

GROUND LEASE

between

CITY OF PLEASANTON, CALIFORNIA,
a Municipal Corporation
as Lessor,

and

CASE AVENUE ASSOCIATES,
A California Limited Partnership

and

PROMENADE HOUSING ASSOCIATES,
A California Limited Partnership

as Lessee.

Dated as of April 1, 1996

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GROUND LEASE

THIS GROUND LEASE is made as of this first day of April 1996, by and between the CITY OF PLEASANTON, CALIFORNIA, a municipal corporation, the "Lessor" herein, and Case Avenue Associates, a California Limited Partnership ("CAA") and Promenade Housing Associates, a California Limited Partnership ("PHA"), as tenants-in-common, collectively, the "Lessee" herein.

THIS LEASE IS ENTERED into on the basis of the following facts, intentions and understanding of the parties:

A. The City of Pleasanton ("City" or "Lessor") owns an approximately 7.4 acre parcel of land, as more particularly described in Exhibit "A" attached hereto and incorporated herein (the "Land") on which it desires to have developed a 146-unit rental housing development to be known as The Promenade (the "Development"), 68 units (forty-six percent (46%) of the total units) of which are to be reserved for low income households.

B. A.F. Evans Company, Inc., ("Evans") and City have entered into a Disposition and Development Agreement dated December 12, 1992 ("DDA"), as extended by the City on August 22, 1995 and assigned to Lessee as of the date hereof, which sets forth development standards for the Development.

C. The Lessee desires to develop the Development so that it will be comprised of two portions, one with predominantly affordable units (the "Affordable Project") to be owned by CAA and one with predominantly market-rate units (the "Market Project") to be owned by PHA (each a "Project"). To ensure that the Development maintains its mixed-income character, the nine buildings in each of the two Projects will be interspersed and not constructed on two separate portions of the Land.

D. To facilitate the Development, the Land will be subdivided into two condominium units. One "unit" will consist of the nine CAA buildings along with an undivided interest in the Common Area, as defined below. The other "unit" will

consist of the nine PHA buildings along with its undivided interest in the Common Area.

E. The two Projects within the Development will be owned by two separate legal entities, CAA and PHA, but will be managed and operated jointly by one management company who will be retained by each of CAA, PHA and the community association responsible for the management of the Common Area pursuant to the CC&Rs.

F. During construction of the Development the general partners of CAA and PHA will be identical. Evans will be a general partner and Promenade Housing Corporation, a California nonprofit public benefit corporation affiliated with Citizens Housing Corporation, itself a California nonprofit public benefit corporation organized for the purpose of developing housing for low income households, will be managing general partner. After construction, Case Avenue Housing Corporation, a California nonprofit public benefit corporation will replace Promenade Housing Corporation as managing general partner of CAA.

G. City intends to lease the Affordable Parcel and the Market Parcel to Lessee for the Term (as defined herein) subject to an annual ground rent as described below.

H. The Land as of 1994 had an appraised value of \$2,200,000.

I. The City has agreed to make a low interest rate loan to pay for a portion of certain development and building fees including residential construction fees, capital improvement fees, low income housing fund fees, in lieu park dedication fees, and City sewer water connection fees, and to pay for a portion of certain development costs, the total of which loan amount is approximately \$738,062.

J. The City has agreed to make certain advances to pay for various development fees, the total of which is approximately \$932,983.69.

K. The City has agreed to make a gap loan to pay for certain development costs, the total of which is \$518,062.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, the City of Pleasanton as the Lessor, and Case Avenue Associates and Promenade Housing Associates as the Lessee, hereby agree as follows:

1. DEFINITIONS. The capitalized terms used in this Lease shall have the meanings provided in this Section 1.

Accrued Rent Note shall have the meaning set forth in Section 4(f).

Affordable Parcel shall mean the leasehold condominium parcel described as Unit A(1-9) on the Condominium Plan on which a portion of the Improvements will be constructed, together with an undivided 46.58% interest in the Common Area.

