comply with all applicable recordkeeping and monitoring requirements set forth in Health and Safety Code Section 33418 and shall annually complete and submit to the Agency a report, prior to January 30th of each year, for the Affordable Rental Units which includes the name, address, income and age of each occupant of a Affordable Rental Unit, the bedroom count and Monthly Rent for such Affordable Rental Unit. Representatives of the Agency shall be entitled to enter the Rental Units, upon at least seventy-two (72) hours prior written notice, to monitor compliance with this Agreement, to inspect the records, and to conduct an independent audit or inspection of such records. The Developer agrees to cooperate with the Agency in making the Rental Units available for such inspection or audit. The Developer agrees to maintain records in a businesslike manner, and to maintain such records for the term of this Agreement.

“509. Regulatory Agreement and Notice of Affordability Restrictions. The requirements of this Agreement which are applicable to the Affordable Rental Units after the conveyance of the Site to the Developer are set forth in each Regulatory Agreement. Additionally, the Developer shall record a Notice of Affordability Restrictions on Transfer of Property (“Notice of Affordability Restrictions”) as to each Phase of the Rental Units, which shall run with the land and shall be enforceable against any owner who violates a covenant or restriction and each successor in interest who continues the violation pursuant thereto. The execution of a Regulatory Agreement and the Developer’s execution of a Notice of Affordability Restrictions is a Condition Precedent to the Closing for each Phase, as set forth in Section 205. The Agency shall subordinate this Agreement, each Regulatory Agreement and Notice of Affordability Restrictions to the construction and permanent financing approved pursuant to Section 311.1 by the execution of a subordination agreement in a form determined to be reasonably acceptable to the Executive Director.”

[Signature block begins on follow page.]

**HOMEBUYER:**

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

Printed Name: \_\_\_\_\_

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

Printed Name: \_\_\_\_\_

**AGENCY:**

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

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

Chairman

**ATTEST:**

\_\_\_\_\_  
Agency Secretary

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Stradling Yocca Carlson & Rauth,  
Agency General Counsel

EXHIBIT A EXHIBIT A TO ATTACHMENT 9

LEGAL DESCRIPTION

Parcel A

Real property in the City of Garden Grove, County of Orange, State of California, described as follows:

That Portion Of The Southwest Quarter Of The Southwest Quarter Of Section 32, Township 4 South, Range 10 West, In The Rancho Las Bolsas, As Shown On A Map Recorded In Book 51, Page 10 Of Miscellaneous Maps, Records Of Orange County, California, Described As Follows:

Beginning At The Southwest Corner Of The North 5 Acres Of The West Half Of The Southwest Quarter Of The Southwest Quarter Of Said Section 32; Thence North  $0^{\circ} 35' 50''$  West, Along The West Line Of Said North 5 Acres, A Distance Of 100.00 Feet; Thence North  $89^{\circ} 52' 10''$  East, Parallel With The South Line Of Said North 5 Acres, A Distance Of 36.14 Feet To A Point On The Easterly Right-Of-Way Of Brookhurst Way, 80 Feet Wide, Said Point Being The "TRUE POINT OF BEGINNING-A (TPOB-A)"; Thence North  $89^{\circ} 52' 10''$  East, Parallel With Said South Line Of North 5 Acres, A Distance Of 308.81 Feet To A Point On The West Right-Of-Way Of Brookhurst Street, 120 Feet Wide ; Thence South  $33^{\circ} 33' 43''$  East Along Said West Right-Of-Way Of Brookhurst Street, A Distance Of 418.60 Feet ; Thence South  $56^{\circ} 26' 17''$  West, A Distance Of 272.86 Feet ; Thence North  $33^{\circ} 33' 43''$  West Parallel To Said West Right-Of-Way Of Brookhurst Street, A Distance Of 250.53 Feet ; Thence South  $89^{\circ} 24' 10''$  West, A Distance Of 171.32 Feet To A Point On Said Easterly Right-Of-Way Of Brookhurst Way, 80' Wide ; Thence North  $0^{\circ} 35' 50''$  West, A Distance Of 292.00 Feet To The " TRUE POINT OF BEGINNING-A."

