DATE: November 16, 2010

TO: The Mayor and City Council

FROM: Sean P. Quinn, City Manager
Eve Somjen, Director of Community Resources
Lark Ferrell, Sr. Project Manager

SUBJECT: Redevelopment Agency Resolution Authorizing the Execution of the Second Amendment to the Owner Participation and Loan Agreement by and between the Agency and ANF Family Partners II, LP Related to the Acquisition and Rehabilitation of Properties in the South PACE Neighborhood

RECOMMENDED ACTION
Adopt resolution.

STATEMENT OF ISSUE
The attached resolution authorizes the Agency to enter into the Second Amendment to the Owner Participation and Loan Agreement for the acquisition and rehabilitation of 93 apartments in the South PACE neighborhood. This Amendment increases the amount of the Agency’s deferred loan by $284,000 to a total of $9,357,694 in exchange for deeper affordability of 10 units. It also reduces the interest rate on the loan from 3% to 0%.

DISCUSSION
In September 2008, the Agency entered into an Owner Participation and Loan Agreement with non-profit housing developer National Community Renaissance of California (National CORE) in the amount of $9,073,694 for the acquisition and rehabilitation of 93 apartments in the South PACE neighborhood. The OPLA was subsequently assigned to ANF Family Partners, a limited partnership created and controlled by National CORE. In October 2008, the Agency approved the First Amendment to the OPLA which reallocated loan funds between the acquisition and rehabilitation phases of the project.
DATE: November 16, 2010  
SUBJECT: Agency Resolution Authorizing the Execution of the Second Amendment to the Owner Participation and Loan Agreement by and between the Agency and ANF Family Partners II, LP Related to the Acquisition and Rehabilitation of Properties in the South PACE Neighborhood

National CORE has been diligently working to secure the additional funding required to undertake the rehabilitation component of the project. In September 2010, due to tax exempt bond requirements, the OPLA was assigned to ANF Family Partners II, a limited partnership also created by National CORE.

The project’s tax credit investor is requiring the interest rate on the Agency’s deferred loan be reduced from 3% to 0% in order for the project to produce the minimum return required by the investor. Without this modification, the project cannot proceed because it would lose its investor.

Additionally, in order to comply with State redevelopment requirements, the Agency proposes to deepen the affordability level for 10 units. The income limits would be decreased from 60% of median income to 50% of median income. This change was incorporated in the recently adopted Redevelopment Agency Five Year Housing Implementation Plan. Because this change results in lower rents, it requires an increase of $284,000 in the Agency’s loan. This would bring the total Agency loan to $9,357,694. The additional funding is provided from the Agency’s Quality Neighborhoods Program fund and will increase the Agency’s loan to the project. With this change, the project will produce a total of 21 very-low income inclusionary housing units and 71 low-income units.

**FINANCIAL IMPACT**
This resolution authorizes the Second Amendment to the OPLA which reduces the interest rate on the Agency’s deferred loan from 3% to 0%. It also increases the affordability level of 10 units. This results in an increase to the Agency’s loan of $284,000. This additional loan would be funded by, and is included in the budget for, the Agency’s Quality Neighborhoods Program.

**PUBLIC CONTACT/ADVISORY BODY RECOMMENDATION**
N/A

**ALTERNATIVE ACTION**
The Agency Board could elect not to approve the Amendment as written. However, if the interest rate is not decreased to 0%, the project would lose its tax credit investor. Additionally, if the additional loan funds are not provided in exchange for deeper affordability for 10 of the units, this would cause the Agency considerable difficulty in meeting income targeting requirements set by State redevelopment law.
DATE: November 16, 2010
SUBJECT: Agency Resolution Authorizing the Execution of the Second Amendment to the Owner Participation and Loan Agreement by and between the Agency and ANF Family Partners II, LP Related to the Acquisition and Rehabilitation of Properties in the South PACE Neighborhood

DOCUMENTS ATTACHED
Attachment 1: Resolution
Attachment 2: Second Amendment to Owner Participation and Loan Agreement

STAFF CONTACT
Lark Ferrell, Sr. Project Manager
(707) 428-7457
lferrell@fairfield.ca.gov

Coordinated with: Agency's legal counsel
FAIRFIELD REDEVELOPMENT AGENCY

RESOLUTION NO. RA2010 - 20

A RESOLUTION OF THE REDEVELOPMENT AGENCY AUTHORIZING THE EXECUTION OF THE SECOND AMENDMENT TO THE OWNER PARTICIPATION AND LOAN AGREEMENT BY AND BETWEEN THE AGENCY AND ANF FAMILY PARTNERS II, LP RELATED TO THE ACQUISITION AND REHABILITATION OF PROPERTIES IN THE SOUTH PACE NEIGHBORHOOD

WHEREAS, the Five Year Implementation for the Agency’s Regional Center Project Area identified crime rates as contributing to blight conditions; and

WHEREAS, the Plan further identifies improving affordable housing in the community as a strategy to eliminate blight; and

WHEREAS, the execution of the Second Amendment to the Owner Participation and Loan Agreement is exempt from the requirements of the California Environmental Quality Act pursuant to CEQA guidelines, Section 15301; and

WHEREAS, rehabilitation of existing multi-family housing in the South PACE area in order to increase the supply of decent, affordable, safe housing targeted to low and moderate-income households was identified in the Fourth Amendment to the Regional Center Redevelopment Plan adopted in Ordinance 2005-05 (the “Amendment”) which added the PACE area to the Regional Center Redevelopment Project; and

WHEREAS, Agency and National Community Renaissance of California entered into an Owner Participation and Loan Agreement (the “OPLA”) in the amount of $9,073,649 on September 29, 2008, for the acquisition and rehabilitation of apartment buildings in the South PACE neighborhood (the “Project”); and

WHEREAS, National Community Renaissance of California assigned its interest in the OPLA to ANF Family Partners, a California limited partnership, on September 30, 2008, in accordance with the OPLA; and

WHEREAS, ANF Family Partners assigned its interest in the OPLA to ANF Family Partners LP II (the “Developer”) on September 15, 2010 in order to comply with tax exempt bond financing requirements; and

WHEREAS, the Agency and the Developer now desire to amend the OPLA to increase the amount of the Agency’s loan by $284,000 and lower the interest rate on the Agency’s loan to 0% in order to increase the affordability of the Project.
NOW, THEREFORE, THE REDEVELOPMENT AGENCY OF THE CITY OF FAIRFIELD HEREBY RESOLVES:

Section 1. The Agency hereby finds and determines that the Second Amendment to the Owner Participation and Loan Agreement and the expenditure of $284,000 in the form of an increase to the Agency's deferred loan is necessary to effectuate the purpose of the Regional Center Project Area Five Year Implementation Plan and the Regional Center Plan Amendment and will help eliminate blight.