Affordable Project shall mean CAA's leasehold interest in the Affordable Parcel, including CAA's leasehold interest in the Common Area, and CAA's fee interest for a term of years in the Improvements located therein.

Affordable Rent shall mean 30% of the median gross yearly income for a household in Alameda County adjusted for family size, multiplied by 60% for an Affordable Unit rented to a Low Income Household and by 50% for an Affordable Unit rented to a Very Low Income Household. "Affordable Rent" includes the total of monthly payments by the tenants of an Affordable Unit for the following: use and occupancy of an Affordable Unit and land and associated facilities, including parking; any separately charged monthly fees or services charges assessed by the Lessee which are required of all tenants, other than security deposits; 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 the Lessee, and paid by the tenant, less the appropriate utility allowance determined for that unit type and for the type of appliances provided in the unit as calculated by the U.S. Department of Housing and Urban Development ("HUD") for Alameda County, which utilities shall include electricity and gas but not telephone or cable television services.

Affordable Units shall mean units reserved for Low Income Households and Very Low Income Households.

Annual Operating Budget shall mean the annual operating budget for the Development, approved by City.

Annual Rent shall mean the annually paid rent on the Land, which rent is equal to ten percent (10%) of the fair market value of the Land, as set forth in Section 4(a).

Association shall mean the nonprofit mutual benefit corporation which shall manage the Common Area pursuant to the CC&Rs, which may be known as the Promenade Apartments Owners Association.

Base Rent shall mean the minimum annual rent payment required on the Land such that Lessee shall not be in default under this Lease as set forth in Section 4(b).

CAA shall mean Case Avenue Associates, a California Limited Partnership, or its successors or assigns, the general partners of which are Promenade Housing Corporation, a California nonprofit public benefit corporation, which is the managing general partner and an affiliate of Citizens Housing Corporation, a California nonprofit public benefit corporation, and A.F.Evans Company, a California corporation.

CC&Rs shall mean the Covenants, Conditions and Restrictions recorded by Lessee against the Development with respect to the Affordable Parcel and the Market Parcel.

CHFA Regulatory Agreement shall mean each of the regulatory agreements between the California Housing Finance Agency and CAA and PHA, respectively, to be recorded against each of the Projects, which set forth certain conditions under which the Projects are to be operated.

City shall mean the City of Pleasanton, California.

Commencement Date shall be the date first written above in this Lease.

Common Area shall mean the common area described on the Condominium Plan, which consists of Lessee's leasehold interest in the Land and the fee interest for a term of years in the improvements outside of the Affordable Parcel condominium unit and the Market Parcel condominium unit, including, but not limited to, the recreation and leasing facilities and the walkways, landscaping, parking, pool and other recreation areas.

Condominium Plan shall mean the condominium plan for Parcel Map 6928, attached as an exhibit to the CC&Rs.

Development shall mean, collectively, the Affordable Project and the Market Project.

Evans shall mean A.F. Evans Company, a California corporation.

Improvements shall mean the buildings, structures, landscaping, roads and parking spaces and other improvements to be constructed by Lessee pursuant to this Lease.

Income shall mean the household income as calculated in a manner consistent with the methodology used to determine Alameda County gross median incomes by the California Department of Housing and Community Development ("HCD") or HUD to determine Low Income Household and Very Low Income Households, as defined herein. Such calculations of Household Income shall be adjusted for family size, and shall be in conformance with IRC Section 42.

Land or the Land shall mean the certain tract of land, as subdivided pursuant to the Parcel Map and the Condominium Plan, upon which the Development is to be located and which is being leased to the Lessee pursuant to this Ground Lease, more fully described in Exhibit "A" attached hereto and incorporated by reference herein.

Lease shall mean this Ground Lease between Lessor and the Lessee, and shall include all amendments to this Ground Lease.

