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City of Stockton
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AMENDED AND RESTATED REGULATORY AGREEMENT
AND DECLARATION OF RESTRICTIVE COVENANTS
(WINSLOW VILLAGE CDBG/HOME LOAN)

This Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants (the "Agreement") is made and entered into as of this _____ day of _____, 2016, by and between the City of Stockton, a charter city ("City"), and Winslow Village Partners, L.P., a California limited partnership ("Owner").

RECITALS

A. City and Service First of Northern California ("Service First") entered into a CDBG/HOME Loan Agreement (as defined below) dated as of August 24, 2004 (the "Loan Agreement"), pursuant to which City provided a loan of Nine Hundred Ninety-Two Thousand Dollars (\$992,000) (the "City Loan") to Service First for the predevelopment and development of thirty-nine units of affordable multi-family housing and one manager's unit (the "Development") on a leasehold interest on that certain property located at 5926 Village Green Drive, Stockton as more particularly described in Exhibit A attached hereto (the "Property"). Service First has assigned its interests in the City Loan to Owner, with the City's approval. Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Loan Agreement.

B. Pursuant to the Loan Agreement, the City and the Owner executed a Regulatory Agreement and Declaration of Restrictive Covenants (the "original Regulatory Agreement") dated as of August 24, 2004 and recorded against the Property in the Official Record of San Joaquin County on November 2, 2004 as Instrument Number 2004-248910. This Agreement restates in its entirety the Original Regulatory Agreement. The effective date of the Agreement is August 24, 2004.

C. The City Loan is funded with Community Development Block Grant funds and HOME Investment Partnerships Act funds received by City from HUD pursuant to the

Housing and Community Development Act of 1974, as amended, and the Cranston-Gonzales National Housing Act of 1990, respectively.

D. The City has adopted the Redevelopment Plan for the North Stockton Redevelopment Project Area (the "Redevelopment Project Area") by Ordinance No. 012-04 on July 13, 2004 (the "Redevelopment Plan"). The Development is to be located nearby the Project Area.

E. City has agreed to make the City Loan on the condition that the Development be maintained and operated in accordance with restrictions concerning affordability, operation, and maintenance of the Development, as specified in this Agreement and the Loan Agreement.

F. In consideration of receipt of the City Loan at an interest rate substantially below the market rate, Owner has further agreed to observe all the terms and conditions set forth below.

G. In order to ensure that the entire Development will be used and operated in accordance with these conditions and restrictions, City and Owner wish to enter into this Agreement.

NOW, THEREFORE, the City and the Owner amend and restate the Original Regulatory Agreement in its entirety as follows.

ARTICLE 1
DEFINITIONS

1.1 Definitions.

When used in this Agreement, the following terms shall have the respective meanings assigned to them in this Article 1.

(a) "Actual Household Size" shall mean the actual number of persons in the applicable household.

(b) "Adjusted Income" shall mean the total anticipated annual income of all persons in a household as calculated in accordance with 24 CFR 92.203(b)(1) (which incorporates 24 CFR 5.609).

(c) "Agreement" shall mean this Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants.

(d) "Assumed Household Size" shall mean the assumed household size under the HOME program for a one-bedroom, two-bedroom, or three-bedroom unit, as applicable.

(e) "CDBG" shall mean Community Development Block Grant program pursuant to Title I of the Housing and Community Development Act of 1974.

(f) "City" shall mean the City of Stockton, a charter city.

(g) "City Loan" shall mean all funds loaned by City pursuant to the Loan Agreement.

(h) "County" shall mean the County of San Joaquin, a political subdivision

of the State of California.

(i) "Deed of Trust" shall mean the deed of trust to City on the Property, which secures repayment of the City Loan and the performance of the Loan Agreement and this Agreement.

(j) "Development" shall mean the Property and the forty (40) residential units to be developed on the Property, as well as any additional improvements, and all landscaping, roads and parking spaces existing thereon, as the same may from time to time exist.

