Stanislaus Regional Housing Authority
ALPINE | AMADOR | CALAVERAS | INYO | MARIPOSA
MONO | STANISLAUS | TUOLUMNE COUNTIES

Date: February 9, 2023

To: Board of Commissioners

From: Jim Kruse, Executive Director

Subject: CONSENT ITEM #3 - Approving Stanislaus Regional Housing Authority to enter into a Land Lease with Great Valley Housing Development Corporation for the development of affordable housing.

BACKGROUND: Stanislaus Regional Housing Authority (Authority) acquired property at 413 Vine St. Modesto CA and at 1143/1145 Park St. in Trulock CA with the intent to develop affordable Housing units. The Authority is seeking to enter into an Administrative and Development Agreement with Great Valley Housing Development Corporation (GVHDC) for the construction of affordable housing units on the properties. To expedite the construction and to meet certain funding requirements GVHDC must show site control of the properties. The proposed land lease provides the necessary site control requirements for GVHDC needs and retains the Housing Authority's interest in the property and maintains affordability restrictions.

RECOMMENDATION: Approval to enter into ground leases with Great Valley Housing Development Corporation for the Development of affordable housing units.

FISCAL IMPACT: Land Lease Revenue of $3000 per year

ATTACHMENT: Draft Land Leases

Property Lease

between

Stanislaus Regional Housing Authority

Lessor

and

Great Valley Housing Development Corporation

Lessee

Dated as of _____, 2023

Address of Premises:
413 Vine St.
Modesto, CA 95355
1143/1145 Park St
Turlock CA 95380

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PROPERTY LEASE

This PROPERTY LEASE is made and entered into this _____ day of _____, 20____, between Stanislaus Regional Housing Authority, a California local government agency and public corporation ("Lessor" or "Stan Regional" or "the Lessor"), and Great Valley Housing Development Corporation ("Lessee" or the "the Lessee").

The following Recitals and Definition are a substantive part of this Lease. Capitalized terms used in the Definitions sections shall have the meaning set forth therein unless otherwise defined in the lease.

RECITALS

A. Stan Regional is organized under section 34200 et. Sec. of the California Health and Safety Code as a housing authority with jurisdiction in several California counties including Stanislaus, Alpine, Amador, Calaveras, Tuolumne, Mono, Mariposa, and Inyo, and whose purposes include, but are not limited to, provide decent, safe and sanitary urban or rural dwellings, apartments, or other living accommodations and to help provide that residents are able to secure housing by, among other things, developing, constructing, financing, managing, selling, renting, subsidizing, and monitoring single- and multi-family housing, to conduct or perform any ancillary or related activity in furtherance of the foregoing.

B. A goal of the Stan Regional is to provide affordable housing among-low, moderate-income households and homeless individuals by providing access to housing for such persons through the long-term leasing of land under said housing.

C. The Leased Property described in this Lease has been acquired and is being leased by the Stan Regional in furtherance of this goal.

D. The Lessor and Lessee recognize the special nature of the terms and conditions of the Lease, and each of the parties hereto freely accepts said terms and conditions, including, without limitation, provisions for permanent supportive housing for homeless individuals or other conditions on the Land being leased from Stan Regional.

E. Therefore, in consideration of the foregoing recitals, the mutual promises of the parties hereto and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Lessor and Lessee agree as follows:

DEFINITIONS:

a) **"Additional Property Lease Fee"** shall mean any amounts due to Lessor from Lessee pursuant to the terms of this Property Lease other than the "Property Lease Fee" set forth in Article 5.1 herein.
b) "**Capital System**" shall mean the roof, plumbing foundation, electrical, heating, cooling unit(s) and water and sewer lines.
c) "**Eligible Capital Improvements**" shall mean only those improvements approved in writing by the Lessor or its designee in accordance with Lessor's Capital Improvements Policy as revised from time to time.

d) "**Full Replacement Value**" means the actual replacement cost of the improvements on the Leased Premises as determines from time to time less exclusions provided in the normal hazard insurance policy.
e) **"Improvements"** shall mean the buildings, structures and residential improvements, including the building fixtures, now or in the future located on and permanently affixed to the Land.
f) **"Property Lease Fee"** shall mean any amounts due Lessor from Lessee pursuant to the terms of this Lease other than Property Lease Fee.
g) "**Jurisdiction**" shall mean the City of Modesto, California.
h) "**Land**" shall mean that land composed of the parcel(s), upon which the Improvements will be located, which land and improvements are being leased to the Lessee pursuance to this Lease, as is more fully described in the attached Exhibit B.
i) "**Lease**" shall mean this Property Lease made and entered into by the Lessor and Lessee on the date set forth herein and shall include any and all amendments made to this Lease.
j) "**Lease Term**" shall mean the fifty-five (55) year period set forth in Section 3.1 below, or such shorter or longer period during which this Lease shall operate if earlier terminated or later extended in accordance with the provision of this Lease and the approval of Lenders, if required.
k) "**Leased Premises"** shall mean the real property and improvements thereon.
l) "**Property Lease"** shall mean the lease of the land/real property and improvements as described above.

ARTICLE 1: LEASE CERTIFICATIONS

1.1 LESSEE CERTIFICATIONS

The Lessee certifies that (i) the financial and other information previously provided in order to qualify to lease the Leased Premises is true and correct as of the date first written above, (ii) the Lessee shall occupy the Leased Premises and Improvements as Lessee's place of operation of a permanent supportive housing complex during the entire term of this Lease, (iii) the Lessee is an Eligible provider of permanent supportive homeless housing facilities and services as hereinafter defined; (iv) Lessee will fully cooperate with Lessor in providing all information requested by Lessor in monitoring Lessee's compliance with this Lease within ten (10) business days of Lessor's request for such information. Lessee acknowledges that failure by the Lessee to occupy the Leased Premises as permanent supportive housing complex at all times during the entire term of this Lease or to provide true and correct income information shall result in termination of this Lease.

ARTICLE 2:
DEMISE OF LAND

2.1 PREMISES

The Lessor, in consideration of the rents reserved and the terms, conditions, covenants and agreements herein, does hereby demise and leave unto Lessee, and Lessee does hereby take and hire from Lessor, the property described in Exhibit A attached hereto ("Leased Premises").

Lessee acknowledges having received a copy of the most current, if any, title report for the Leased Premises, and Lessee accepts title to the Leased Premises in its condition "as is" as of the execution of this Lease.

ARTICLE 3:
DURATION OF LEASE

3.1 PRINCIPAL TERM

The term of this lease shall be fifty-five (55) years, commencing on the ___ day of _____, 2022 and terminating on the ___ day of _____, 2122, unless terminated sooner or extended as provided below.

3.2 CHANGE OF LESSOR; LESSEE'S RIGHT TO PURCHASE: In the event that ownership of the land comprising the Leased Premises ("the Land") is conveyed or transferred (whether voluntarily or involuntarily) by Lessor to any other person or entity, this Lease shall not cease, but shall remain binding and unaffected. However, in the event Lessor desires or attempts to convey the Land to any person or entity other than a nonprofit corporation, charitable trust, governmental agency or other similar entity sharing the goals described in the Recitals above (or as security for mortgage loan), the Lessee shall have a right of first refusal to purchase the Land. The process for First Right of Refusal is set forth in Exhibit C attached hereto and incorporated herein.