Lessee shall mean, collectively, Case Avenue Associates, a California Limited Partnership, or its successors and assigns, and Promenade Housing Associates, a California Limited Partnership, or its successors and assigns, as tenants-in-common.

Lessor shall mean the City of Pleasanton, California, or its successors and assigns.

Low Income Households shall mean households whose Incomes do not exceed 60% of the median gross yearly income for a household in Alameda County, adjusted for household size, in conformance with IRC Section 42. Alameda County median gross income amounts as utilized in this Lease shall be those published periodically by the California Department of Housing and Community Development ("HCD") or the United States Department of Housing and Urban Development ("HUD"), whichever figures are higher. In the event that such income determinations are no longer published, or are not updated for a period of at least eighteen months, the City shall provide Lessee with other income determinations which are reasonably similar with respect to method of calculation to those previously published by HCD or HUD.

Management Agent shall mean Evans Property Management Company or any other professional management company for the Development selected by the Lessee and approved by Lessor.

Management Agreements shall mean the three (3) separate agreements between the approved Management Agent and each of CAA, PHA and the Association. The Management Agreements shall be approved by Lessor.

Management Plan shall mean the plan prepared by the Management Agent and approved by Lessor setting forth the policies and procedures governing the operation and management of the Development.

Market Parcel shall mean the leasehold condominium parcel described as Unit B(1-9) on the Condominium Plan on which a portion of the Improvements will be constructed, together with an undivided 53.42% interest in the Common Area.

Market Project shall mean PHA's leasehold interest in the Market Parcel, including PHA's leasehold interest in the Common Area, and PHA's fee interest for a term of years in the Improvements located therein.

Median Income Households shall mean households whose incomes do not exceed the median gross yearly income for a household in Alameda County, adjusted for household size. Alameda County median income figures as utilized in this Lease shall be those published periodically by HCD or HUD, whichever figures are higher. In the event that such income determinations are no longer published, or are not updated for a period of at least eighteen months, the City shall provide Lessee with other income determinations which are reasonably similar with respect to method of calculation to those previously published by HCD and HUD.

Mortgagees shall mean the holders of the Mortgage Loans.

Mortgage Loan(s) shall mean the construction, bridge or permanent mortgage loan(s) used to provide financing for the Projects.

Mortgage Loan Documents shall mean all documents executed by CAA or PHA, or both, evidencing or securing a Mortgage Loan.

Parcel shall mean the Affordable Parcel or the Market Parcel in the singular and the Affordable Parcel and the Market Parcel in the plural.

PHA shall mean Promenade Housing Associates, a California Limited Partnership, or its successors or assigns, the managing general partner of which is Promenade Housing Corporation, a California nonprofit public benefit corporation, and the other general partner of which is A.F.Evans Company, a California corporation.

Physically Disabled Person shall mean an individual who has a physical impairment which substantially limits some form of major life activity, such as caring for oneself, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning, or working. Physical impairments may include any physiological disorder or condition, cosmetic disfigurement, or anatomical loss affecting one or more of the following body systems: neurological; musculoskeletal; special sense organs; respiratory, including speech organs; cardiovascular; reproductive; digestive; genito-urinary; hemic and lymphatic; skin; and endocrine.

Project shall mean the Affordable Project or the Market Project in the singular and the Affordable Project and the Market Project in the plural.

Rent shall mean the annual ground rent pursuant to Section 4 of this Lease.

TCAC Regulatory Agreement shall mean each of the regulatory agreements between the California Tax Credit Allocation Committee and CAA and PHA, respectively, to be recorded against each Project, which sets forth certain conditions under which the Projects are to be operated.

Tenant Lease shall mean the document signed by project tenants detailing project standards, unit rental payments, term of the lease, and other rental lease items.

Term shall mean the period set forth in Section 3.