(k) "HOME" shall mean the HOME Investment Partnership Act Program pursuant to the Cranston-Gonzales National Housing Act of 1990, as amended.

(l) "HOME-Assisted Units" shall mean the thirty-nine (39) Units designated as assisted by the HOME funds portion of the City Loan.

(m) "HUD" shall mean the United States Department of Housing and Urban Development.

(n) "Loan Agreement" shall mean the CDBG/HOME Loan Agreement entered into by and between City and Service First dated August 24, 2004.

(o) "Median Income" shall mean the median gross yearly income, adjusted for Actual Household Size or Assumed Household Size as specified herein, in the County of San Joaquin, State of California, as published from time to time by HUD and the State of California. In the event that such income determinations are no longer published, or are not updated for a period of at least eighteen (18) months, City shall provide Owner with other income determinations which are reasonably similar with respect to methods of calculation to those previously published by HUD and the State.

(p) "Note" shall mean the promissory note from Service First to City evidencing all or any part of the City Loan.

(q) "Owner" shall mean Winslow Village Partners, L.P., a California limited partnership, and its successors and assigns to the Development.

(r) "Rent" shall mean the total of monthly payments by the Tenant of a Unit for the following: use and occupancy of the Unit and land and associated facilities, including parking; any separately charged fees or service charges assessed by Owner which are required of all Tenants, other than security deposits; an allowance for the cost of an adequate level of service for utilities paid by the Tenant, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuel, but not telephone service or cable TV; and any other interest, taxes, fees or charges for use of the land or associated facilities and assessed by a public or private entity other than Owner, and paid by the Tenant.

(s) "Sixty Percent Household" shall mean a household with an Adjusted Annual Income which does not exceed sixty percent (60%) of Median Income adjusted for Actual Household Size.

(t) "Sixty Percent Rent" shall mean the maximum allowable rent for a Sixty Percent Unit pursuant to Section 2.2(c) below.

(u) "Sixty Percent Units" shall mean the Units which, pursuant to Section 2.1(b) below, are permitted and required to be occupied by Sixty Percent Households.

(v) "Tenant" shall mean a household occupying a Unit.

(w) "Term" shall mean the term of this Agreement, which shall commence on the date of this Agreement and shall continue until the later of fifty-five (55) years after the date of the date of issuance of an occupancy permit for the Development; and the date sixty (60) years after the date of the Note.

(x) "Thirty Percent Household" shall mean a household with an Adjusted Income which does not exceed thirty percent (30%) of Median Income adjusted for Actual Household Size.

(y) "Thirty Percent Rent" shall mean the maximum allowable rent for a Thirty-Percent Unit pursuant to Section 2.2(a) below

(z) "Thirty Percent Units" shall mean the Units which, pursuant to Section 2.1(a) below, are required to be occupied by Thirty Percent Households.

(aa) "Unit" shall mean one of the forty (40) rental units to be developed in the Development.

(bb) "Very Low Income Household" shall mean a household with an Adjusted Income that does not exceed the qualifying limit for very low income families under the HOME program as defined in 24 CPR 92.2.

(cc) "Very Low Income Rent" shall mean the maximum allowable rent for a Very Low Income Unit pursuant to Section 2.2(b) below.

(dd) "Very Low Income Units" shall mean the Units which, pursuant to Sections 2.1(a) and 2.1(b) below, are permitted and required to be occupied by Very Low Income Households.

ARTICLE2
AFFORDABILITY AND OCCUPANCY COVENANTS

2.1 Occupancy Requirements.

The Owner shall continuously operate and maintain the Development as multifamily housing consistent with 24 C.F.R. 570.208(a)(3). The Owner shall also ensure that the Development complies with the following requirements from and after the date of completion of development.

(a) Thirty Percent Units. Thirty-one (31) of the Units shall be rented to and occupied by or, if vacant, available for occupancy by Thirty Percent Households.