ARTICLE 4:
USE OF LEASED PREMISES

4.1 PERMANENT SUPPORTIVE HOMELESS HOUSING USE ONLY

Lessee shall use, and shall cause all occupants thereof to use, the Leased Premises and Improvements (as defined in Section 7.1 below) only for permanent supportive homeless housing purposes and such incidental activities related use that are currently permitted by applicable zoning law.

4.2 RESPONSIBLE AND LAWFUL USE

Lessee shall use the Leased Premises in a manner so as not to create any nuisances public or private. Lessee shall dispose of any and all waste in a safe and sanitary manner. Lessee shall use the Leased Premises and Improvements in a manner consistent with all applicable laws, ordinances, rules and regulation of any governmental authority with jurisdiction over the Leased Premises and Improvements and acknowledge that failure to abide by this provision may result in a termination of this Lease, Lessee shall, at Lessee's sole expense, maintain the Leased Premises and all Improvements in good, safe, and habitable condition in all respects except for normal wear and tear, and in full compliance with all applicable laws, ordinances, rules and regulations of any governmental authority with jurisdiction over matters concerning the condition of the Leased Premises and Improvements, and in such condition as is required to maintain the insurance coverage required by Section 9.4 of this Lease.

4.3 RESPONSIBLE FOR OTHERS

Lessee shall be responsible for the use of the Leased Premises by all residents and visitors and anyone else using the Leased Premises with or without their consent.

4.4 SERVICES AND REPAIRS

Lessor shall not be required to furnish any services or facilities, including but not limited to heat, electricity, air conditioning or water, or to make any repairs to the Leased Premises or Improvements, and Lessee hereby assumes the full and sole responsibility for furnishing all services or facilities.

4.5 HAZARDOUS MATERIALS AND ENVIRONMENTALLY HARMFUL USES

(a) Prohibition of Hazardous Substances. Lessee shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Land or Improvements. Lessee shall not do, not allow anyone else to do, anything affecting the Land or Improvements that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Land or Improvements of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Land or Improvements.

(b) Definitions.

(1) "Hazardous Substances" shall mean those substances defined as toxic or hazardous substances or hazardous waste under any Environmental Law, and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials.

(2) "Environmental Law" shall mean all federal and state of California laws that relate to health, safety or environmental protection.

(c) Notice and Remediation. Lessee shall, as soon as possible but no later than five (5) business days of learning of such event, given Lessor written notice of any investigation, claim, demand, lawsuit or other action by any government or regulatory agency or private party involving the Land or Improvements and any Hazardous Substances or Environmental Law of which Lessee has actual knowledge. If Lessee learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Land or Improvements is necessary, Lessee shall, as soon as possible but no later than twenty-one (21) days of such notification or of learning of such event, commence all necessary remedial actions in accordance with Environmental Law and shall diligently pursue such remediation until completion.

(d) Indemnity. Lessee shall indemnify Lessor and its respective agents, employees, officers, board members and/or council members for the failure of the Lessee or any other person or entity, other than any Lessee, to comply with any Environmental Law. This provision shall survive the termination of the Lease.

4.6 OCCUPANCY

Lessee must continuously occupy the Leased Premises and improvements year-round and maintain the Leased Premises and improvements as an exclusive and permanent place for permanent supportive homeless housing complex at all times during the term of this Lease. A permanent supportive homeless housing complex shall mean a residential housing development as defined by the attached Department of Housing and Community Development No Place Like Home Program (NPLH) NOFA September 27, 2019 Regulatory Agreement (Exhibit B). Occupancy of the 104 units, of which 48 are assisted units, shall be at all time occupied in compliance with the above referenced Regulatory Agreement.

In the event that Lessor or Lessor's authorized designee is of the reasonable belief, based on documented and supportive evidence, that Lessee is not in compliance with Lessee's obligation to occupy the Leased Premises as a permanent supportive homeless complex, Lessor shall deliver to Lessee a written notice of possible occupancy violation (the "Possible Occupancy Violation Notice"). The Possible Occupancy Violation Notice shall set forth the reasons for Lessor's belief that Lessee is not using the Leased Premises as permanent supportive homeless housing. Lessee shall respond to Lessor in writing to the Possible Occupancy Violation Notice immediately and in no event later than sixty (60) days after delivery. Lessee shall set forth in the response any and all reasons, based on documented and supportable evidence, that refute Lessor's belief that the Leased Premises is not being used as a permanent supportive homeless complex. Lessor's Board of Commissioners shall conduct a hearing on the possible occupancy violation at the next regularly scheduled Board of Director's meeting after receipt of Lessee's response to Possible Occupancy Violation Notice, or if no meeting is scheduled within six (6) months following receipt of Lessee's response, then the Board of Commissioners shall schedule a special meeting to hear the possible occupancy violation within six (6) months of receipt of Lessee's response. At the hearing, the Board of Commissioners shall consider any and all evidence in support of Lessor's and Lessee's positions, and shall have the authority to ask questions of Lessee and require additional evidence from Lessee that is relevant to the determination of the possible occupancy violation. The Board of Commissioners shall have the power to conduct the hearing in according with any procedures as the Board deems necessary in its reasonable discretion. No later than thirty (30) days after the conclusion of the hearing on the possible occupancy violation, Lessor's Board of Commissioners shall issue a decision. In the event that the Board of Commissioners determines that Lessee is occupying the Leased Premises as permanent supportive homeless complex, Lessor shall not have the authority to terminate the Lease on the basis of violation of Section 4.6 of this Lease for one (1) year after the date of the Board of Commissioner's decision; provided, however, that the Board of Commissioners decision on the possible occupancy violation shall have no effect on Lessor's rights and remedies for any other event of default as may be committed by Lessee. In the event that the Board of Commissioners determines that Lessee is not occupying the Leased Premises as permanent supportive homeless complex, Lessee shall have committed an event of default and Lessor may pursue any of its rights and remedies authorized in Article 10 of this Lease. In the event that Lessee fails to respond to the Possible Occupancy Violation Notice within sixty (60) days of delivery, Lessor may deem the failure to timely respond as an event of default and may pursue any of its rights and remedies authorized in Article 10 of this Lease.

4.7 LESSOR'S ENTRY ON TO LEASED PREMISES

Lessor may enter the Leased Premises and Improvements during normal business hours for any one of the following reasons: (i) in case of emergency; (ii) to exhibit the Leased Premises and Improvements to prospective or actual purchasers, mortgagees, tenants, workers, or contractors; (iii) when Lessee has abandoned or surrendered the Leased Premises; and (iv) pursuant to court order. Except for emergencies, Lessor shall provide written notice to Lessee no less than twenty-four (24) hours prior to Lessor's entry if the notice is personally delivered to Lessee or left on, near, or under the usual entry door for the Leased Premises, and no less than six (6) days prior to Lessor's entry if the notice is mailed to the Lessee. In the event of emergency, Lessor may enter any portion of the Leased Premises, including the interior of Lessee's Improvements, without notice provided Lessor shall have made reasonable efforts to give advance notice to Lessee.