Very Low Income Households shall mean households whose Incomes do not exceed 50% of the median yearly income for a household in Alameda County, adjusted for household size, in conformance with IRC Section 42. Alameda County median gross income amounts as utilized in this Lease shall be those published periodically by the California Department of Housing and Community Development ("HCD") or the United States Department of Housing and Urban Development ("HUD"), whichever figures are higher. In the event that such income determinations are no longer published, or are not updated for a period of at least eighteen months, the City shall provide Lessee with other income determinations which are reasonably similar with respect to method of calculation to those previously published by HCD or HUD.

2. LEASE OF THE LAND.

(a) Lessor hereby leases and transfers to Lessee, and Lessee hereby leases and takes from Lessor, the Affordable Parcel and the Market Parcel, including the Land, for the Term and upon the agreements, covenants and conditions set forth in this Lease. Lessee acknowledges and agrees that this Lease is subject only to the easements, covenants, restrictions and exceptions set forth in Exhibit "C", attached hereto and incorporated by reference herein.

(b) As set forth in the recitals of this Lease, Lessee acknowledges that Lessor has made special concessions and has provided Lessee with financial assistance in order to assist Lessee in constructing, operating and maintaining the Development as a rental housing development. Accordingly, Lessor is given various approval rights with respect to Lessee's operation and management of the Development. Lessor hereby agrees to use reasonable judgment with respect to these rights. Lessee agrees to strictly adhere to all of the agreements, covenants and conditions imposed upon Lessee as set forth in this Lease which includes the Exhibits to this Lease.

3. TERM. The Term of this Lease shall commence on the Commencement Date and, unless sooner terminated or extended or as herein provided, shall expire fifty-five (55) years from the Commencement Date. Notwithstanding any other provision contained in this Lease, the parties agree that Lessor may terminate this Lease if within three (3) months following the recordation of a memorandum of this Lease Lessee has not commenced construction of the Development and/or is not diligently pursuing the construction of the Development.

3A. RESPONSIBILITY FOR LEASE PAYMENTS. The owners of each Project within the Development, as Lessee, shall bear responsibility for any and all payments and monetary obligations arising under or in connection with this Lease, including, but not limited to, all rent obligations set forth in Section 4 below, in the following proportion; provided, however, that the owners may as between themselves agree that each Project will be responsible only for expenses allocable to such Project or may agree to any other apportionment of costs:

Affordable Project - 46.58%

Market Project - 53.42%

4. RENT.

(a) Lessee shall pay to Lessor rent (the "Annual Rent") in an annual amount which is equal to ten percent (10%) of the fair market value of the Land. The Lessor and Lessee have agreed that fair market value shall have the meaning as commonly used by the Appraisal Institute, and as of the date of this Lease the fair market value of the Land is Two Million Two Hundred Thousand Dollars (\$2,200,000). The first payment of the Annual Rent shall be made no later than one (1) year following the issuance of the Certificate of Occupancy for the first building in the Development (the "Occupancy Date") and every successive payment of Annual Rent shall be at the anniversary date of the first payment of Annual Rent, or at such other annual date to which Lessor and Lessee may mutually agree, continuing throughout the Term. From the date of this Lease until the Occupancy Date, rent shall accrue at a monthly rate of one-twelfth of the Annual Rent.

(b) During the entire Term of the Lease, to the extent that Surplus Cash, as defined in Exhibit B, is not adequate to pay the Annual Rent in full, Lessee shall not be in default under this Lease so long as Lessee makes the minimum payments of rent (the "Base Rent") in the amounts as specified in Exhibit B of this Lease; provided, however, that for the first three payments of Annual Rent, if the Base Rent payment is in excess of fifty percent (50%) of Surplus Cash, as defined in Exhibit B, Lessor may defer the portion of the Base Rent payment in excess of fifty percent (50%) of Surplus Cash for three years provided the total first three Base Rent payments, including any deferred payments, are paid in full with the sixth Base Rent payment.