Section 2. The Agency hereby approves and authorizes the execution of the Second Amendment to the Owner Participation and Loan Agreement in substantially the form and content presented, with minor technical changes as the Agency's Legal Counsel shall approve.

Section 3. The Executive Director is authorized to implement this resolution.

PASSED AND ADOPTED this 16th day of November, 2010, by the following vote:

AYES: MEMBERS: __________________________________________________________

NOES: MEMBERS: __________________________________________________________

ABSENT: MEMBERS: _______________________________________________________

ABSTAIN: MEMBERS: _______________________________________________________

__________________________
CHAIRPERSON

ATTEST:

__________________________
SECRETARY
SECOND AMENDMENT TO OWNER PARTICIPATION AND LOAN AGREEMENT

THIS SECOND AMENDMENT TO OWNER PARTICIPATION AND LOAN AGREEMENT (this "Amendment"), dated as of ________________, 201__ is entered into by and between the REDEVELOPMENT AGENCY OF THE CITY OF FAIRFIELD, a public body, corporate and politic (the "Agency") and ANF FAMILY PARTNERS II, L.P., a California limited partnership ("Owner") and is executed with reference to the following circumstances:

RECITALS

A. Agency and National Community Renaissance of California, a California nonprofit public benefit corporation ("National CORE") entered into an Owner Participation and Loan Agreement dated as of September 29, 2008, as amended by the First Amendment to Owner Participation and Loan Agreement dated as of October 28, 2008 (together, the "OPLA") regarding the acquisition and rehabilitation of ninety-three (93) residential units. National CORE assigned its interest in the OPLA to ANF Family Partners, LP, a California limited partnership ("ANF I") on October 28, 2008 with Agency’s consent in accordance with Section 1.6.4 of the OPLA. ANF I then assigned its interest in the OPLA to Owner on September 15, 2010, also with Agency’s consent in accordance with Section 1.6.4 of the OPLA. All capitalized terms used herein and not defined when first used shall have the definitions set forth in the OPLA.

B. In order to comply with certain requirements of tax credit investors and obtain additional financing for the Project, the parties have agreed to amend the OPLA to reduce the interest rate on the Note to zero percent (0%) and make certain other modifications, all as provided more particularly below.

AGREEMENT

NOW, THEREFORE, in consideration of the above Recitals and of the mutual covenants contained in the OPLA and this Amendment the parties hereto agree as follows:

1. The parties agree that the Recitals above are true and correct and are hereby incorporated in this Amendment.

2. The amount of "$2,298,144" set forth as the "Rehabilitation Component" in Sections 1.1(b), 1.2 and 2.6 of the OPLA, as previously amended, is hereby deleted and replaced with the amount of "$2,582,144" in each of these aforementioned Sections.

3. Subsection 1.6.4 (iv) of the OPLA is hereby deleted in its entirety and replaced by the following:

   "(iv) a transfer of the general partner’s interest in the limited partnership to a Controlled Affiliate or a limited partner of Owner".
4. The amount of "$9,073,694" set forth as the maximum amount of the "Agency Loan" in Sections 1.1(b), 2.2.1.2, 2.3, Attachment No. 5-B and Attachment No. 12 of the OPLA is hereby deleted and replaced with the amount of "$9,357,694" in each of those aforementioned Sections and instruments wherever the reference to "Agency Loan" appears.

5. Section 2.6.1 of the OPLA is hereby deleted in its entirety and replaced by the following:

"2.6.1 Terms of Agency Loan. The Agency Loan (as documented on the Closing Date) shall be for a term of fifty five (55) years (the "Loan Term") commencing on the date that the Agency issues its Certificate of Completion for the Rehabilitation pursuant to Section 3.12 below ("Completion Date"). Except in the case of default, the amount due under the Permanent Note shall not accrue interest until the Completion Date. Commencing on the Completion Date, the amount due under the Permanent Note shall bear simple interest at a rate of zero percent (0%) per annum, with repayment as described more particularly in Section 2.6.2 and in the Permanent Note. The Agreement Containing Covenants shall be recorded on the Property immediately prior to the Completion Date."

6. Section 5.1.5 of the OPLA is hereby deleted in its entirety and replaced by the following:

"5.1.5 Execute the Agreement Containing Covenants in recordable form, which the Agency is authorized to record against the Property in accordance with Section 2.6.1."

7. A new Section 6.5 is hereby added to the OPLA as follows:

"6.5 Copies of notices to Owner shall be sent to Owner’s limited partner at Boston Capital Partners, One Boston Place, 21st Floor, Boston, MA 02108, Attn: South PACE Asset Management. Cures of Defaults of Owner hereunder offered by limited partner of Owner shall be accepted by Agency as if offered by Owner itself."

8. Attachment No. 5-B, Form of Permanent Note, is hereby deleted in its entirety and replaced by the revised Attachment No. 5-B attached hereto.

9. Paragraph 3 of the Acquisition Note executed by Owner on September 28, 2008 is hereby deleted and replaced by the following:

"3. Amounts due hereunder shall accrue no interest."

10. Paragraph 4(a) of the Agreement Containing Covenants Affecting Real Property [Including Rental Restrictions] attached as Attachment No. 7 to the OPLA is hereby deleted in its entirety and replaced by the following:

"a. Units Restricted to Persons or Families of Very Low Income. Twenty-one (21) Units shall be rented exclusively to persons or families having incomes less than or equal to fifty percent (50%) of Median Income, adjusted for family size, and only for use by such persons or families as their principal residence. These twenty-one (21)
Units shall mean the Very Low Income Units. (The Very Low Income Units include ten (10) units assisted by the Mental Health Services Fund administered pursuant to the provisions of California Welfare & Institutions Code §5890 et seq. for the first twenty (20) years of the term hereof.) The remaining seventy-one (71) Units shall be rented exclusively to persons or families having incomes less than or equal to eighty percent (80%) of Median Income, adjusted for family size, pursuant to the provisions of subsection 4(b) below.

A revised version of Agreement Containing Covenants Affecting Real Property [Including Rental Restrictions] is attached hereto as Revised Attachment No. 7.

11. Owner shall cause National Community Renaissance of California to provide a guaranty of repayment of the Agency Loan and the HOME Loan during the course of the Rehabilitation required hereunder, in a form mutually agreed upon by Owner and Agency.

12. Except as specifically modified by this Amendment, all terms, covenants, and conditions of the OPLA remain unchanged and are hereby restated and incorporated herein by reference.

13. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same instrument. For purposes of this Amendment, facsimile signatures shall be deemed to be original signatures, and shall be followed by the immediate overnight delivery of original signature pages.

[Signatures appear on next page.]
IN WITNESS WHEREOF, the parties hereto have entered into this Amendment as of the day and year first above written.

"Owner":

ANF FAMILY PARTNERS II, L.P., a California limited partnership

By its general partner:

South PACE GP, LLC, a California limited liability company

By its Manager/Member

National Community Renaissance of Northern California

By: ____________________________

Richard J. Whittingham, CFO

“Agency”:

REDEVELOPMENT AGENCY OF THE CITY OF FAIRFIELD, a public body, corporate and politic

By: ____________________________

Title: ____________________________

ATTEST:

By: ____________________________

Secretary

APPROVED AS TO FORM:

By: ____________________________

Agency Attorney
ATTACHMENT NO. 5-B

Revised Form of Permanent Note

RESIDUAL RECEIPTS PROMISSORY NOTE
SECURED BY DEED OF TRUST

$9,357,694  
Fairfield, California

FOR VALUE RECEIVED, the undersigned Borrower promises to pay to the order of THE REDEVELOPMENT AGENCY OF THE CITY OF FAIRFIELD, a public body, corporate and politic (the “Agency”), at 1000 Webster Street, Fairfield, California, or at such place as the Agency may from time to time designate, the sum of Nine Million Three Hundred Fifty-seven Thousand Six Hundred Ninety-four Dollars ($9, 357,694) with interest as provided below, both principal and interest payable in accordance with the provisions herein and the applicable terms of that certain Owner Participation and Loan Agreement dated as of September 29, 2008 as amended by that certain First Amendment to Owner Participation and Loan Agreement dated as of October 28, 2008 (together, the “OPLA”) by and between the Agency and the undersigned, for the purpose of acquiring and rehabilitating a housing project located on those properties described in the OPLA. Repayment of this Note shall be secured by the Permanent Deed of Trust as required by Section 2.6.1 of the OPLA.

1. The term of this Note is fifty-five (55) years commencing on the date the Agency executes and delivers its Certificate of Completion for the Property pursuant to Section 3.12 of the OPLA. Unless due and payable earlier in accordance with the provisions hereof, the unpaid principal balance hereof, together with all accrued and unpaid interest, shall be due and payable in full without further demand or notice at the end of the term hereof.

2. Simple interest accrues on the unpaid principal balance hereof at the rate of zero percent (0%) interest per annum. The principal balance of this Note shall not bear interest until the earlier to occur of (i) default hereunder or (ii) execution and delivery by the Agency to the undersigned of a Certificate of Completion. Annual payments of principal and accrued interest shall not commence until the operation of the Property as the Affordable Housing Development has generated “Residual Receipts,” as defined herein. Annual payments of principal hereunder shall be made from Agency’s "Share of Residual Receipts," as provided in Section 4 below. Such payment to Agency shall be made on April 15th of each year commencing on April 15th of the first calendar year following the year in which the operation of the Property has generated Residual Receipts. On or before each such Payment Date, the Borrower shall submit its Annual Financial Statement to Agency for the preceding calendar year together with Borrower’s payment of the Agency's Share of Residual Receipts, if any.

3. The terms used herein shall have the following meanings and context:
(a) "Agency's Share" shall mean the share of the Residual Receipts from
operation of the Property to which Agency is entitled pursuant to the provisions of Section 4
hereof.

(b) "Annual Financial Statement" means the balance sheet and annual
statement submitted by the Borrower to the Agency detailing Revenues, Operating Expenses and
Residual Receipts for the purposes of determining the total Residual Receipts payment required
hereunder.

(c) "Operating Expenses" shall include the following expenses incurred
during the preceding calendar year in the operation of the Property:

(i) the cost of utilities supplied to and used for the Property not paid
by the tenants thereof, including trash removal, electricity, water, sewer and gas;

(ii) the cost of all insurance required for the Property to satisfy the
requirements of any lender whose loan is secured by a deed of trust encumbering the Property or
requirements imposed in any ancillary documents including, but not limited to, regulatory
agreements and covenants, conditions and restrictions concerning the operation of the Property
and encumbering the interest of the Borrower therein;

(iii) ad valorem tax and assessment payments;

(iv) maintenance and repair expenses and services, including material
and labor, and also including charges for public services such as license and permit fees, goods,
commodities, materials and equipment; including all contract repairs and services and
maintenance and repair of all furniture, furnishings and fixtures (to the extent that such repairs
and/or maintenance expenses are paid out of reserves maintained by any lender on the Property,
such expenses shall not be deemed "Operating Expenses"); painting, cleaning, pest control,
gardening, rubbish removal, graffiti removal, advertising, marketing and promotion, leasing
commissions, accounting, audit and legal expense attributable to the Property, office expenses
incurred in operation of the Property, the allocable share of expenses of the Property for
maintenance of roads and use of shared facilities, if any, and repair and maintenance of elevators
and parking structures, if any;

(v) salaries, wages, rent payments or allocation, and other
compensation due and payable to the employees or agents of the Borrower employed on-site in
connection with the maintenance, administration or operation of the Property, along with all
withholding taxes, insurance premiums, social security payments and other payroll taxes or
payments required in connection with such employees;

(vi) management fees, expenses and costs which shall total initially
Forty Dollars ($40) per unit per month (the "Management Fee"), payable to National Community
Renaissance of California ("National CORE"), which is an affiliate of the Borrower, which
Management Fee may be increased annually by three percent (3%);
(vii) the fee payable to National CORE or its affiliated entity, Hope Through Housing, for the cost of social support services and programs offered to and made available to the tenants of the Property, initially totaling Twenty Dollars ($20) per unit per month, which fee may be increased annually by three percent (3%);

(viii) deposits and payments into accounts maintained for operating reserves and/or replacement reserves required in satisfaction of the requirements therefore imposed by any lender on the Project;

(ix) costs of security services supplied to the Property, if any;

(x) a partnership management fee and asset management fee in the initial amount not to exceed a total of Fifteen Thousand Dollars ($15,500) per year, increased annually by three percent (3%), to be paid to the tax-credit special limited partner or the tax-credit general partner, as may be provided in the agreement of limited partnership for the Project partnership, and to the general partner of Borrower;

(xi) bond monitoring fees, issuer’s fees, trustee’s fees and other fees and costs payable in connection with tax-exempt bonds issued as a part of the financing for the Property, if any;

(xii) all other fees and expenses which may be authorized in the Annual Budget for the Property approved by the Agency and/or senior lenders.