Containing total of 3.700 acres, more or less.

Parcel B

Real property in the City of Garden Grove, County of Orange, State of California, described as follows:

That Portion Of The Southwest Quarter Of The Southwest Quarter Of Section 32, Township 4 South, Range 10 West, In The Rancho Las Bolsas, As Shown On A Map Recorded In Book 51, Page 10 Of Miscellaneous Maps, Records Of Orange County, California, Described As Follows:

Beginning At The Southwest Corner Of The North 5 Acres Of The West Half Of The Southwest Quarter Of The Southwest Quarter Of Said Section 32; Thence North  $89^{\circ} 52' 10''$  East, Along The South Line Of Said North 5 Acres, A Distance Of 36.49 Feet To A Point On The Easterly Right-Of-Way Of Brookhurst Way, 80 Feet Wide ; Thence South  $0^{\circ} 35' 50''$  East, Along Said Easterly Right-Of-Way Of Brookhurst Way, A Distance Of 192.00 Feet To The "TRUE POINT OF BEGINNING-B (TPOB-B)"; Thence North  $89^{\circ} 24' 10''$  East, A Distance Of 171.32 Feet ; Thence South  $33^{\circ} 33' 43''$  East Parallel To West Right-Of-Way Of Brookhurst Street, A Distance Of 250.53 Feet ; Thence North  $56^{\circ} 26' 17''$  East, A Distance Of 272.86 Feet To A Point On The Westerly Right-Of-Way Of Said Brookhurst Street, 120 Feet Wide ; Thence South  $33^{\circ} 33' 43''$  East Along Said Westerly Right-Of Way Of Brookhurst Street, A Distance Of 494.74 Feet To The Beginning Of A Curve, Concave To The West And Having A Radius Of 740.00 Feet ; Thence Southeasterly Along Said Curve, Through A Central Angle Of  $22^{\circ} 25' 30''$ , An Arc Distance Of 289.63 Feet ; Thence South  $39^{\circ} 46' 16''$  West, A Distance Of 25.66 Feet To A Point On The Northerly Right-Of-Way Of Garden Grove Blvd., 100 Feet Wide, Thence South  $89^{\circ} 53' 57''$  West Along Said Northerly Right-Of-Way Of Garden Grove Blvd., A Distance Of 603.69 Feet To A Point On The Westerly Line Of The East Half Of The Southwest Quarter Of The Southwest Quarter Of The Southwest Quarter Of Said Section 32 ; Thence North  $0^{\circ} 24' 30''$  West Along Said Westerly Line, A Distance Of 229.94 Feet ; Thence South  $89^{\circ} 54' 35''$  West, A Distance Of 292.91 Feet To A Point On The Easterly Right-Of-Way Of Brookhurst Way, 80 Feet Wide ; Thence North  $0^{\circ} 35' 50''$  West, A Distance Of 525.89 Feet To The " TRUE POINT OF BEGINNING-B."

Containing total of 10.228 acres, more or less.

ATTACHMENT NO. 10

OPTION AGREEMENT

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

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

OPTION AGREEMENT

This **OPTION AGREEMENT** is entered into as of \_\_\_\_\_, 200\_\_, by and between the **GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body, corporate and politic (the "Agency"), and **NEW AGE BROOKHURST, LLC.**, a California limited liability company ("Developer").

*RECITALS*

A. Developer and Agency have executed a Disposition and Development Agreement (the "DDA"), dated as of \_\_\_\_\_, 2010, pursuant to which Developer has purchased that certain approximately \_\_\_\_\_ acres of real property in the City of Garden Grove known as the "Brookhurst Triangle," which is bounded by Brookhurst Street on the east, Garden Grove Boulevard on the south, and Brookhurst Way on the northern and western edge, more particularly described in Exhibit "A" attached hereto and incorporated herein (the "[Phase \_\_\_\_\_ Site]").