(b) Very Low Income Units. Eight (8) of the Units shall be rented to and occupied by or, if vacant, available for occupancy by Very Low Income Households. If, despite Owner's good faith efforts to obtain additional rental subsidy, such rental subsidies are unavailable, then the minimum number of Very Low Income Units as necessary to maintain the economic feasibility of the Development may convert to Sixty Percent Units, as reasonably approved by the City in writing.

(c) Intermingling of Units. The various sizes of Units shall be occupied as follows subject to the conditions in subsections (a) and (b):

	<u>Thirty Percent</u>	<u>Very Low Income</u>	<u>Manager's Unit</u>	<u>Total</u>
One-Bedroom Unit	25	3	0	28
Two-Bedroom Unit	4	3	1	8
Three-Bedroom Unit	2	2	0	4
Total	31	8	1	40

2.2 Allowable Rent.

(a) Thirty Percent Rent. Subject to the provisions of Section 2.3 below, the Rent (including utility allowance) paid by Tenants of the Thirty Percent Units shall not exceed one-twelfth (1/12th) of thirty percent (30%) of thirty percent (30%) of Median Income, adjusted for Assumed Household Size.

(b) Very Low Income Rent. Subject to the provisions of Section 2.3 below, the Rent (including utility allowance) paid by Tenants of the Very Low Income Units shall not exceed the rent established by HUD for Very Low Income, adjusted for Assumed Household Size.

(c) Sixty Percent Rent. Subject to the provisions of Section 2.3 below, the Rent (including utility allowance) paid by Tenants of Sixty Percent Units shall not exceed one-twelfth (1/12th) of thirty percent (30%) of sixty percent (60%) of Median Income, adjusted for Assumed Household Size.

(d) Assumed Household Size. Subject to Section 2.3(d) below, in calculating the allowable Rent Units, the following assumed household sizes shall be utilized:

<u>Number of Bedrooms</u>	<u>Assumed Household Size</u>
One	2
Two	3
Three	4

(e) City Approval of Rents. Initial rents for Units shall be approved by City prior to occupancy. All rent increases shall also be subject to City approval. City shall provide Owner with a schedule of maximum permissible rents for the Units annually.

2.3 Increased Income of Tenants.

(a) Increase from Thirty Percent to Very Low Income Household. If, upon recertification of the income of a Tenant of an Unit, Owner determines that a former Thirty Percent has an Adjusted Income exceeding the maximum qualifying income for a Thirty Percent Household, but does not exceed the income limit for a Very Low Income Household, upon expiration of the Tenant's lease and upon sixty (60) days' written notice, Owner may increase the Rent to any amount not to exceed the Very Low Income Rent.

(b) Increase from Very Low Income to Sixty Percent Household. If the City has approved the conversion of some Units to Sixty Percent Units pursuant to Section 2.1(b), and if upon recertification of the income of a Tenant of a Unit, Owner determines that a former Very Low Income Household has an Adjusted Income exceeding the maximum qualifying income for a Very Low Income Household, but does not exceed the income limit for a Sixty Percent Household, upon expiration of the Tenant's lease and upon sixty (60) days written notice, Owner may increase the Rent to any amount not to exceed the Sixty Percent Rent.

(c) Non-Qualifying Household.

(1) If, upon recertification of the income of a Tenant of a Unit, Owner determines that a former Thirty Percent or Very Low Income Household has an Adjusted Income exceeding the maximum qualifying income for a Very Low Income Household, upon expiration of the Tenant's lease and upon sixty (60) days' written notice, the rent may be increased to one-twelfth (1/12th) of thirty percent (30%) of the actual Adjusted Income of the Tenant.