(d) “Payment Date” shall mean April 15th commencing the first April 15th following the calendar year in which the Property produced Residual Receipts and annually thereafter until this Note is paid in full.

(e) “Residual Receipts” shall mean, for the calendar year in question, Revenues less Operating Expenses and less (aa) regularly scheduled noncontingent payments of interest, principal, impounds, fees and charges, if any, required on loans secured by deeds of trust senior to the Permanent Deed of Trust, (bb) payments of any deferred developer fee paid to National CORE, together with interest at the applicable federal rate thereon if the tax credit investor requires the payment of interest thereon, until such deferred developer fees have been paid in full.

Operating Expenses shall not include (A) repairs or replacements paid out of insurance proceeds received by the Borrower, or (B) depreciation of buildings or other similar non-cash items of expense. Operating Expenses shall be determined on a cash basis.

(f) “Revenues” shall mean all income derived from the Property, including, but not limited to, rent from the apartment units, laundry operations and parking fees, if any. Interest earned on required project reserves shall not be deemed Revenue.
4. Agency's Share of Residual Receipts shall be an allocable portion of fifty percent (50%) of the Residual Receipts produced from operation of the Property. Borrower will use its best efforts to cause the State of California or any agency thereof for its HOME Loan and the Agency, for its loan, to share pro rata (based upon the respective principal balances of their respective loans) in fifty percent (50%) of the Residual Receipts produced from the operation of the Property.

5. Borrower will promptly pay all taxes, levies and assessments on the Property for the term of this Note.

6. If Agency has not received a payment required herein by the end of fifteen (15) calendar days after the payment is due, Agency may collect a late charge in the amount of four percent (4%) of the overdue amount of each such payment.

7. Borrower agrees that the Property shall be kept insured against loss by fire and/or other hazards in a sum of not less than the amount of all indebtedness on the Property. As may be provided further in the Permanent Deed of Trust, the Agency and the City of Fairfield shall be named in the loss payable clause of the policy and shall be provided with a current copy of the policy during the term of this loan.

8. Except as may be defined as a permitted transfer (that is, one for which the Agency is not required to give its consent) in the OPLA, should Borrower agree to or actually sell, convey, transfer or dispose of the real property described in the Permanent Deed of Trust or any part of it, or any interest in it or should a transfer of the Property occur by operation of law, the entire remaining principal balance hereof may become immediately due and payable as determined in writing by the Agency. Notwithstanding the generality of the foregoing, however, certain transfers permitted under the OPLA and the withdrawal, removal and/or replacement of the general partner of the Borrower shall not constitute a default hereunder or under the OPLA and any such action shall not accelerate the maturity of this Note, providing that any transfer is either a permitted transfer as defined in the OPLA or that any required substitute general partner is reasonably acceptable to the Agency and is selected with reasonable promptness and that any substitute general partner agrees to be bound by any and all instruments in favor of the Agency.

9. No deficiency judgment amount may be recovered from the Borrower under the provisions of this Note, except as may be provided herein. The personal liability of the Borrower or any partner of the Borrower to pay the principal of and interest on the debt evidenced by this Note shall be limited to the following: (i) the real property which is encumbered by the Permanent Deed of Trust, and (ii) any personal property pledged under the said Permanent Deed of Trust. Agency shall not seek (a) any judgment for a deficiency against Borrower or any partner of Borrower, or of Borrower's or any of Borrower's partners, members, managers, officers, directors, legal representatives, successors and assigns, in any action to enforce any right or remedy under the Permanent Deed of Trust securing this Note or under the OPLA, or (b) any judgment on this Note, except as may be necessary in any action brought under the Permanent Deed of Trust or under the OPLA to enforce the lien against the Property or to exercise any remedies against the Property established in the OPLA. Notwithstanding the generality of the foregoing, Borrower and any general partner of Borrower shall be personally
liable in the amount of any loss, damage or costs (including, but not limited to, attorneys' fees) incurred by the holder hereof resulting from one or more of the following: (aa) fraud or intentional misrepresentation by Borrower in connection with obtaining the loan evidenced by this Note or under the OPLA, (bb) intentional bad faith waste of the Property encumbered by the Permanent Deed of Trust, and (cc) losses resulting from the Borrower's failure to maintain insurance as required under the provisions of the Permanent Deed of Trust securing this Note and under the OPLA. Borrower's obligation to indemnify the Agency as aforesaid shall be a personal, recourse obligation of the Borrower and its general partner, and in the event of any breach of such obligation, the Agency shall have the right to proceed directly against the Borrower and its general partner to recover any and all such loss, damage or cost resulting from such breach. Agency agrees to accept any cure of any default under the terms of the Note or any other loan document evidencing this loan offered by the limited partner of Borrower and treat such cure as if offered by the Borrower itself.

10. Borrower agrees to comply with all laws, regulations, covenants, conditions and restrictions affecting the Property.

11. Agency disclaims all warranty liability that any work undertaken by any contractor at any time on the Property will properly correct housing code violations or minimum standards of fitness or merchantability, express or implied, of the Property.

12. If any provision of this Note is found to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue with full force and effect without being impaired or invalidated in any way.

13. No waiver by either party of any of the herein terms and conditions shall constitute a continuing waiver of such terms or conditions.

14. The provisions of this Note supersedes any and all other agreements, either oral or in writing, between the parties with respect to the subject matter hereof, and no other agreement, statement or promise relating to the subject matter of this Note which is not contained herein or in the Permanent Deed of Trust executed herewith, shall be valid or binding on either of the parties.

15. Borrower agrees that the improved property shall not be converted to for-sale condominium units during the term of the Note and/or OPLA.

16. If any action at law or in equity is brought to enforce or interpret the provisions of this Note, the prevailing party will be entitled to reasonable attorneys' fees in addition to any other relief to which it may be entitled.

[Signature on next page.]
TO WITNESS the representations and obligations contained in this Note, the undersigned has executed this Note as of the date and year first-above written.

ANF FAMILY PARTNERS II, L.P.
a California limited partnership

By its general partner:

SOUTH PACE GP, LLC,
a California limited liability company

By its Manager/Member:

National Community Renaissance of Northern California

By: ____________________________
    Richard J. Whittingham, CFO
ATTACHMENT NO. 7
Revised Form of Agreement Containing Covenants

RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO:

Redevelopment Agency of the City of Fairfield
1000 Webster Street
Fairfield, California 94533
Attention: Executive Director

AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY [INCLUDING RENTAL RESTRICTIONS]

THIS AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY (this “Restrictive Covenant”) is made as of this ___ day of ____________, 20___, by and between ANF FAMILY PARTNERS II, L.P., a California limited partnership (“Owner”), in favor of the REDEVELOPMENT AGENCY OF THE CITY OF FAIRFIELD, a public body, corporate and politic (the “Agency”).