4.8 LESSEE'S RIGHT TO PEACEFUL ENJOYMENT

Lessee has the right to undisturbed enjoyment of the Leased Premises, and Lessor has no desire or intention to interfere with the personal lives, associations, expressions, or actions of Lessee, subject to the terms, covenants, conditions, provisions, restrictions, or reservations of this Lease.

ARTICLE 5:
PROPERTY LEASE FEE

5.1 PROPERTY LEASE FEE

In consideration of the possession, continued use, and occupancy of the Leased Premises, Lessee shall pay to Lessor a monthly payment ("Property Lease Fee" or "Lease Fee") of $5,000.00 per year (subject to adjustment as provided below).

5.2 PAYMENT OF PROPERTY LEASE FEE

The Property Lease Fee shall be payable to the Lessor, at the address specified in this Lease as Lessor's address, on the first day of each month in the amount of $416.66 ($416.74 for 12th month) for as long as this Lease remains in effect. If the Lease commences on a day other than the first of the month, a pro-rata portion of the Property Lease Fee shall be paid for the balance of the month at the time the Lease is executed.

5.3 CALCULATION OF PROPERTY LEASE FEE

The Property Lease Fee specified in section 5.1 above has been calculated as follows: First, an amount approximating the monthly fair rental value of the Leased Premises has been established, current as of the commencement of the Term, recognizing that use of the Leased Premises is restricted by some of the provisions of this Lease. Then the affordability of this monthly amount for the Lessee has been analyzed and, if necessary, the amount has been reduced to yield the amount stated in section 5.1 above, which has been determined to be affordable for Lessee.

5.4 REDUCTION, DELAY OR WAIVER OF PROPERTY LEASE FEE

At Lessor's sole election, Lessor may reduce, delay or waive entirely the Property Lease Fee at any time and from time to time for the purpose of ensuring affordable monthly housing

costs for the Lessee's occupants. Any such reduction, delay, or waiver must be in writing and signed by Lessor before being effective.

5.5 INCREASE IN PROPERTY LEASE FEE

The Property Lease Fee may be increased every year during the term of the Property Lease by the Lessor and by the percentage of increase in the Consumer Price Index. "Consumer Price Index" as used in this Property Lease, means the Consumer Price Index for All Urban Wage Earners and Clerical Working (San Francisco, Oakland, San Jose, CA, All Urban Consumers All Items, Base 1982-1984=100), as published by the Bureau of Labor Statistics of the United States Department of Labor. Lessor shall determine and notify lessee of the amount of such yearly increase 30 days prior to the increase taking effect. In the event such index is not in existence when any determination relying on such index under this Lease is to be made, the most comparable government index as determined by Lessor in its sole discretion published in lieu thereof shall be substituted therefore.

5.6 PAYMENT OF ADDITIONAL PROPERTY LEASE FEES:

In the event the Lessee owes any Additional Property Lease Fees to Lessor, Lessor shall determine and notify Lessee of the time and the manner (e.g. in lump sum or several payments) in which any Additional Property Lease fee is to be paid by Lessee. All Additional Property Lease Fees shall be payable to Lessor, at the address specified in Section 12.1.

5.7 PROPERTY LEASE FEE AND ADDITIONAL PROPERTY LEASE FEE AS LIEN

In addition to any other rights contained in this Property Lease, in the event any amount of Property Lease Fee and Additional Property Lease Fee remains unpaid for a period of fifteen (15) business days after it is due (collectively, the "Debt"), Lessor shall send written notice to Lessee specifying the amount of Debt then owed by Lessee. In the event any amount of Debt remains unpaid for an additional thirty (30) days from the time such notice is sent, the Debt shall be a lien in favor of Lessor on the Lessee's interest in the Leased Premises and Improvements from and after the time the Lessor records a notice of delinquent Debt against the Leased Premises and Improvements in Official Records (the "Notice of Delinquent Payment"). Any Notice of Delinquent Payment shall indicate the amount of Debt owed by Lessee to Lessor and shall include a legal description of the Leased Premises and Improvements. Lessor shall notify Lessee prior to recording the Notice of Delinquent payment against the Leased Premises and Improvements. The lien created in connection with the Notice of Delinquent Payment (the "Debt Lien") shall be prior in right to all other liens arising after the Notice of Delinquent Payment, except all taxes, or other levies which by law would be prior to the Debt Lien and except for the lien of any mortgage recorded prior to the date any such Debt became due.

5.8 PAYMENT UPON SALE OF IMPROVEMENTS

In the event that any amount of Property Lease Fee or any Additional Property Lease Fee remains unpaid when the Property Lease is terminated or assigned to another party, any Additional Property Lease Fee owed shall be paid to Lessor out of any proceeds, if any, from the transfer of the Improvements otherwise due to Lessee at the time of such sale.

5.9 RENT DEFINED

The Property Lease Fees under the terms of this Property Lease are deemed to be rent for the purpose of California Code of Civil Procedure 1161.

ARTICLE 6:
TAXES AND ASSESSMENTS

6.1 TAXES AND ASSESSMENTS

Lessee shall be responsible for payment in lieu of taxes to affected taxing agencies for any property taxes lost by reason of public ownership of the Leased Premises or any interest in the property after the five-year period ends as set forth in California Health and Safety Code Section 37001.5.

6.2 LESSOR REIMBURSED FOR ASSESSMENTS PAID ON LESSEE'S BEHALF

In the event that the local taxing authority bills Lessor for the taxes, charges, fees or assessments on the Leased Premises, Lessor shall bill Lessee for this expense and Lessee shall promptly pay the Lessor for assessments so billed within thirty (30) days.

6.3 LESSEE'S RIGHT TO CONTEST

Lessee shall have the right to contest the amount or validity of any taxes relating to the Leased Premises or Improvements. Lessor shall, upon written request by Lessee, join in any such proceedings if Lessee shall reasonably determine that it shall be necessary or convenient for Lessor to so join in order for Lessee to prosecute such proceedings. All costs and expenses of such proceedings shall be paid by Lessee. If Lessee contests any such tax, assessment, or charge, Lessee may withhold or defer payment or pay under protest, but Lessee shall protect Lessor and the Land and Leased Premises from the consequences of any such contest being unsuccessful by adequate bond or other security acceptable to Lessor.

6.4 PAYMENTS IN THE EVENT OF DELINQUENCY

In the event that Lessee fails to pay the taxes or other charges described in Section 6.1 and 6.2 above which are not otherwise part of the Property Lease Fee, Lessor may increase, but shall not be obligated to increase, Lessee's Property Lease Fee in an amount such that the total sum collected will offset the cost of any delinquent and current taxes or other charges. Upon collecting any such amount, Lessor shall pay the amount collected to the taxing authority in a timely manner.