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

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

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

1. **Grant of Option.** Developer grants to Agency an option ("Option") to purchase the "[Phase \_\_\_\_\_ Site]", on the terms and conditions set forth in this Option Agreement. The purchase price payable by Agency to the Developer for the "[Phase \_\_\_\_\_ Site]", shall be the Purchase Price for the "[Phase \_\_\_\_\_ Site]", under the DDA, plus the fair market value of the Improvements on the "[Phase \_\_\_\_\_ Site]", as of the date of the Exercise Notice ("Option Price"). The agreed fair market

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

**2. Term and Consideration for Option.** The term of the Option ("Option Term") shall commence on the date of this Option Agreement, and shall expire upon the recordation of a Release Of Construction Covenants with respect to the ["Phase \_\_\_\_ Site"].

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

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

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

(c) Developer shall, contrary to the provisions of Section 703 of the DDA, transfer or suffer any involuntary transfer in violation of the DDA, and such transfer has not been approved by the Agency or rescinded within thirty (30) days of notice thereof from Agency to Developer.

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

**4. Escrow and Completion of Sale.** Within five (5) days after Agency has exercised the Option, or as soon thereafter as reasonably practicable, an escrow shall be opened with an escrow

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

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

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

7. **Title.** Following the date hereof, except as permitted by the DDA, Developer agrees not to cause, and shall use commercially reasonable efforts not to permit, any lien, easement, encumbrance or other exception to title to be recorded against the ["Phase \_\_\_\_ Site"], without Agency's prior written approval, such approval not to be unreasonably withheld.

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

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

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

(c) Developer shall pay, prior to delinquency, any and all real property taxes and assessments which affect the ["Phase \_\_\_\_ Site"].

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

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

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

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

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

## **10. General Provisions.**

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

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



To Developer: Kam Sang Company, Inc.  
411 E. Huntington Drive, Suite 305  
Arcadia, California 91006  
Attention: Mr. Ronnie Lam

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

Copy to: Stradling Yocca Carlson & Rauth  
660 Newport Center Drive, Suite 1600  
Newport Beach, California 92660  
Attention: Thomas P. Clark, Jr.

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

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

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

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

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

**10.8 Attorneys' Fees.** If either party commences an action against the other to enforce any of the terms hereof or because of the breach by either party of any of the terms hereof, the losing party shall pay to the prevailing party reasonable attorneys' fees, costs and expenses incurred in connection with the prosecution or defense of such action, including appeal of and/or enforcement of a judgment.

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

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

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

**DEVELOPER:**

**NEW AGE BROOKHURST, LLC.,** a California limited liability company

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

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

**AGENCY:**

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

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

Its: \_\_\_\_\_

**ATTEST:**

\_\_\_\_\_  
Agency Secretary

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Stradling Yocca Carlson & Rauth  
Agency General Counsel

EXHIBIT A TO ATTACHMENT NO. 10  
OPTION AGREEMENT

LEGAL DESCRIPTION

Parcel A

Real property in the City of Garden Grove, County of Orange, State of California, described as follows:

That Portion Of The Southwest Quarter Of The Southwest Quarter Of Section 32, Township 4 South, Range 10 West, In The Rancho Las Bolsas, As Shown On A Map Recorded In Book 51, Page 10 Of Miscellaneous Maps, Records Of Orange County, California, Described As Follows:

Beginning At The Southwest Corner Of The North 5 Acres Of The West Half Of The Southwest Quarter Of The Southwest Quarter Of Said Section 32; Thence North  $0^{\circ} 35' 50''$  West, Along The West Line Of Said North 5 Acres, A Distance Of 100.00 Feet; Thence North  $89^{\circ} 52' 10''$  East, Parallel With The South Line Of Said North 5 Acres, A Distance Of 36.14 Feet To A Point On The Easterly Right-Of-Way Of Brookhurst Way, 80 Feet Wide, Said Point Being The "TRUE POINT OF BEGINNING-A (TPOB-A)"; Thence North  $89^{\circ} 52' 10''$  East, Parallel With Said South Line Of North 5 Acres, A Distance Of 308.81 Feet To A Point On The West Right-Of-Way Of Brookhurst Street, 120 Feet Wide ; Thence South  $33^{\circ} 33' 43''$  East Along Said West Right-Of-Way Of Brookhurst Street, A Distance Of 418.60 Feet ; Thence South  $56^{\circ} 26' 17''$  West, A Distance Of 272.86 Feet ; Thence North  $33^{\circ} 33' 43''$  West Parallel To Said West Right-Of-Way Of Brookhurst Street, A Distance Of 250.53 Feet ; Thence South  $89^{\circ} 24' 10''$  West, A Distance Of 171.32 Feet To A Point On Said Easterly Right-Of-Way Of Brookhurst Way, 80' Wide ; Thence North  $0^{\circ} 35' 50''$  West, A Distance Of 292.00 Feet To The " TRUE POINT OF BEGINNING-A."

Containing total of 3.700 acres, more or less.

Parcel B

Real property in the City of Garden Grove, County of Orange, State of California, described as follows:

That Portion Of The Southwest Quarter Of The Southwest Quarter Of Section 32, Township 4 South, Range 10 West, In The Rancho Las Bolsas, As Shown On A Map Recorded In Book 51, Page 10 Of Miscellaneous Maps, Records Of Orange County, California, Described As Follows:

Beginning At The Southwest Corner Of The North 5 Acres Of The West Half Of The Southwest Quarter Of The Southwest Quarter Of Said Section 32; Thence North  $89^{\circ} 52' 10''$  East, Along The South Line Of Said North 5 Acres, A Distance Of 36.49 Feet To A Point On The Easterly Right-Of-Way Of Brookhurst Way, 80 Feet Wide ; Thence South  $0^{\circ} 35' 50''$  East, Along Said Easterly Right-Of-Way Of Brookhurst Way, A Distance Of 192.00 Feet To The "TRUE POINT OF BEGINNING-B (TPOB-B)"; Thence North  $89^{\circ} 24' 10''$  East, A Distance Of 171.32 Feet ; Thence South  $33^{\circ} 33' 43''$  East Parallel To West Right-Of-Way Of Brookhurst Street, A Distance Of 250.53 Feet ; Thence North  $56^{\circ} 26' 17''$  East, A Distance Of 272.86 Feet To A Point On The Westerly Right-Of-Way Of Said Brookhurst Street, 120 Feet Wide ; Thence South  $33^{\circ} 33' 43''$  East Along Said Westerly Right-Of Way Of Brookhurst Street, A Distance Of 494.74 Feet To The Beginning Of A Curve, Concave To The West And Having A Radius Of 740.00 Feet ; Thence Southeasterly Along Said Curve, Through A Central Angle Of  $22^{\circ} 25' 30''$ , An Arc Distance Of 289.63 Feet ; Thence South  $39^{\circ} 46' 16''$  West, A Distance Of 25.66 Feet To A Point On The Northerly Right-Of-Way Of Garden Grove Blvd., 100 Feet Wide, Thence South  $89^{\circ} 53' 57''$  West Along Said Northerly Right-Of-Way Of Garden Grove Blvd., A Distance Of 603.69 Feet To A Point On The Westerly Line Of The East Half Of The Southwest Quarter Of The Southwest Quarter Of The Southwest Quarter Of Said Section 32 ; Thence North  $0^{\circ} 24' 30''$  West Along Said Westerly Line, A Distance Of 229.94 Feet ; Thence South  $89^{\circ} 54' 35''$  West, A Distance Of 292.91 Feet To A Point On The Easterly Right-Of-Way Of Brookhurst Way, 80 Feet Wide ; Thence North  $0^{\circ} 35' 50''$  West, A Distance Of 525.89 Feet To The " TRUE POINT OF BEGINNING-B."