RECITALS

A. As of the date of recordation hereof, Owner is the record owner of that certain real property (the “Property”) located in the City of Fairfield, County of Solano, State of California, more particularly and legally described on Exhibit “A,” attached hereto and incorporated herein by reference.

B. The Agency and Owner’s predecessor-in-interest are parties to that certain Owner Participation and Loan Agreement dated as of September 29, 2008 (the “OPLA”). The OPLA was assigned to Owner on September 15, 2010, with the consent of Agency. Pursuant to the OPLA, Owner agreed to purchase and rehabilitate the residential dwelling units on the Property, and the Agency agreed to lend to Owner certain funds (the “Agency Loan”) as recited therein for the purpose of improving existing housing in the City of Fairfield that will be affordable to families of Very Low and Low Income.

C. The source of the Agency Loan is the Agency’s Low and Moderate Income Housing Program established pursuant to Section 33334.2 of the California Health and Safety Code (the “Agency Program”).
D. The OPLA is a public document on file in the office of the Secretary of the Agency and is incorporated herein by this reference. Any capitalized term that is not otherwise defined in this Restrictive Covenant shall have the meaning ascribed to such term in the OPLA. The OPLA provides, among other things, for the use of Agency Program funds to pay for the Acquisition and Rehabilitation of the Property, for Owner to complete the Rehabilitation of the Property and for its use as affordable housing in accordance with the provisions below.

NOW, THEREFORE, the parties agree as follows:

1. Term of Agreement.

   The Term of this Restrictive Covenant shall commence upon recordation hereof, and shall continue until the date that is fifty five (55) years thereafter (the “Term”). Except for the covenants contained in Section 6 herein, which shall remain in effect in perpetuity, the covenants contained in this Restrictive Covenant shall remain in full force and effect until the expiration of the Term and any extension thereof.

2. Definitions. The following capitalized terms shall have the following meanings in this Restrictive Covenant.

   a. “Affordable Rent” is defined in Section 4(b) below.

   b. “Low Income” is defined in Section 4(b) below.

   c. “Median Income” means the median income for households in Solano County, California, as published from time to time by the United States Department of Housing and Urban Development (“HUD”) in a manner consistent with the determination of median gross income under Section 8 of the United States Housing Act of 1937, as amended (e.g., “50% of Median Income” shall be the same as “Very Low Income” in HUD’s publication). In the event that such income determinations are no longer published by HUD, or are not updated for a period of at least 18 months, the Agency shall provide the Owner with other income determinations that are reasonably similar with respect to methods of calculation to those previously published by HUD.

   d. “Owner” means both the party identified as “Owner” in first paragraph of this Restrictive Covenant, and any successor in interest of Owner to any part of the Property except where a provision of this Restrictive Covenant expressly excludes such party from the definition of owner.

   e. “Unit” or “Units” means one of the ninety-three (93) residential units on the Property.

   f. “Very Low Income” is defined in Section 4(a) below.

3. Restriction on Use and Rental of the Property.
a. Owner covenants and agrees, for itself, its successors, assigns, and every successor in interest to the Property or any part thereof, that Owner and its successors and assigns shall use the Property exclusively to provide housing for families of Very Low and Low Income at Affordable Rents and for the purposes set forth in the Agreement.

b. Owner covenants and agrees that the Property shall be rented only to families of Very Low and Low Income at a rental rate that does not exceed the maximum resident rent permitted by Section 4(b) below, all as provided more particularly in Section 4 below. Owner shall not sell, convey, transfer, lease, sublease, assign, encumber, mortgage, or hypothecate the Property, or enter into agreements to sell, convey, lease, assign, transfer, encumber, mortgage, or hypothecate the Property, except in compliance with the terms of this Restrictive Covenant.

c. Any violation or breach of the provisions hereof is prohibited and any lease, rental, sale or transfer in violation hereof shall be null, void and unenforceable, and shall constitute a default hereunder.

d. The Property shall be deemed to be a “Qualified Rehabilitation Project” within the meaning of the provisions of California Government Code Sections 7260 et seq. and specifically of Section 7265.5 (a).

4. Use and Rental/Sale of the Property. The Owner covenants and agrees for itself, its successors, assigns, and every successor in interest that the units within the Property (the “Units”) shall be restricted as provided in this Section 4 for the Term set forth in Section 1 hereof.

a. Units Restricted to Persons or Families of Very Low Income. Twenty-one (21) Units shall be rented exclusively to persons or families having incomes less than or equal to fifty percent (50%) of Median Income, adjusted for family size, and only for use by such persons or families as their principal residence. These twenty-one (21) Units shall mean the Very Low Income Units. (The Very Low Income Units include ten (10) units assisted by the Mental Health Services Fund administered pursuant to the provisions of California Welfare & Institutions Code §5890 et seq. for the first twenty (20) years of the term hereof.) The remaining seventy-one (71) Units shall be rented exclusively to persons or families having incomes less than or equal to eighty percent (80%) of Median Income, adjusted for family size, pursuant to the provisions of subsection 4(b) below.

b. Units Restricted to Persons or Families of Low Income. At least seventy-one (71) of the Units shall be rented exclusively to persons or families having incomes less than or equal to eighty percent (80%) of Median Income, adjusted for family size, and only for use by such persons or families as their principal residence. These 71 Units shall mean the Low Income Units.

c. Other. One Unit may be provided to resident manager who need not meet income qualifications and which is not subject to rent restrictions set forth in
paragraph (d) below. The Owner shall not permit any transient use, or permit any commercial use of the Property.

d. Maximum Rents. The Owner shall rent the Units at a rent that does not exceed the maximum “Affordable Rent” (as defined by California Health and Safety Code 50053(b)), as amended from time to time:

(i) The Very Low Income Units shall be rented at a maximum rent that does not exceed 30% of 50% of Median Income adjusted by household size appropriate to the Unit less a utility allowance;

(ii) The Low Income Units shall be rented at a maximum rent that does not exceed 30% of 80% of Median Income adjusted by household size appropriate to the Unit less a utility allowance;

(iii) The utility allowance shall be calculated based on the utility allowance schedule published annually by the Fairfield Housing Authority. In the event the Fairfield Housing Authority no longer publishes a utility allowance schedule, the Owner and Agency shall mutually agree on an alternative method for calculating a utility allowance; and

(iv) The Owner shall be entitled to increase rents one time per year to an amount not to exceed the maximum amount of “Affordable Rent.”