6.5 PROOF OF COMPLIANCE

Concurrently with the payment of any taxes, assessments, and charges required or permitted by the provision of this Lease, each party shall, upon request of the other, furnish evidence satisfactory to the other documenting the payment. A photocopy of a paid receipt or a cancelled check for such charges showing payment prior to the due date thereof shall be the usual method of furnishing such evidence.

ARTICLE 7:
IMPROVEMENTS

7.1 OWNERSHIP

Any and all buildings, structures, fixtures, and other improvements leased by the Lessee or constructed or placed by the Lessee upon any part of the Leased Premises at any time during the term of this lease (the "Improvements") shall be and remain property of the Lessor. In addition, Lessee shall not sever or move Improvements from the Leased Premises without approval of Lessor.

7.2 CONSTRUCTION AND ALTERATION

Any construction on the Leased Premises requiring issuance of a building permit, including expansion of an existing building, or the alteration of existing Improvements, is subject to the following conditions: (a) all costs shall be borne and paid for by the Lessee; (b) all construction shall be performed in a worker-like manner and shall comply with all applicable laws and regulations: (c) all construction shall be consistent with the permitted uses set forth in Article 4; (d) Lessee shall furnish to Lessor a copy of any plans and all building permits for such construction prior to commencing construction ; and (e) such construction shall not commence without the prior written consent of Lessor, who, however, shall not unreasonable withhold such consent.

7.3 PROHIBITION OF LIENS

Lessee shall not suffer or permit any vendor's, mechanic's, laborer's, or material man's statutory or similar lien to be filed against the Leased Premises, Improvements, or any interest of the Lessor or Lessee that remains more than sixty (60) days after it has been filed. Lessee shall cause any such lien to be discharged of record by payment, deposit, bond, order of court of competent jurisdiction, or as otherwise permitted by law. If Lessee fails to cause such lien to be discharged within the sixty (60) day period, then, in addition to Lessor's right to declare a default under this Property Lease and exercise the remedies set forth in Article 10, Lessor may, but shall not be obligated to, discharge the lien by paying the amount in question. Any amounts paid by Lessor to discharge such liens may be charged to Lessee as an Additional Property Lease Fee. Lessee may, at Lessee's expense, contest the validity of any such asserted lien, but Lessee shall protect Lessor and the Leased Premises from any consequences of such contest being unsuccessful by adequate bond or the security acceptable to Lessor.

7.4 PROHIBITION OF OTHER LIENS

Lessee will not permit or suffer to allow liens of any type to attach to Lessor's or Lessee's title to or interest in the Leased Premises or this Lease or to any other property owned by the Lessor. Lessee shall not suffer or permit any mortgage, deed of trust, promissory note or other lien to be filed against the Leased Premises or Improvements without the express written consent of the Lessor.

7.5 DISPOSITION OF IMPROVEMENTS UPON EXPIRATION OF LEASE TERM

Upon the expiration of the term or termination of this Property Lease, Lessee shall surrender the Improvements together with the Leased Premises to the Lessor. Ownership of the

Improvements shall thereupon revert to Lessor, free and clear of all claims to or against the Leased Premises by Lessee or any third party and, without limiting any of Lessee's other obligation to indemnify Lessor, Lessee shall defend and indemnify Lessor against all liability and loss arising from such claims or from Lessee's surrender of the Improvements to Lessor pursuant to this section.

ARTICLE 8:
LIABILITY, INSURANCE, DAMAGE AND DESTRUCTION, EMINENT DOMAIN

8.1 LESSEE'S LIABILITY:

Lessee assumes sole responsibility and liability to all persons and authorities related to its possession, occupancy, and use of the Lease Premises.

8.2 INDEMNIFICATION OF LESSOR

Lessee shall defend, indemnify, and hold Lessor and its respective agents, employees, officers, and/or board members harmless against all liability and claims of liability for injury or damage to person or property from any cause on or about the Leased Premises. Lessee waives all claims against Lessor and its respective agents, employees, officers, boards members and/or council members for such injury or damage. However, Lessee shall not be obligated to Lessor under this Section for injury or damage due to the grossly negligent or intentional acts or omissions of Lessor or Lessor's agents, employees, officers and board members. This provision shall survive the termination of the Property Lease.

8.3 PAYMENT BY LESSOR

In the event the Lessor shall be required to pay any sum that is the Lessee's responsibility or liability, pursuant to Section 8.1 and 8.2, the Lessee shall reimburse the Lessor for such payment and for reasonable expenses caused thereby including, but not limited to reasonable attorney's fees, and such payment may be charged by Lessor to Lessee as Additional Property Lease Fee.

8.4 INSURANCE

a) Hazard Insurance. Lessee shall, at Lessee's sole expense, keep the Leased Premises and improvements continuously insured against loss or damage by fire and the extended coverage hazards for the Full Replacement Value of such Leased Premises and Improvements (adjusted every five (5) years by appraisal if requested by Lessor). If the Leased Premises is located in a flood plain, Lessee shall also obtain flood insurance. In no event shall the amount of insurance be less than the amount necessary to prevent Lessor from becoming a co-insurer under the terms of the policy.

b) Liability Insurance. Lessee shall, at Lessee's sole expense, maintain continuously in effect liability insurance covering the Leased Premises and Improvements. The limits of such insurance shall be not less than _____ ($_____) (or, if a Permitted Mortgagee requires coverage in a greater dollar amount, such amount as required by that a Permitted Mortgagee) combined single limit for bodily injury and property damage. Such limit shall be adjusted every five (5) years or upon Lessor's request. Any adjustment shall equal

to the percentage of change (positive or negative), over the period in question, of the Consumer Price Index.

c) Improvements. During the course of any rehabilitation of the Improvements located on the Leased Premises, Lessee shall hire only licensed contractors who maintain the following forms of insurance:

1. Liability Insurance. Commercial liability insurance against liability for bodily injury to or death of any person or property damage arising out of an occurrence on or about the Leased Premises. The limits of such insurance shall be not less than One Million Dollars ($1,000,000) combined single limit for bodily injury and property damage, naming the Lessor and its officers, employees, agents, board members and/or council members as additional insureds.