Containing total of 10.228 acres, more or less.

The first part of the document is a list of names and addresses of the members of the committee. The names are listed in alphabetical order. The addresses are listed in the same order as the names. The list is as follows:

Name	Address
Mr. A. B. C.	123 Main St., New York, N.Y.
Mr. D. E. F.	456 Elm St., New York, N.Y.
Mr. G. H. I.	789 Broadway, New York, N.Y.
Mr. J. K. L.	1010 Park Ave., New York, N.Y.
Mr. M. N. O.	1111 Madison Ave., New York, N.Y.
Mr. P. Q. R.	1212 E. 86th St., New York, N.Y.
Mr. S. T. U.	1313 W. 157th St., New York, N.Y.
Mr. V. W. X.	1414 W. 24th St., New York, N.Y.
Mr. Y. Z. A.	1515 W. 34th St., New York, N.Y.
Mr. B. C. D.	1616 W. 44th St., New York, N.Y.
Mr. E. F. G.	1717 W. 54th St., New York, N.Y.
Mr. H. I. J.	1818 W. 64th St., New York, N.Y.
Mr. K. L. M.	1919 W. 74th St., New York, N.Y.
Mr. N. O. P.	2020 W. 84th St., New York, N.Y.
Mr. Q. R. S.	2121 W. 94th St., New York, N.Y.
Mr. T. U. V.	2222 W. 104th St., New York, N.Y.
Mr. W. X. Y.	2323 W. 114th St., New York, N.Y.
Mr. Z. A. B.	2424 W. 124th St., New York, N.Y.
Mr. C. D. E.	2525 W. 134th St., New York, N.Y.
Mr. F. G. H.	2626 W. 144th St., New York, N.Y.
Mr. I. J. K.	2727 W. 154th St., New York, N.Y.
Mr. L. M. N.	2828 W. 164th St., New York, N.Y.
Mr. O. P. Q.	2929 W. 174th St., New York, N.Y.
Mr. R. S. T.	3030 W. 184th St., New York, N.Y.
Mr. U. V. W.	3131 W. 194th St., New York, N.Y.
Mr. X. Y. Z.	3232 W. 204th St., New York, N.Y.
Mr. A. B. C.	3333 W. 214th St., New York, N.Y.
Mr. D. E. F.	3434 W. 224th St., New York, N.Y.
Mr. G. H. I.	3535 W. 234th St., New York, N.Y.
Mr. J. K. L.	3636 W. 244th St., New York, N.Y.
Mr. M. N. O.	3737 W. 254th St., New York, N.Y.
Mr. P. Q. R.	3838 W. 264th St., New York, N.Y.
Mr. S. T. U.	3939 W. 274th St., New York, N.Y.
Mr. V. W. X.	4040 W. 284th St., New York, N.Y.
Mr. Y. Z. A.	4141 W. 294th St., New York, N.Y.
Mr. B. C. D.	4242 W. 304th St., New York, N.Y.
Mr. E. F. G.	4343 W. 314th St., New York, N.Y.
Mr. H. I. J.	4444 W. 324th St., New York, N.Y.
Mr. K. L. M.	4545 W. 334th St., New York, N.Y.
Mr. N. O. P.	4646 W. 344th St., New York, N.Y.
Mr. Q. R. S.	4747 W. 354th St., New York, N.Y.
Mr. T. U. V.	4848 W. 364th St., New York, N.Y.
Mr. W. X. Y.	4949 W. 374th St., New York, N.Y.
Mr. Z. A. B.	5050 W. 384th St., New York, N.Y.
Mr. C. D. E.	5151 W. 394th St., New York, N.Y.