5. Compliance Certification and Annual Report. Owner shall obtain annually from its tenants a certification of the family size and income of all residents for each Unit, and shall provide a report to the Agency annually (the “Annual Report”) that includes copies of those certifications and the rental rate for each Unit. If Owner fails to provide satisfactory evidence of compliance certification, the Agency shall have the continuing right to take additional measures to verify that Owner is complying with the restrictions, limitations and requirements of this Agreement. Owner shall submit the Annual Report on or before the end of the first calendar quarter of the year following the year covered by the Annual Report. Owner shall provide for the submission of such information in its leases with tenants.

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

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

Owner further covenants that all deeds, leases or contracts entered into with respect to the Property shall contain or be subject to substantially the following nondiscrimination/nonsegregation clauses:

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

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

IN LEASES: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons,
on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the leasing, subleasing, transferring, use or occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased.

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

IN CONTRACTS: "The contracting party or parties hereby covenant by and for himself or herself and their respective successors and assigns, that there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the contracting party or parties, any subcontracting party or parties, or their respective assigns or transferees, establish or permit any such practice or practices of discrimination or segregation.

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

The foregoing shall be a covenant running with the land for the benefit of, and as a burden upon the Property, and shall remain in effect in perpetuity.
7. Management. Owner shall manage and operate the Units in accordance with a Management Plan prepared by Owner and approved by the Agency, including such amendments as may be requested by Owner and approved by the Agency from time to time. The Management Plan shall include, at a minimum, the following components:

a. **Management Agent.** The Owner shall retain the services of a professional management company to manage and operate the Units. Owner shall submit the name and qualifications of the proposed Management Agent to the Agency. The Agency shall approve or disapprove the proposed Management Agent in writing based on the experience and qualifications of the Management Agent, and the Agency shall not unreasonably withhold its approval.

b. **Management Agreement.** Owner shall submit a copy of the proposed management agreement to the Agency specifying the amount of the management fee, and the relationship and division of responsibilities between Owner and Management Agent.

c. **Annual Budget and Projected Cash Flows.** Prior to the Closing, and annually thereafter not later than ninety (90) days after the close of each calendar year thereafter, Owner shall submit a projected operating budget and cash flow to the Agency. The budget and cash flow shall be in a form that is acceptable to the Agency’s Executive Director.

d. **Annual Financial Statements.** Owner shall submit a copy of the year-end financial statements for the Property including rent roll, income statement, balance sheet and cash flow reports not later than April 15th of each fiscal year for the preceding calendar year.

e. **Failure to Comply with Management Agreement.** If at any time the Agency determines that the Property is not being managed or maintained in accordance with the approved Management Agreement, Owner shall change the Management Agent or the practices complained of, upon receipt of written notice from the Agency. The Agency may require Owner to change management practices or to terminate the management contract and designate and retain a different Management Agent, to be approved by the Agency. The Management Agreement shall provide that it is subject to termination by Owner without penalty, upon thirty (30) days prior written notice, at the direction of the Agency’s Executive Director or designee. Within ten (10) days following a direction of the Agency to replace the management agent, Owner shall select another management agent or make other arrangements satisfactory to the Agency for continuing management of the Property.

f. **Tenant Services.** Owner shall comply at all times with the Tenant Services Plan approved by the Agency pursuant to Section 5.1.7 of the OPLA.

g. **Reserve Requirements.**

Attachment No. 7 – Page 7
(i) Operating Reserves. The Owner shall establish an operating reserve for the Property for the purpose of defraying potential operating shortfalls arising from unforeseen circumstances, beyond the rent-up period. The initial deposit to the operating reserve shall be funded from development funding sources in a reasonable amount approved by the Agency considering the projected level of Project cash flow, the adequacy of the operating budget, Project location, local market characteristics, the number of sites, and Project design; provided, however, that the operating reserve shall be not less than the total of the following: 4 months of projected Operating Expenses (excluding the cost of on-site supportive services coordination), 4 months of required replacement reserve deposits, and 4 months of non-contingent debt service. If tax credits are awarded to the Project, the requirement shall be 3 months of these items. Interest earned on amounts deposited into the operating reserve account shall be retained in the account. If such a reserve account is established and maintained by Owner to satisfy the requirements of a lender or the tax credit investor, amounts maintained in such account shall be credited toward Agency's requirement established hereby.

Withdrawals from the operating reserve shall be made only when reasonably necessary, and, after any withdrawal, Owner shall restore the Operating Reserve to the level set forth in the prior paragraph using available cash flow prior to use of any cash flow to pay deferred developer fee, partnership management or similar fees, or distributions.

(ii) Replacement Reserves. The Owner shall establish a replacement reserve for the purpose of defraying the cost of infrequent major repairs and replacement of building components that are too costly to be absorbed by the Project's annual operating budget. The initial deposit to the replacement reserve account shall be $46,500, or as otherwise approved by the Agency. Withdrawals from the replacement reserve shall be made when reasonably necessary. Owner shall make continuing deposits of $47,430 per year in accordance with the Project Budget. The parties shall review this amount every five (5) years and make such adjustments in the amount as are reasonably necessary to assure that a sufficient replacement reserve exists. If such a reserve account is established and maintained by Owner to satisfy the requirements of a lender or the tax credit investor, amounts maintained in such account shall be credited toward Agency's requirement established hereby.

(iii) Annual Submittal of Reserves Balance Sheet. Within thirty (30) days of the end of Owner's fiscal year, Owner shall provide evidence to Agency showing that the amounts in the reserves comply with those requirements and are neither too low to meet reasonably foreseeable expenses nor excessive.

8. Maintenance of the Property/Prohibition Against Waste. Owner shall, throughout the Term hereof, keep and maintain the Property and the improvements thereon in good condition and repair in full compliance with all applicable housing quality standards and
local code requirements. Owner shall further keep the Property free from any unreasonable accumulation of debris or waste materials and shall maintain any landscaping on the Property in a healthy condition. In addition, Owner shall maintain the exterior of the structures on the Property in accordance with an Exterior Maintenance Plan prepared by Owner and approved by Agency in accordance with Section 5.2 of the OPLA. If Owner at any time fails to so keep and maintain the Property in good condition and repair, after thirty (30) days notice from the Agency, the Agency shall have a right to enter onto the Property and perform such deferred maintenance, and Owner shall promptly reimburse the Agency for all costs incurred by the Agency in performing such maintenance. Owner shall not commit waste upon the Property. Owner shall not remove or demolish the improvements on the Property. Notwithstanding the foregoing, Owner may remove the fence, planter areas, and landscaping at the front of the Property, relocate the utility pole, and reconfigure the driveway in connection with any subdivision and related redevelopment of the Property in a manner approved by the Agency and the City and consistent with the applicable City of Fairfield zoning and land use regulations. If required by Agency, Owner shall provide security services for the Property, which may include, but are not limited to, an on-site security guard.