2. Worker's Compensation. Worker's compensation insurance covering all persons employed in connection with any work on the Leased Premises to the extent required by law.

d) Additional Insureds. All insurance required pursuant to this Section 9.4 shall specifically insure Lessee against all liability assumed under this Property Lease, as well as all liability imposed by law, and shall also insure Lessor and its respective agents, employees, officers, board members and/or council members as an additional insured so as to create the same liability on the part of insurer as though separate policies had been written for such parties and Lessor.

e) California Insurance. The insurance carrier providing insurance pursuant to this Section 9.4 shall be licensed to do business in the State of California and shall have a rating of A:VII or better in the most recent edition of Best Rating guide.

f) Evidence of Insurance. Lessee shall provide Lessor with copies of all policies and renewals of policies. All policies shall also contain endorsements providing that they shall not be cancelled, reduced in amount or coverage or otherwise modified by the insurance carrier involved without at least thirty (30) days' prior written notice to Lessor. Failure by Lessee to provide evidence of insurance in accordance with this Section 9.4 will be a default under this Property Lease. Lessor shall have the right to hold, or cause its designated agent to hold, the policies and renewals thereof, and Lessee shall furnish to the Lessor, or its designated agent, the original insurance policies or certificates of insurance, all renewal notices and all receipts of paid premiums within five (5) days of Lessor's request for such information. Lessor shall be entitled to participate in the settlement of adjustment of any losses covered by such policies of insurance. Lessor may make proof of loss if not made by Lessee in a prompt manner, as determined by Lessor in Lessor's reasonable discretion. In the event Lessee fails to maintain insurance pursuant to Section 8.4, Lessor, in addition to Lessor's right to declare a default under this Property Lease and exercise the remedies set forth in Article 12, may, but shall not be obligated to, purchase insurance on Lessee's behalf with this Section 9.4. Lessor may charge Lessee Additional Property Lease Fee to pay for any expenses Lessor incurs in connection with its purchase of such insurance.

g) Waiver of Subrogation. Lessee releases Lessor from any claims for damage to any person or the Land and Improvements that are caused by or result from the risks insured against under any insurance policies carried by Lessee and in force at the time of any

such damage. Lessee shall cause each insurance policy obtained by it to provide that the insurance company waives all right of recovery by way of subrogation against the Lessor in connection with any damage covered by any party.

8.5 DAMAGE OR DESTRUCTION:

Except as provided below, in the event of fire or other damage to the Improvements, Lessee shall take all steps necessary to ensure the repair of such damage and the restoration of the Improvements to their condition immediately prior to the damage. All such repairs and restoration shall be commenced within fifteen (15) business days of such damage and shall be diligently performed until completion. Lessee shall also promptly take all steps necessary to ensure that the Leased Premises are safe and that the damaged Improvements do not constitute a danger to persons or property.

If Lessee, based on reasonable judgment and relying on professional estimates, determines either (a) that full repair and restoration is physically impossible, or (b) that the available insurance proceeds will pay for less than eighty percent (80%) of the cost of repair and restoration (provided Lessee has fulfilled all the hazard insurance requirements set forth in Section 9.4 above), then Lessee may terminate this Property Lease by written notice to Lessor given not later than sixty (60) days after the event that caused the damage. However, such termination shall not be effective until forty-five (45) days after the date upon which the notice is received by Lessor. During the forty-five (45) day period Lessor may seek an adjustment from the insurer so as to increase the available insurance proceeds to an amount covering at least eighty percent (80%) of the cost of repair and restoration. If successful in securing such adjustment, Lessor may render Lessee's termination notice null and void by written notice to Lessee within such forty-five (45) day period. If Lessor fails to nullify the termination notice in this way, then this Property Lease shall terminate at the expiration of the forty-five (45) day period, and any insurance proceeds payable to Lessee on account of such damage shall be paid as provided below.

The insurance proceeds shall be paid first to Lessor and Lessee to cover any of Lessor's and Lessee's expenses of collecting the proceeds, respectively. The balance of such proceeds, if any, shall be paid to Lessor.

If this Property Lease conditions described in this Section 8.5, the insurance proceeds shall be paid to Lessor and Lessee to cover any of Lessor's and Lessee's expenses of collecting the proceeds, respectively. Remaining proceeds shall be paid, to the Lessor for the costs of repairing or rebuilding that part of the Land and Improvements damaged or destroyed by the fire or other casualty; and the balance of such proceeds, if any, shall be paid to Lessor.

8.6 EMINENT DOMAIN AND PUBLIC DEDICATION:

a) Total Taking. In the event of a taking of the Leased Premises, either in its entirety or to such extent that the Improvements are lost or damaged beyond repair, by reason of eminent domain or other action of pubic authority prior to the expiration of this Property Lease, the Property Lease shall terminate as of the date Lessee is required to give up possession of the Leased Premises or Improvements, and the entire amount of any award(s) paid shall be paid first to Lessor and Lessee to cover any of Lessor's or Lessee's expenses in

collecting the award, respectively. The balance of such proceeds, if any, shall be paid to Lessor.

b) Partial Taking.

1. In the event of a taking of a portion of the Leased Premises that does not result in damage to the Improvements or substantial reduction in the usefulness or desirability of the Improvements for residential purposes, then any monetary compensation for such taking shall be allocated entirely to Lessor.

2. In the event of a taking of the Leased Premises that results in damage to the Improvements only to such extent that the Improvements can reasonably be restored to a residential use consistent with this Property Lease, the Lessor may in its discretion allocate some or all the monetary compensation to enable Lessee to accomplish such a restoration. Any balance remaining after or in the absence of such allocation shall be allocated as provided above for a taking of the entire Leased Premises.

c) Costs, Ownership of Award, and Cooperation. Any and all proceedings brought by a party in connection with any damages as a result of any taking referred to in this Section shall be conducted at the sole expense of such party. If any provision of law requires that such proceedings be brought by or in the name of any owner or Lessee of the premises, such party shall join in such proceedings or permit the same to be brought in its name. Each party agrees to do all acts and to execute all documents that may be required to enable the other to maintain such proceedings. If the party required to join in the proceedings incurs any cost or expense in doing so, such party shall be entitled to reasonable reimbursement and this entitlement shall constitute a first charge against any award.

8.7 REASSESSMENT OF RENTAL VALUE:

In the event of any taking that reduces the size of the Leased Premises but does not result in the termination of the Property Lease, Lessor shall reassess the fair rental value of the remaining Leased Premises and shall reduce the Property Lease Fee if necessary to ensure that the monthly fee does not exceed the monthly fair rental value of the Leased Premises for use as restricted by the Property Lease.

ARTICLE 9:
ASSIGNMENT, SUBLETTING, & CHANGE OF LESSOR

9.1 ASSIGNMENT BY LESSEE

Lessee shall not assign, sell or otherwise convey any of Lessee's rights under this Lease without the prior written consent of Lessor. Lessee agrees that Lessor shall have broad and full discretion to withhold such consent in order to further the mutual purposes and goals set forth herein. If permission is granted, any such assignment shall be subject to the following conditions:

a) Any such assignment or sublease shall be subject to all terms of this Lease.

b) In the case of a sublease, the Property Lease Fee charged the sub-lessee shall not be more than that amount charged the Lessee by the Lessor.

ARTICLE 10:
DEFAULT

10.1 MONETARY DEFAULT BY LESSEE:

It shall be an event of default if Lessee fails to pay the Property Lease Fee, any Additional Property Lease Fee, or other charges required by the terms of this Property Lease and such failure is not cured by Lessee within ten (10) business days after notice of such failure is given by Lessor to Lessee.

10.2 NONMONETARY DEFAULT BY LESSEE:

It shall be an event of default if:

a) Lessor determines that the Lessee has made a material misrepresentation to obtain the benefits of this Property Lease a purchase of the Improvements;

b) Lessee fails to occupy the Improvements in accordance with Section 4.6;

c) Lessee fails to provide annual certification in accordance with Section 8.4;

d) Lessee makes a Conveyance of the Improvements or Leased Premises in violation of this Lease;

e) Lessee fails to maintain the Improvements or Leased Premises in accordance with Article 4;

f) Lessee fails to maintain insurance in accordance with Article 8;

g) A lien is recorded against the Improvements or Leased Premises, other than a Permitted Mortgages;

h) Lessee otherwise fails to abide by any other material term or condition in this Lease.