Mr. F. G. H.	5252 W. 404th St., New York, N.Y.
Mr. I. J. K.	5353 W. 414th St., New York, N.Y.
Mr. L. M. N.	5454 W. 424th St., New York, N.Y.
Mr. O. P. Q.	5555 W. 434th St., New York, N.Y.
Mr. R. S. T.	5656 W. 444th St., New York, N.Y.
Mr. U. V. W.	5757 W. 454th St., New York, N.Y.
Mr. X. Y. Z.	5858 W. 464th St., New York, N.Y.
Mr. A. B. C.	5959 W. 474th St., New York, N.Y.
Mr. D. E. F.	6060 W. 484th St., New York, N.Y.
Mr. G. H. I.	6161 W. 494th St., New York, N.Y.
Mr. J. K. L.	6262 W. 504th St., New York, N.Y.
Mr. M. N. O.	6363 W. 514th St., New York, N.Y.
Mr. P. Q. R.	6464 W. 524th St., New York, N.Y.
Mr. S. T. U.	6565 W. 534th St., New York, N.Y.
Mr. V. W. X.	6666 W. 544th St., New York, N.Y.
Mr. Y. Z. A.	6767 W. 554th St., New York, N.Y.
Mr. B. C. D.	6868 W. 564th St., New York, N.Y.
Mr. E. F. G.	6969 W. 574th St., New York, N.Y.
Mr. H. I. J.	7070 W. 584th St., New York, N.Y.
Mr. K. L. M.	7171 W. 594th St., New York, N.Y.
Mr. N. O. P.	7272 W. 604th St., New York, N.Y.
Mr. Q. R. S.	7373 W. 614th St., New York, N.Y.
Mr. T. U. V.	7474 W. 624th St., New York, N.Y.
Mr. W. X. Y.	7575 W. 634th St., New York, N.Y.
Mr. Z. A. B.	7676 W. 644th St., New York, N.Y.
Mr. C. D. E.	7777 W. 654th St., New York, N.Y.
Mr. F. G. H.	7878 W. 664th St., New York, N.Y.
Mr. I. J. K.	7979 W. 674th St., New York, N.Y.
Mr. L. M. N.	8080 W. 684th St., New York, N.Y.
Mr. O. P. Q.	8181 W. 694th St., New York, N.Y.
Mr. R. S. T.	8282 W. 704th St., New York, N.Y.
Mr. U. V. W.	8383 W. 714th St., New York, N.Y.
Mr. X. Y. Z.	8484 W. 724th St., New York, N.Y.
Mr. A. B. C.	8585 W. 734th St., New York, N.Y.
Mr. D. E. F.	8686 W. 744th St., New York, N.Y.
Mr. G. H. I.	8787 W. 754th St., New York, N.Y.
Mr. J. K. L.	8888 W. 764th St., New York, N.Y.
Mr. M. N. O.	8989 W. 774th St., New York, N.Y.
Mr. P. Q. R.	9090 W. 784th St., New York, N.Y.
Mr. S. T. U.	9191 W. 794th St., New York, N.Y.
Mr. V. W. X.	9292 W. 804th St., New York, N.Y.
Mr. Y. Z. A.	9393 W. 814th St., New York, N.Y.
Mr. B. C. D.	9494 W. 824th St., New York, N.Y.
Mr. E. F. G.	9595 W. 834th St., New York, N.Y.
Mr. H. I. J.	9696 W. 844th St., New York, N.Y.
Mr. K. L. M.	9797 W. 854th St., New York, N.Y.
Mr. N. O. P.	9898 W. 864th St., New York, N.Y.
Mr. Q. R. S.	9999 W. 874th St., New York, N.Y.
Mr. T. U. V.	10000 W. 884th St., New York, N.Y.

Very truly yours,  
[Signature]