9. Default. If Owner defaults with regard to any of the provisions of this Restrictive Covenant, the Agency shall serve written notice of such default upon Owner. If the default is not cured by Owner within thirty (30) days after service of the notice of default (or if the nature of the default is such that more than thirty (30) days are reasonably required for its cure, then the defaulting party shall not be deemed to be in default if it has commenced a cure within the 30-day period and thereafter diligently prosecutes such cure to completion), the Agency shall have the right to require the Owner to repay, immediately upon written demand, the outstanding balance on the Agency Loan, together with all interest accrued thereon.

The Agency shall also have the right, in the event of any default hereunder at any time during the Term hereof, to seek specific performance of the Agency’s rights hereunder and pursue any other remedies available to the Agency by law.

10. Notices. All notices required or permitted hereunder to be delivered to the parties pursuant to the terms hereof shall be in writing and shall be delivered (a) in person, (b) by a nationally recognized overnight courier service, or (c) by registered or certified U.S. Mail, return receipt requested, postage prepaid to the addresses listed below. Any of the following addresses may be changed by written notice. If notice is given it shall be deemed effective upon three (3) business days after deposit of same, postage prepaid, in the U.S. Mail, the next business day after deposit with a nationally recognized overnight courier service, or the date of actual receipt as evidenced by personal acknowledgment, return receipt or other comparable means.
If to Owner:

ANF Family Partners II, L.P.
c/o National Community Renaissance of California
9065 Haven Avenue, Suite 100
Rancho Cucamonga, California 91730
Attention: Richard J. Whittingham, CFO
Fax: (909) 483-2448

If to Agency:

Redevelopment Agency of the City of Fairfield
1000 Webster Street
Fairfield, California 94533
Attention: Eve Somjen, Director of Community Development
Fax: (707) 428-7621

With a copy to:

Richards, Watson & Gershon
44 Montgomery Street, Suite 3800
San Francisco, California 94104
Attention: Gregory W. Stepanicich, Esq.
Fax No.: (415) 421-8486

11. **Covenants to Run with the Land.** The covenants established in this Restrictive Covenant shall be binding on Owner and any successor in interest of Owner to the Property, and shall be for the benefit and in favor of the Agency and the City of Fairfield and their respective successors and assigns; the covenants shall run with the land in favor of the Agency and shall be a burden upon the Property throughout the term of this Restrictive Covenant. The covenants established in this Restrictive Covenant shall be incorporated by reference in all deeds conveying all or any portion of the Property. Owner (and each successor in interest, as the case may be) shall furnish a copy of this instrument to any successors in interest. The Agency shall have the right, in the event of any breach by Owner of any covenant or agreement herein, to exercise all the rights and remedies, and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach of covenant or agreement. Notwithstanding the foregoing, however, Owner and the successors in interest to Owner named herein shall be liable for performance hereof only during their respective period of ownership of the Property, provided that the transferee Owner has in writing assumed and agreed to perform the transferor Owner's obligations hereunder.

12. **Beneficiaries.** The Agency and the City are deemed beneficiaries of the terms and provisions of this Restrictive Covenant and each and every covenant herein, both for and in their own right and for the purposes of protecting the interests of the community and
other parties, public or private, for whose benefit this Restrictive Covenant running with
the land have been provided. The Agency shall have the right if any covenant is
breached, to exercise all rights and remedies, and to maintain any actions or suits at law
or in equity or other proper proceedings to enforce the curing of such breaches to which it
or any other beneficiaries of this Restrictive Covenant and covenants are entitled.

13. Independent and Severable Provisions. If any provision of this instrument is held by a
court of competent jurisdiction to be unenforceable or invalid, such holding shall not
render unenforceable any other provision hereof, each provision hereof being expressly
severable and independently enforceable to the fullest extent permitted by law.

14. Further Assurances and Recordation. Owner covenants that upon request of the Agency,
Owner, or its heirs, successors or assigns, will execute, acknowledge and deliver, or
cause to be executed, acknowledged and delivered, such further instruments and
agreements and do such further acts as may be necessary, desirable or proper to carry out
more effectively the purpose of this instrument. At the expiration of the Term, the
Agency agrees to provide to Owner an instrument in recordable form that has the effect
of confirming the termination of the affordable housing requirements of this instrument.

15. Miscellaneous.

a. Amendments. Only the Agency, its successors and assigns, and Owner and the
successors and assigns of Owner in and to all or any part of the fee title to the
Property shall have the right to consent and agree to changes in, or to eliminate in
whole or in part, any of the covenants, easements, or other restrictions contained
in this Restrictive Covenant, or to subject the Property to additional covenants,
easements or other restrictions. If any provisions of the OPLA are amended
subsequent to the date of execution of this Restrictive Covenant, the
corresponding provisions contained herein shall be deemed similarly amended,
and the Agency shall record such evidence of such amendment as Owner, its
successors or assigns may reasonably request.

b. Successors and Assigns. This Restrictive Covenant shall be binding upon and
inure to the benefit of the Agency and Owner, and their respective successors,
owners and assigns. The terms and provisions hereof shall run with the land and
shall be a burden upon the Property, and shall be binding upon Owner’s
successors in interest as purchasers of the Property, for the benefit of the Agency.

c. Attorneys’ Fees. In any action brought to declare the rights granted herein or to
enforce or to interpret any of the terms of this Restrictive Covenant, the prevailing
party shall be entitled to an award of reasonable attorney’s fees in an amount
determined by the court.

d. Entire Agreement. The text herein constitutes the entire agreement between the
parties concerning its subject matter. Each party to this Restrictive Covenant
acknowledges that no representations, inducements, promises or agreements,
orally or otherwise, have been made by any party, or anyone acting on behalf of
any party, which are not embodied herein, and that any other agreement, statement or promise not contained in this Restrictive Covenant shall not be valid or binding.

e. **Captions for Convenience.** Captions and paragraph headings used herein are for convenience only and shall not be used in construing this Restrictive Covenant.

f. **No Waiver.** No waiver by the Agency of any provision hereof or of any breach by Owner of any covenant, restriction, or condition herein contained shall be effective unless such waiver is in writing, signed by the Agency and delivered to Owner. Any waiver by the Agency of any rights hereunder or of any covenant, restriction, or condition herein contained, or the failure by the Agency to exercise any right or remedy with respect to any breach or breaches, shall not constitute a waiver or relinquishment for the future of any rights regarding subsequent breaches of similar or different nature, or of any such covenant or condition nor bar any right or remedy of the Agency in respect of any subsequent breach.

g. **Effect of Violations.** No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Restrictive Covenant shall defeat or render invalid or in any way impair the lien or charge of any mortgage or deed of trust or security interest permitted by this Restrictive Covenant; provided, however, that (except as provided in Section 11), any subsequent owner of the Property shall be bound by such remaining covenants, conditions, restrictions, limitations, and provisions, whether such owner’s title was acquired by foreclosure, deed in lieu of foreclosure, trustee’s sale or otherwise.