(2) If the City has approved the conversion of some of the Units to Sixty Percent Units pursuant to Section 2.1(b) and if, upon recertification of the income of a Tenant of a Unit, Owner determines that a former Thirty Percent, Very Low Income or Sixty Percent Household has an Adjusted Income exceeding the maximum qualifying income for a Sixty Percent Household, upon expiration of the Tenant's lease and upon sixty (60) day written notice, the rent may be increased to one-twelfth (1/12th) of thirty percent (30%) of the actual Adjusted Income of the Tenant.

(3) Owner shall rent the next available Unit to a Thirty Percent or Very Low Income Household, to meet the requirements of Section 2.1 above.

(d) Tax Credit Rules. If the Development is subject to federal low-income housing tax credit requirements, the provisions of those requirements regarding assumed household size and continued occupancy by households whose incomes exceed the eligible income limitations shall apply in place of the provisions set forth in Sections 2.2(d) and 2.3(a), (b) and (c) above.

(e) Termination of Occupancy. Upon termination of occupancy of a Unit by a Tenant, such Unit shall be deemed to be continuously occupied by a household of the same income level as the initial income level of the vacating Tenant, until such Unit is reoccupied, at which time the income character of the Unit shall be redetermined. In any event, Owner shall maintain the occupancy requirements set forth in Section 2.2 above. Rents for all Units may only be increased once every twelve (12)-month period.

2.4 Accessibility Requirements.

In compliance with Section 504 of the Development Act of 1973 (29 U.S.C. 794) and its implementing regulations (24 CFR 8), the common areas and parts of the Development affecting accessibility to the units shall be made readily accessible. In compliance with Section 504 of the Development Act of 1973 (29 U.S.C. 794) and its implementing regulations (24 CFR 8), the Units of the Development shall, "to the maximum extent feasible," be made readily accessible. Pursuant to 24 CFR 8.23(b), "to the maximum extent feasible" does not require the Owner to make a Unit accessible if doing so would impose undue financial and administrative burdens in the operation of the Development. The Development shall provide reasonable accommodations and reasonable modifications to Units, as requested by Tenants, to the extent that such accommodations or modifications do not impose an undue financial or administrative burden.

ARTICLE3
INCOME CERTIFICATION AND REPORTING

3.1 Income Certification.

Owner shall obtain, complete and maintain on file, prior to completion of development of the Development, and annually thereafter, income certifications from each Tenant renting any of the Units. Owner shall make a good faith effort to verify that the income provided by an applicant or occupying household in an income certification is accurate using the verification procedures outlined in the HUD guidelines for the HOME program, and as approved by the City. Copies of Tenant income certifications shall be available to the City upon request.

3.2 Annual Report to City.

Owner shall submit to City (a) not later than the forty-fifth (45th) day after the close of each calendar year, or such other date as may be requested by City, a statistical report, including household size, income and rent data for all Units, setting forth the information called for therein, and (b) within fifteen (15) days after receipt of a written request, any other information or completed forms requested by City in order to comply with reporting requirements of HUD, the State of California, or the City. This report can be the same form used for the California Tax Credit Allocation Committee.

3.3 Additional Information.

Owner shall provide any additional information reasonably requested by City. City shall have the right to examine and make copies of all books, records or other documents of Owner which pertain to the Development.

3.4 Records.

Owner shall maintain complete, accurate and current records pertaining to the Development, and shall permit any duly authorized representative of City and HUD to inspect records, including records pertaining to income and household size of Tenants. All Tenant lists, applications and waiting lists relating to the Development shall at all times be kept separate and identifiable from any other business of Owner and shall be maintained as required by City, in a reasonable condition for proper audit and subject to examination during business hours by representatives of City. Owner shall retain copies of all materials obtained or produced with respect to occupancy of the Units for a period of at least five (5) years with all HUD records and accounting requirements including but not limited to those set forth in 24 CFR Part 570.506.

3.5 On-site Inspection.

City shall have the right to perform an on-site inspection of the Development at least one time per year. Owner agrees to cooperate in such inspection.

ARTICLE 4
OPERATION OF THE DEVELOPMENT

4.1 Residential Use.

The Development shall be operated only for residential use. No part of the Development shall be operated as transient housing.