In the event Lessee defaults under this Section 10.2 Lessee shall have thirty (30) days after notice of such failure is given by Lessor to Lessee to cure such failure; provide however, that no cure period shall be provided in the event of a default described in Section 10.3. In the case where the Lessee has commenced to cure such default within such thirty (30) day period and is continuing such cure with all due diligence but cannot by the exercise of due diligence cure such default within such period, such period may be extended by Lessor, in its sole and absolute discretion, for such additional period as may be reasonably required under the circumstances to complete such cure.

10.3 DEFAULT BY LESSEE RESULTING FROM JUDICIAL PROCESS:

It shall be an event of default if the estate hereby created is taken on execution or by other process of law, or if Lessee is judicially declared bankrupt or insolvent according to law, or if any assignment is made of the property of Lessee for the benefit of creditors, or if a receiver, trustee in involuntary bankruptcy or other similar officer is appointed to take charge of any

substantial part of Lessee's property by a court of competent jurisdiction, or if a petition is filed for the reorganization of Lessee under any provisions of the Bankruptcy Act now or hereafter enacted, or if Lessee files a petition for such reorganization, or for arrangements under any provision of the Bankruptcy Act now or hereafter enacted and providing a plan for a debtor to settle, satisfy or extend the time for payment of debts.

10.4 REMEDIES:

(a) Termination and Remedies. Upon an event of default by Lessor and failure to cure within the applicable period, Lessor may terminate this Property Lease upon no less than three days written notice served on Lessee by: (i) personal delivery on Lessee; or (ii) if Lessee is absent from the Leased Premises and from Lessee's usual place of business, by leaving a copy of the notice with a person of suitable age and discretion at either the Leased Premises or Lessee's place of business, and mailing a copy of the notice to the Leased Premises. Upon the date of termination as specified in the notice, Lessor may initiate summary proceedings against Lessee in accordance with California unlawful detainer law (Code of Civil Procedure section1161 *et seq.*).

Upon the termination of this Lease, Lessor may recover from Lessee: (1) the worth at the time of award of the unpaid rent which had been earned at the time of termination; (2) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Lessee proves could have been reasonably avoided; (3) the worth at the time of award of the amount of such rental loss that Lessee proves could be reasonably avoided; and (4) any other amount necessary to compensate Lessor for all the detriment proximately caused by Lessee's failure to perform its obligation under this Lease or which in the ordinary course of things would be likely to result therefrom. The "worth at the time of award" of the amount referred to in clause (3) above is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%) for purposed or other charges set forth in this Lease, including any Additional Property Lease Fee.

In addition to Lessor's right to terminate this Lease, upon the occurrence of any event of default and abandonment of the Leased Premises by Lessee, Lessor shall have the right, without declaring this Lease terminated, to reenter the Leased Premises and Improvements and occupy the whole or any part thereof for and on account of Lessee and to collect rent and any other charges that may thereafter become due and payable pursuant to this Lease, and Lessor shall have the right to the remedy described in California Civil Code Section 1951.4 (lessor may continue Lease in effect after Lessees' breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable conditions).

b) Remedies Cumulative. The rights and remedies of the parties are cumulative, and the exercise or failure to exercise one or more of such rights or remedies by either party shall not preclude the exercise by it, at the same time or different times, of any right or remedy for the same default or any other default by the other party.

10.5 NOTICE OF DEFAULT AND FORECLOSURE**:**

A request for notice of default and any notice of sale under any deed of trust or mortgage with power of sale encumbering the Leased Premises shall be recorded by Lessor in the Official

Records for the benefit of the Lessor. The Lessor may declare a default under this Property Lease upon receipt of any notice given to the Lessor pursuant to Civil Code Section 2924b, and may exercise its rights as provided in Article 10.

ARTICLE 11:
ARBITRATION

11.1 ARBITRATION PROCESS

a) The Lessor and Lessee agree to submit any dispute arising from, related to or regarding this Agreement first to mediation before a mutually agreed upon mediator. The party requesting mediation shall serve a written demand for mediation on the other party. If the Lessor and Lessee cannot agree on a mediator within fifteen (15) business days of the written request, they shall utilize the services of the American Arbitration Association, the Judicial Arbitration and Mediation Services, Inc. (JAMS) or some similar alternative dispute resolution organization for the appointment of mediator. Any mediation entered into by the parties shall in no way affect the legal rights of the parties, except as the parties may agree to in a settlement resolving their dispute.

b) If the Lessor and Lessee do not resolve their dispute through mediation within sixty (60) business days of the written request, they agree to submit any dispute arising from, related to or regarding this Agreement to binding arbitration before a single arbitrator pursuant to the American Arbitration Association, the Judicial Arbitration and Mediation Services, Inc. (JAMS) or some similar alternative dispute resolution organization pursuant to the organization's established rules, and further agree that the arbitrator appointed under such rules shall have and exercise all power possessed by a court of competent jurisdiction over the dispute, including without limitation of the power to grant injunctive relief and issue orders in support of such power, and to award attorneys' fees and costs to the prevailing party pursuant to Section 12.12 below.

c) In the event of any arbitration, action or other proceeding between or among any parties hereto at law or in equity arising out of this Agreement, including without limitation any appeal, contempt proceeding or action, and any action or proceeding to enforce and/or collect any arbitration award, judgement or other relief granted, whether or not such action or proceeding is comprised or is prosecuted to final judicial determination (collectively "Litigation"), the successful party to the Litigation shall pay to the prevailing party, in addition to any other relief that may be granted, all costs and expenses of the Litigation, including without limitation, the prevailing party's actual attorney's fees and expenses pursuant to Section 12.12. The amount of the prevailing party's actual attorneys' fees and expenses shall not be limited by any court schedule of recoverable attorneys' fees and expenses.

THE PARTIES AGREE AND ACKNOWLEDGE THAT; (1) THE ARBITRATOR'S AWARD SHALL BE FINAL AND BINDING ON THE PARTIES; (2) TO THE EXTENT THAT SUCH WAIVER IS AUTHORIZED AND ENFORCEABLE BY CALIFORNIA LAW, THE PARTIES ARE WAIVING THEIR RIGHT TO SEEK REMEDIES IN COURT, INCLUDING THE RIGHT TO A JURY TRIAL: (3) PRE-ARBITRATION DISCOVERY IS GENERALLY MORE LIMITED THAN AND DIFFERENT FROM COURT PROCEEDINGS; (4) THE

ARBITRATOR'S AWARD IS NOT REQUIRED TO INCLUDE FACTUAL FINDINGS OR LEGAL REASONING AND ANY PARTY'S RIGHT TO APPEAL OR TO SEEK MODIFICATION OF RULINGS BY ARBITRATORS IS STRICTLY LIMITED; AND (5) THE ABOVE PROVISIONS REQUIRE ANY ARBITRATION TO TAKE PLACE IN STANISLAUS COUNTY, CALIFORNIA.