[Signatures appear on next page.]
IN WITNESS WHEREOF, the parties hereto have executed this Restrictive Covenant as of the day and year first above written.

“Owner”:

ANF FAMILY PARTNERS II, L.P.,
A limited partnership

By its General Partner,
SOUTH PACE GP, LLC

By its Manager,
NATIONAL COMMUNITY RENAISSANCE OF NORTHERN CALIFORNIA

By: ______________________________
Richard J. Whittingham
Chief Financial Officer

“Agency”

REDEVELOPMENT AGENCY OF THE CITY OF FAIRFIELD,
a public body, corporate and politic

By: ______________________________
Sean P. Quinn
Executive Director

ATTEST:

By: ______________________________
Secretary

APPROVED AS TO FORM:

By: ______________________________
Agency Counsel
EXHIBIT "A"
TO AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY

LEGAL DESCRIPTION OF PROPERTY

1226 Tabor, Fairfield, California:

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

Lot 1, Block B, as shown on the Map of "Fair Meadows - Unit No. 5" filed August 25, 1959 in Book 18 of Maps, Page 75 Solano County Records.

APN: 0034-033-100

1189 Tabor, Fairfield, California:

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

Beginning at the northeast corner of Lot 5 in Block B, as shown on that certain map entitled: "Windsor Heights, Unit No. 1", filed on December 7, 1961 in Book 19 of Maps, Page 99, Solano County Records, said point also being in the East line of Lot 37 of Locke Paddock, Addition to Fairfield, filed for record March 18, 1912 in Book 4 of Maps, Page 9; thence North 0° 09' 50" West along the East line of said Lot 37 and Lot 36 of said Locke Paddock Addition to Fairfield, a distance of 360 feet, more or less to a point in the Southerly line of Tabor Avenue as designated on said Map of Windsor Heights Unit No. 1; thence North 89° 23' 23" West a distance of 259.919 feet; thence Westerly along a curve to the left with a radius of 30 feet through a central angle of 90° 45' 37" a distance of 47.522 feet to a point in the East line of Bristol Lane as shown on the Map of Windsor Heights Unit No. 1, hereinbefore referred to; thence along said East line South 0° 09' 00" East, 269.520 feet and southerly along a curve to the right with a radius of 180 feet through a central angle of 19° 27' 04" a distance of 61.107 feet to the Northwest corner of Lot 15 in Block B of Windsor Heights No. 1 hereinbefore referred to; thence South 89° 23' 23" East, 300.681 feet to the point of beginning.

APN: 0033-012-260

2001 Bristol Lane, Fairfield, California:

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

The South 50 feet (front and rear measurements) of Lot 7, Block A, as shown on the Map entitled: "Fair Meadows Unit No. 5", filed in the Office of the Recorder of Solano County, California on August 25, 1959 in Book 18 of Maps, at Page(s) 75.

APN: 0034-034-390
2007 Bristol Lane, Fairfield, California:

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

Lot 7, Block A, as shown on the Map entitled: "Fair Meadows Unit No. 5", filed in the office of the Recorder of Solano County, California on August 25, 1959 in Book 18 of Maps, at Page(s) 75.

EXCEPTING THEREFROM the South 50 feet (front and rear measurements) of said Lot 7, Block A (18 M 75)

APN: 0034-034-380

2013 Bristol Lane, Fairfield, California:

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

The South 50 feet (front and rear measurements) of Lot 8, Block A, as shown on the Map entitled: "Fair Meadows Unit No. 5", filed in the Office of the Recorder of Solano County, California on August 25, 1959 in Book 18 of Maps, at Page(s) 75.

APN: 0034-034-370

2019 Bristol Lane, Fairfield, California:

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

Lot 8, Block A, as shown on the Map entitled: "Fair Meadows Unit No. 5", filed in the Office of the Recorder of Solano County, California on August 25, 1959 in Book 18 of Maps, at Page(s) 75.

Excepting therefrom the South 50 feet (front and rear measurements) of said Lot 8, Block A (18 M 75)

APN: 0034-034-360

2020 Bristol Lane, Fairfield, California:
THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF FAIRFIELD, COUNTY OF SOLANO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

The following three parcels in Lot 2, Block B, as shown on the Map of "Fair Meadows - Unit No. 5" filed August 25, 1959 in Book 18 of Maps, Page 75 Solano County Records, described as follows:

PARCEL ONE:

BEGINNING at the Northwest corner of Lot 2; running thence South 00° 09' East along the West line of said Lot 48 feet; thence North 89° 51' East, 112.46 feet to the East line of said Lot; thence along said East line North 11° 55' 30" East, 49.08 feet to the Northeast corner of said Lot; thence along the North line of said Lot South 89° 51' West, 122.70 feet to the POINT OF BEGINNING.

PARCEL TWO:

BEGINNING at a point on the West line of said Lot 2 which point is distance thence North 00° 09' West, 94.961 feet from the Southwest corner of said Lot; running thence along said West line North 00° 09' West, 94.960 feet; thence North 89° 51' East, 112.46 feet to the East line of said Lot; thence along said East line South 11° 53' 30" West, 49.731 feet to an angle point in said East line; thence continuing along said East line South 00° 09' East, 36.543 feet; and thence South 89° 51' West, 100 feet to the POINT OF BEGINNING.

PARCEL THREE:

The Southern 94.961 feet, West and East line measurements, of said Lot 2.

APN: 0034-033-110

2025 Bristol Lane, Fairfield, California:

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

The South 50 feet (front and rear measurements) of Lot 9, Block A, as shown on the Map entitled: "Fair Meadows Unit No. 5", filed in the Office of the Recorder of Solano County, California on August 25, 1959 in Book 18 of Maps, at Page(s) 75.

APN: 0034-034-410