4.2 Compliance with Loan Agreement.

Owner shall comply with all the terms and provisions of the Loan Agreement.

4.3 Taxes and Assessments.

Owner shall pay all real and personal property taxes, assessments and charges and all franchise, income, employment, old age benefit, withholding, sales, and other taxes assessed against it, or payable by it, at such times and in such manner as to prevent any penalty from accruing, or any lien or charge from attaching to the Property; provided, however, that Owner shall have the right to contest in good faith, any such taxes, assessments, or charges. In the event Owner exercises its right to contest any tax, assessment, or charge against it, Owner, on final determination of the proceeding or contest, shall immediately pay or discharge any decision or judgment rendered against it, together with all costs, charges and interest.

4.4 Property Tax Exemption.

Developer shall not apply for a property tax exemption for the property under any provision of law except California Revenue and Taxation Section 214 (g), without the prior written consent of the City

4.5 Preference to Displacees.

Owner shall give a preference in the rental of any Units to eligible households displaced by activity of the Agency or the City.

ARTICLE 5
PROPERTY MANAGEMENT AND MAINTENANCE

5.1 Management Responsibilities.

The Owner is responsible for all management functions with respect to the Development, including without limitation the selection of tenants, certification and recertification of household size and income, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. City shall have no responsibility over management of the Development. The Owner shall retain a professional property management company approved by City in its reasonable discretion to perform its management duties hereunder. A resident manager shall also be required.

5.2 Management Agent: Periodic Reports.

The Development shall at all times be managed by an experienced management agent reasonably acceptable to City, with demonstrated ability to operate residential facilities like the Development in a manner that will provide decent, safe, and sanitary housing (as approved, the "Management Agent"). The Owner shall submit for City's approval the identity of any proposed Management Agent. The Owner shall also submit such additional information about the background, experience and financial condition of any proposed Management Agent as is reasonably necessary for City to determine whether the proposed Management Agent meets the standard for a qualified Management Agent set forth above. If the proposed Management Agent meets the standard for a qualified Management Agent set forth above, City shall approve the proposed Management Agent by notifying the Owner in writing. Unless the proposed Management Agent is disapproved by City within thirty (30) days, which disapproval shall state with reasonable specificity the basis for disapproval, it shall be deemed approved.

5.3 Performance Review.

City reserves the right to conduct an annual (or more frequently, if deemed necessary by City) review of the management practices and financial status of the Development. The purpose of each periodic review will be to enable City to determine if the Development is being operated and managed in accordance with the requirements and standards of this Agreement. The Owner shall cooperate with City in such reviews.

5.4 Replacement of Management Agent.

If, as a result of a periodic review, City determines in its reasonable judgment that the Development is not being operated and managed in accordance with any of the material requirements and standards of this Agreement, City shall deliver notice to the Owner of its objections to the performance or lack of performance by the Management Agent. Within fifteen (15) days after receipt by the Owner of such written notice, City staff and the Owner shall meet in good faith to consider methods for improving the financial and operating status of the Development, including, without limitation, replacement of the Management Agent. After such meeting, Owner and the Management Agent shall have ninety (90) days after such meeting to improve, cure or correct the Management Agent's performance.

If, after the ninety (90) day period the City's objections are not satisfactorily addressed, the City shall so inform the Owner in writing, and the Owner shall promptly (within fifteen (15) days after the receipt of the City notice) dismiss the then Management Agent, and shall appoint as the Management Agent a person or entity meeting the standards for a Management Agent set forth in Section 5.2 above and approved by the City pursuant to Section 5.2 above.

Any contract for the operation or management of the Development entered into by Owner shall provide that the contract can be terminated as set forth above. Failure to remove the Management Agent in accordance with the provisions of this Section shall constitute default

under this Agreement, and City may enforce this provision through legal proceedings as specified in Section 6.7 below.