ARTICLE 12:
GENERAL PROVISIONS

12.1 NOTICES

Whenever this Lease requires either party to give notice to the other, the notice shall be given in writing and delivered in person or mailed, by certified or registered mail, return receipt requested, to the party at the address set forth below, or such other address designated by like written notice:

If to Lessor:

Jim Kruse, Executive Director
Stanislaus Regional Housing Authority
1612 Sisk Road
Modesto, CA 95350
(209) 557-2003
Email: jkruse@stancoha.org

If to Lessee:

Administrative Director
1701 Robertson Road
Modesto, CA 95351
(209) _____
Email: _____

All notices, demands and requests shall be effective upon being deposited in the United States Mail or, in the case of personal delivery, upon actual receipt.

12.2 NO BROKERAGE

Unless otherwise set forth in the Letters of Stipulation and Acknowledgment, Lessee warrants and represents that it has not dealt with any broker in connection with consummation of this Lease. In the event any claim is made against Lessor relative to dealings with brokers other than that set forth in the Letter of Stipulation, Lessee shall defend the claim against

Lessor with counsel of Lessor's selection and save harmless and indemnify Lessor on account of loss, cost or damage which may arise by reason of any such claim. This indemnity contained in this Section shall survive the termination of the Lease.

12.3 SEVERABILITY AND DURATION OF LEASE

If any part of this Lease is unenforceable or invalid, such material shall be read out of this Lease and shall not affect the validity of any other part of this Lease or give rise to any cause of action of Lessee or Lessor against the other, and the remainder of this Lease shall be valid and enforced to the fullest extent permitted by law.

12.4 WAIVER

The waiver by Lessor of, or the failure of Lessor to take action with respect to any breach of any term or condition contained herein shall not be deemed to be a waiver of such term or condition with regard to any subsequent breach of such term or condition, or of any other term or condition of the Lease. Lessor may grant waivers in the terms of this Lease, but such must be in writing and signed by Lessor before being effective.

The subsequent acceptance of Property Lease Fee payments hereunder by Lessor shall not be deemed to be a waiver of any preceding breach by Lessee of any term or condition of this Lease, other than the failure of the Lessee to pay the particular Property Lease Fee so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such Property Lease Fee payment.

12.5 LESSOR'S RIGHT TO PROSECUTE OR DEFEND

Lessor shall, within five (5) business days of receiving such information, inform Lessor in writing of any claim, demand, or charge made against the Leased Premises or Improvements. Lessor shall have the right, but shall have no obligation, to prosecute or defend, in its own or the Lessee's name, any actions or proceedings appropriate to the protection of Lessor's title to, and Lessee's interest in the Leased Premises. Whenever requested by Lessor, Lessee shall give Lessor all reasonable aid in any such action or proceeding. In the event Lessor prosecutes or defends in accordance with this Section, Lessee shall reimburse Lessor for Lessor's reasonable expenses, which expenses shall be deemed Additional Property Lease Fee.

12.6 INTERPRETATION

Whenever in this Lease a pronoun is used it shall be construed to represent either the singular or the plural, masculine or feminine, as the case shall demand. The captions and table of contents appearing in this Lease are for convenience only, and are not a part of this Lease and do not in any way limit or amplify the terms and condition of this Lease.

12.7 PARTIES BOUND

This Lease sets forth the entire agreement between the parties hereto with respect to the leasing of the Land; it is binding upon and inures to the benefit of these parties hereto and, in accordance with the provisions hereof, their respective successors in interest. This Lease may

be altered or amended only by written notice executed by the parties hereto or their legal representatives or, in accordance with the provisions hereof, their successors in interest.

12.8 GOVERNING LAW

This Lease shall be interpreted in accordance with and governed by the laws of California. The language in all parts of this Lease shall be, in all cases, construed according to its fair meaning and not strictly for or against Lessor or Lessee.

12.9 RECORDING

The parties agree, as an alternative to the recording of this Lease, to execute a so-called Notice of Lease or Short Form Lease in form recordable and complying with applicable law and reasonably satisfactory to the Lessor. Any such document shall expressly state that executed pursuant to the provisions contained in this Lease, and is not intended to vary the terms and conditions of this Lease.

12.10 EXHIBITS

The Exhibits attached to this Property Lease are incorporated into and made a part of this Lease.

12.11 COUNTERPARTS

This Property Lease is to be executed in counterparts.

12.12 ATTORNEY FEES

The prevailing party in any action or proceeding brought by either party against the other under this Property Lease shall be entitled to recover from the other party such court costs, costs and fees of the attorneys, paralegals, experts and consultants in such action of proceeding (whether in arbitration or at the administrative, trial or appellate levels) in such amount as the arbitrator or court may adjudge reasonable.

12.13 ESTOPPEL CERTIFICATES

Any party to this Lease may at any time deliver written notice to the other party requesting such party to certify in writing that, to the best knowledge of the certifying party; (i) this Lease is in full force and effect and a binding obligation of the party; (ii) this Lease has not been amended or modified either orally or in writing, and if so amended, identifying the amendments; and (iii) the requesting party is not in default in the performance of its obligations set forth in this Lease or, if in default, to describe therein the nature and amount of any such defaults. A party receiving a request hereunder shall execute and return such certificate within sixty (60) days following the receipt thereof. Any third party shall be entitled to rely on the certificate executed pursuant to this Section.

IN WITNESS WHEREOF, the parties have executed this Property lease as of date first above written.

LESSEE:

_____

By: _____
President

LESSOR:
Stanislaus Regional Housing Authority, a California local government agency corporate and politic

_____

By: Jim Kruse
Executive Director

STATE OF CALIFORNIA)
COUNTY OF STANISLAUS) ss.
)

On _____ 20__, before me, _____, Notary Public, personally appeared _____ _____ personally known to me (or proved to me on the basis of satisfactory evidence) to the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF CALIFORNIA)
COUNTY OF STANISLAUS) ss.
)

On _____ 20__, before me, _____, Notary Public, personally appeared _____ _____ personally known to me (or proved to me on the basis of satisfactory evidence) to the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

_____
_____Notary Public

[SEAL]

EXHIBIT A TO REGULATORY AGREEMENT

LEGAL DESCRIPTION OF THE PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF MODESTO, COUNTY OF STANISLAUS, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

PARCEL ONE:

ALL THAT PORTION OF LOTS 4 AND 5 OF MAZE RANCH SUBDIVISION, IN THE COUNTY OF STANISLAUS, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL MAP THEREOF, FILED IN THE OFFICE OF THE RECORDER OF STANISLAUS COUNTY, CALIFORNIA, ON MARCH 19, 1909, VOL. 4 OF MAPS, PAGE 18, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID LOT 5; THENCE WEST ALONG THE NORTH LINE THEREOF, 66.2473 FEET, MORE OR LESS, TO THE NORTHWEST CORNER OF THE PROPERTY CONVEYED TO VESTA B. SMITH, A SINGLE MAN, BY DEED RECORDED MARCH 30, 1948 AS INSTRUMENT NO. 7022; THENCE SOUTH ALONG THE WEST LINE OF SAID SMITH PROPERTY, 10.86 FEET TO A POINT ON THE SOUTH LINE OF PARCEL NO. 1 OF THE PROPERTY CONVEYED TO VESTA B. SMITH, ET UX, TO THE STATE OF CALIFORNIA BY DEED DATED SEPTEMBER 22, 1958 AND RECORDED OCTOBER 2, 1958, VOL. 1506 OF OFFICIAL RECORDS, PAGE 62, INSTRUMENT NO. 24671; HENCE CONTINUING SOUTH ALONG THE SAID WEST LINE OF THE SMITH PROPERTY, 125 FEET TO THE TRUE POINT OF BEGINNING OF THIS DESCRIPTION; THENCE EAST PARALLEL WITH THE SOUTH LINE OF PARCEL NO. 1 OF THE STATE OF CALIFORNIA PROPERTY ABOVE REFERRED TO, 150 FEET; THENCE NORTH PARALLEL WITH THE SAID WEST LINE OF THE SMITH PARCEL 125 FEET TO A POINT ON THE SOUTH LINE OF PARCEL NO. 1 OF THE SAID STATE OF CALIFORNIA PROPERTY; THENCE EAST ALONG THE LAST SAID SOUTH LINE 115 FEET, MORE OR LESS, TO A POINT ON THE EAST LINE OF THE WEST 2-1/4 ACRES OF NORTH HALF OF LOT 4 ABOVE REFERRED TO; THENCE SOUTH ALONG THE LAST SAID EAST LINE, 232 FEET, MORE OR LESS, TO A POINT ON THE NORTH LINE OF THE PARCEL OF LAND DESCRIBED AS PARCEL NO. 2 IN THE DEED FROM VESTA B. SMITH, ET UX, TO THE STATE OF CALIFORNIA, ABOVE REFERRED TO; THENCE ALONG THE LAST SAID NORTH LINE, THE FOLLOWING TWO COURSES AND DISTANCES: SOUTH 83 DEGREES 55' 51" WEST 194.03 FEET AND NORTH 89 DEGREES 47' 00"WEST 116.63 FEET TO A POINT ON THE WEST LINE OF THE PROPERTY CONVEYED TO VESTA B. SMITH FIRST ABOVE MENTIONED; THENCE NORTH ALONG THE LAST SAID WEST LINE 123 FEET, MORE

OR LESS, TO THE TRUE POINT OF BEGINNING.

PARCEL TWO:

A PORTION OF THE NORTH HALF OF LOT 4 OF MAZE RANCH SUBDIVISION, IN THE COUNTY OF STANISLAUS, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL MAP THEREOF, FILED IN THE OFFICE OF THE RECORDER OF STANISLAUS COUNTY, CALIFORNIA, ON MARCH 19, 1909, VOL. 4 OF MAPS, PAGE 18, DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTHEAST CORNER OF SAID LOT 4; THENCE ALONG THE NORTH LINE OF SAID LOT, NORTH 89 DEGREES 47' 00" WEST 242.93 FEET; THENCE SOUTH 0° 35' 00" EAST 10.84 FEET TO THE TRUE POINT OF BEGINNING; THENCE

SOUTH 89° 47' 15" EAST 92.01 FEET; THENCE

SOUTH 34° 50' 54" EAST 212.03 FEET; THENCE

SOUTH 39° 17' 14" WEST 50.47 FEET; THENCE

SOUTH 83° 55' 51" WEST 179.85 FEET; THENCE

NORTH 0° 35' WEST 232.45 FEET TO THE TRUE POINT OF BEGINNING.

Amendment: A EXCEPTING ANY AND ALL RIGHTS OF INGRESS TO OR EGRESS FROM THE ABOVE DESCRIBED PARCEL OVER AND ACROSS COURSES NUMBER (2), (3) AND (4) HEREIN ABOVE DESCRIBED, AS EXCEPTED AND RESERVED IN THE DEED FROM THE STATE OF CALIFORNIA RECORDED OCTOBER 14, 1965, VOL. 2062 OF OFFICIAL RECORDS, PAGE 101, INSTRUMENT NO. 40303.

For APN/Parcel ID(s): 029-015-021-000

EXHIBIT B

REGULATORY AGREEMENT

(Attached)

EXHIBIT C

FIRST REFUSAL

Whenever any party under the Lease shall have a right of first refusal as to certain property, the following procedures shall apply. If the owner of the property offering it for sale ("Offering Party") shall within the term of the Lease receive a bona fide third party offer to purchase the property which such Offering Party is willing to accept, the holder of the right of first refusal (the "Holder") shall have the following rights:

a. Offering Party shall give written notice of such offer ("the Notice of Offer") to Holder setting forth (a) the name and address of the prospective purchaser of the property, (b) the purchase price offered by the prospective purchaser and (c) all other terms and conditions of the sale. Holder shall have a period of forty-five (45) days after the receipt of the Notice of Offer ("the Election Period") within which to exercise the right of first refusal by giving notice of intent to purchase the property ("the Notice of Intent to Purchase") for the same price and on the same terms and conditions set forth in the Notice of Offer. Such Notice of Intent to Purchase shall be given in writing to the Offering Party within the Election Period.

b. If Holder exercises the right to purchase the property, such purchase shall be completed within sixty (60) days after the Notice of Intent to Purchase is given by Holder (or if the Notice of Offer shall specify a later date for closing, such date) by performance of the terms and conditions of the Notice of Offer, including payment of the purchase price provided therein.

EXHIBIT D

(MEMORANDUM OF PROPERTY LEASE FORM)

RECORDING REQUESTED BY AND

WHEN RECORDED MAIL TO:

Stanislaus Regional Housing Authority
1612 Sisk Road
Modesto, CA 95350
Attn: Executive Director

THIS SPACE FOR RECORDER'S USE ONLY

MEMORANDUM OF PROPERTY LEASE

THIS MEMORANDUM OF PROPERTY LEASE is dated as of _____, 20__, and is by and between the Stanislaus Regional Housing Authority, a California local government agency, corporate and politic (the "Lessor") and _____ (the "Lessee").

Lessor and Lessee have entered into that certain Property Lease ("Lease") for certain real property located in Stanislaus County, California, and by recordation of this Memorandum of Property Lease give notice of the unrecorded Property Lease and place of public record the following information:

Date of Lease: _____.

Description of Leased Premises: See attached Exhibit A.

Date of Term Commencement: _____.

Term: The Initial Term of this Property Lease ("Term") shall be the period from

_____, 2_____, through _____, 2_____.

All Exhibits attached hereto and referenced herein shall be deemed important herein by this reference.

The Memorandum of Property Lease in no way modifies or amends the provisions of the Lease.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Property Lease as of the date set forth above.

LESSOR

Stanislaus Regional Housing Authority, a California local government agency, corporate and politic

_____

By: Jim Kruse
Its: Executive Director

LESSEE

Great Valley Housing Development Corporation

_____

By:
Its:

[Notarize Signatures]