5.5 Approval of Management Policies.

The Owner shall submit its written management policies with respect to the Development to City for its review, and shall amend such policies in any way necessary to ensure that such policies comply with the provisions of this Agreement.

5.6 Property Maintenance.

The Owner agrees, for the entire Term of this Agreement, to maintain all interior and exterior improvements, including landscaping, on the Property in good condition and repair (and, as to landscaping, in a healthy condition) and in accordance with all applicable laws, rules, ordinances, orders and regulations of all federal, state, City, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials, and in accordance with the following maintenance conditions:

The City places prime importance on quality maintenance to protect its investment and to ensure that all City-assisted affordable housing developments within the City are not allowed to deteriorate due to below-average maintenance. Normal wear and tear of the Development will be acceptable to the City assuming the Owner agrees to provide all necessary improvements to assure the Development is maintained in good condition. The Owner shall make all repairs and replacements necessary to keep the improvements in good condition and repair.

In the event that the Owner breaches any of the covenants contained in this section and such default continues for a period of five (5) days after written notice from the City with respect to graffiti, debris, waste material, and general maintenance or thirty (30) days after written notice from the City with respect to landscaping and building improvements, then the City, in addition to whatever other remedy it may have at law or in equity, shall have the right to enter upon the Property and perform or cause to be performed all such acts and work necessary to cure the default. Pursuant to such right of entry, the City shall be permitted (but is not required) to enter upon the Property and perform all acts and work necessary to protect, maintain, and preserve the improvements and landscaped areas on the Property, and to attach a lien on the Property, or to assess the Property, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by the City and/or costs of such cure, which amount shall be promptly paid by the Owner to the City upon demand.

ARTICLE 6 MISCELLANEOUS

6.1 Lease Provisions.

In leasing the Units, Owner shall use a form of Tenant lease approved by City. The lease shall not contain any provision which is prohibited by 24 CPR Section 92.253(b) and any

amendments thereto. The form of Tenant lease shall also comply with all requirements of this Agreement and the Loan Agreement, and shall, among other matters:

(a) provide for termination of the lease and consent by the Tenant to immediate eviction for failure: (1) to provide any information required under this Agreement or reasonably requested by Owner to establish or recertify the Tenant's qualification, or the qualification of the Tenant's household, for occupancy in the Development in accordance with the standards set forth in this Agreement, or (2) to qualify as a Thirty Percent, or Very Low Income, or Sixty Percent Household as a result of any material misrepresentation made by such Tenant with respect to the income computation or certification;

(b) be for an initial term of not less than one (1) year, except by mutual agreement of Owner and a Tenant, and provide for no increase in Rent during such year. After the initial year of tenancy, the lease may be month to month by mutual agreement of Owner and the Tenant, however Rent may not be raised more often than once a year. Owner will provide each Tenant with at least sixty (60) days' written notice of any increase in Rent applicable to such Tenant, and with such further notice as may be required by Section 2.3 above; and

(c) any termination of a lease or refusal by Owner to renew shall be in conformance with 24 CFR 92.253(c) and must be preceded by no less than sixty (60) days written notice to the tenant by Owner specifying the grounds for the action.

6.2 Nondiscrimination.

All of the Units shall be available for occupancy on a continuous basis to members of the general public who are income eligible. Owner shall not give preference to any particular class or group of persons in renting or selling the Units, except to the extent that the Units are required to be leased to Thirty Percent, and Very Low Income Households. There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, source of income (e.g., SSI), ancestry, familial status (except for lawful senior housing), or disability, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of any Unit nor shall Owner or any person claiming under or through Owner, 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 of any Unit or in connection with the employment of persons for the construction, operation and management of any Unit. Notwithstanding this Section 6.2, thirty (30) of the Units in the Development shall be reserved for developmentally-disabled persons.

6.3 Section 8 Certificate Holders.

The Owner will accept as Tenants, on the same basis as all other prospective Tenants, persons who are recipients of federal certificates for rent subsidies pursuant to the existing housing program under Section 8 of the United States Housing Act, or its successor. The Owner shall not apply selection criteria to Section 8 certificate or voucher holders that is more burdensome than criteria applied to all other prospective Tenants, nor shall the Owner apply or

permit the application of management policies or lease provisions with respect to the Development which have the effect of precluding occupancy of units by such prospective Tenants.

6.4 Term.

The provisions of this Agreement shall apply to the Property for the entire Term even if the entire City Loan is paid in full prior to the end of the Term. This Agreement shall bind any successor, heir or assign of the Owner, whether a change in interest occurs voluntarily or involuntarily, by operation of law or otherwise, except as expressly released by the City. The City makes the City Loan on the condition, and in consideration of, this provision, and would not do so otherwise.

6.5 Compliance with Loan Agreement and Program Requirements.

Owner's actions with respect to the Property shall at all times be in full conformity with: (i) all requirements of the Loan Agreement, Note and Deed of Trust; and (ii) all requirements imposed on projects assisted under the HOME Investment Partnership Program as contained in 42 U.S.C. 12701 et seq., 24 CFR Part 92, and other implementing rules and regulations.

6.6 Notice of Expiration of Term.

At least six (6) months prior to the expiration of the Term, Owner shall provide by first-class mail, postage prepaid, a notice to all Tenants of the Units containing (a) the anticipated date of the expiration of the Term, (b) any anticipated increase in Rent upon the expiration of the Term, (c) a statement that a copy of such notice will be sent to City, and (d) a statement that a public hearing may be held by City on the issue and that the Tenant will receive notice of the hearing at least fifteen (15) days in advance of any such hearing. Owner shall also file a copy of the above-described notice with the Director of the City's Redevelopment and Housing Department.

6.7 Covenants to Run With the Land.

City and Owner hereby declare their express intent that the covenants and restrictions set forth in this Agreement shall run with the land, and shall bind all successors in title to the Property, provided, however, that on the expiration of the Term of this Agreement said covenants and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof, shall be held conclusively to have been executed, delivered and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument, unless City expressly releases such conveyed portion of the Property from the requirements of this Agreement.

6.8 Enforcement by City.

If Owner fails to perform any obligation under this Agreement, and fails to cure the default within thirty (30) days after City has notified Owner in writing of the default or, if the default cannot be cured within thirty (30) days, fails to commence to cure within thirty (30) days and

thereafter diligently pursue such cure and complete such cure within ninety (90) days, City shall have the right to enforce this Agreement by any or all of the following actions, or any other remedy provided by law:

(a) Calling the City Loan. City may declare a default under the Note, accelerate the indebtedness evidenced by the Note, and proceed with foreclosure under the Deed of Trust.

(b) Action to Compel Performance or for Damages. City may bring an action at law or in equity to compel Owner's performance of its obligations under this Agreement, and/or for damages.

(c) Remedies Provided Under Loan Agreement, Note and Deed of Trust. City may exercise any other remedy provided under the Loan Agreement, Note and Deed of Trust.

(d) Breach of Covenants. Failure by Owner to duly perform, comply with, or observe any of the conditions, terms, or covenants of any of the Loan Agreement, Note and Deed of Trust, and such failure having continued uncured for thirty (30) days after receipt of written notice thereof from the City to the Owner and to any limited partner of Owner who has requested written notice from the City of such failure ("Permitted Limited Partner") or, if the breach cannot be cured within thirty (30) days, the Owner shall not be in breach so long as Owner is diligently undertaking to cure such breach and such breach is cured within ninety (90) days; provided, however, that if a different period or notice requirement is specified under any other section of this Article 6, the specific provisions shall control. The Permitted Limited Partner shall have thirty (30) additional days to cure a breach beyond the cure periods for the Owner described in this subsection. If a Permitted Limited Partner cannot cure a Default because the Owner's general partner is in bankruptcy and/or because the cure requires removal of the general partner of the Owner and the Permitted Limited Partner is proceeding diligently to remove the general partner of the Owner in order to effect a cure of the Default, the cure period shall be extended for such reasonable time as is necessary for the Permitted Limited Partner to effect a cure of the Default, but in no event longer than one hundred eighty (180) days after the date of receipt by the Permitted Limited Partner of written notice of Default.

6.9 Attorneys' Fees and Costs.

In any action brought to enforce this Agreement, the prevailing party shall be entitled to all costs and expenses of suit, including attorneys' fees. This section shall be interpreted in accordance with California Civil Code Section 1717 and judicial decisions interpreting that statute.

6.10 Recording and Filing.

City and Owner shall cause this Agreement, and all amendments and supplements to it, to be recorded in the Official Records of the County of San Joaquin.

6.11 Governing Law.

This Agreement shall be governed by the laws of the State of California.

6.12 Waiver of Requirements.

Any of the requirements of this Agreement may be expressly waived by City in writing, but no waiver by City of any requirement of this Agreement shall, or shall be deemed to, extend to or affect any other provision of this Agreement.

6.13 Amendments.

This Agreement may be amended only by a written instrument executed by all the parties hereto or their successors in title, and duly recorded in the real property records of County of San Joaquin.

6.14 Notices.

Any notice requirement set forth herein shall be deemed to be satisfied three (3) days after mailing of the notice first-class United States certified mail, postage prepaid, addressed to the appropriate party as follows:

Owner: Winslow Village Partners, L.P.
c/o Service First of Northern California
7602 Murray Drive, Suite 100
Stockton, CA 95210
Attention: President

City: City of Stockton
425 No. El Dorado Street
Stockton, CA 95202
. Attention: City Manager

Such addresses may be changed by notice to the other party given in the same manner as provided above.

6.15 Severability.

If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions of this Agreement shall not in any way be affected or impaired thereby.

6.16 Multiple Originals; Counterparts.

This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

IN WITNESS WHEREOF, City and Owner have executed this Agreement by duly authorized representatives, all on the date first written above.

OWNER

APPROVED AS TO FORM:

WINSLOW VILLAGE PARTNERS, L.P., a California limited partnership

BY: _____
Counsel for Owner

By: Service First of Northern California, a California nonprofit public benefit corporation, its managing partner

By: _____
Its: _____

By: Vernell Hill, Jr., its developer general partner

By: _____

CITY

APPROVED AS TO FORM:

CITY OF STOCKTON, a charter city

John M. Luebberke
City Attorney

By: _____
Kurt O. Wilson, City Manager

By: _____

ATTEST:

BONNIE PAIGE

By: _____
City Clerk

EXHIBIT A

All that certain real property situate in the City of Stockton, County of San Joaquin, State of California, described as follows:

Lot 196, as shown on that certain Map entitled, **Tract No. 2079, The Villages, Unit No. 14**, filed for

record June 24, 1987, in Book 28 of Maps and Plats, Page 33, San Joaquin County Records.

Except therefrom, an undivided $\frac{1}{2}$ interest in and to all minerals, oil, gas and other hydrocarbon substances below a depth of 500 feet without the right of surface entry as reserved in that certain Deed from George A. Sperry and Betty M. Ballew, as Executors of the will of Carrie Evelyn Sperry, deceased, recorded November 6, 1985 I Book of Official Records, Vol. 4047, page 353, San Joaquin County Records.

APN: 096-100-18 & 19

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of San Joaquin)

On _____ before me, _____, personally appeared _____, who proved to me on the basis of satisfactory evidence to be 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____
Signature of Notary

Place Notary Seal Above

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of San Joaquin)

On _____ before me, _____, personally appeared _____, who proved to me on the basis of satisfactory evidence to be 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.

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WITNESS my hand and official seal.

Signature _____
Signature of Notary

Place Notary Seal Above