(c) Notwithstanding the foregoing, if during the Term, Lessee does not have sufficient Surplus Cash, as defined in Exhibit B, to pay any portion of the Annual Rent owed in any such year as provided in Exhibit B, including any amounts owed or deferred pursuant to Section 4(b) above whether or not exceeding fifty percent (50%) of available cash flow, Lessee may defer any such portion of Annual Rent owed which exceeds Surplus Cash. Such deferred amounts shall be paid in the immediately following year to the extent Surplus Cash is available and prior to the payment of newly due Annual Rent or Base Rent payments. In the event that Surplus Cash in any such immediate following year is not sufficient to pay all such sums owed, then any unpaid Annual Rent shall accrue and shall be similarly paid to the extent available in subsequent years from Surplus Cash.

(d) Beginning in the sixteenth (16th) year of the Term, in addition to Annual Rent, Lessee shall pay to Lessor an amount equal to sixty percent (60%) of Surplus Cash minus the Annual Rent, which additional amount shall be applied to pay

down the outstanding balance of the Accrued Rent Note, as defined in Section 4(f) below, to the extent thereof, and the balance shall constitute Contingent Rent.

(e) Either Lessee or Lessor shall have the right to have the Land re-appraised for the purposes of establishing its current fair market value and calculating the amount of Annual Rent, but not more than once per annum and at the sole expense of the party initiating the re-appraisal. The party who initiates the appraisal shall recommend an appraiser to prepare any such appraisals for the approval of the other party, which approval shall not be unreasonably withheld. Such appraiser shall have expertise in the valuation of land for multi-family rental projects, shall be familiar with real estate values in the general area of Alameda County, and shall be a member of the Appraisal Institute (MAI). If the fair market value so determined is acceptable to Lessor and Lessee, then, as of the date of said acceptance, the fair market value of the Land shall be the amount stated in the appraisal for the purposes of this Lease. If said value is not mutually acceptable, then the fair market value of the land shall be the fair market value in effect prior to the appraisal.

(f) On the Occupancy Date (or within a reasonable time thereafter) a promissory note (the "Accrued Rent Note"), shall be executed by Lessee in favor of Lessor to evidence any Annual Rent accrued under Section 4(a). Subsequent to the Occupancy Date, the amount of the Accrued Rent Note shall be increased annually by an amount equal to the Annual Rent which was deferred under Sections 4(b) and 4(c) and the Accrued Rent Note shall be reduced to the extent that accrued amounts are paid in subsequent years from Surplus Cash. The Accrued Rent Note shall bear no interest. Any amounts due under the Accrued Rent Note shall become immediately due and payable upon the earlier of the sale of the Development or expiration of the Term of this Ground Lease. Lessor and Lessee may amend the Accrued Rent Note by executing an annual letter agreement stating the increased principal amount, if any, with an acknowledgement of such increased amount by Lessee's accountant.

5. USE OF LAND AND ASSURANCES OF LESSEE.

(a) The Land shall be used by Lessee for the purpose of constructing and operating the Development. The 68 Affordable Units are to be rented in accordance with the rents and unit mix as specified in subsection 5(c) below for the entire Term: provided, however, that in order to make the Development economically feasible, Affordable Units may, if Low Income Households or Very Low Income Households are not available, be rented, with the prior approval of Lessor, to Median Income Households. Of the 68 Affordable Units, 4 shall be reserved for Physically Disabled Persons as provided in the HOME Regulatory Agreement to be entered between Lessor and Lessee. The remaining 78 units are to be made available in

accordance to rental schedules established by the Lessee, and shall be generally consistent with rents of similar market rate projects in the City.

(b) For the purpose of this Section 5, an "economically feasible" Development shall mean a Development which is meeting its: (i) operating expenses (including expenses necessary to maintain the Development in good and tenantable condition), (ii) reasonable reserve requirements, (iii) taxes and, (iv) debt service on the Mortgage Loans and Lease payments.

(c) The Lessee shall rent the 68 Affordable Units and establish rents for each such Affordable Unit as follows:

(i) Initial maximum annual income and monthly rents for each Affordable Unit shall be in accordance to Exhibit D attached hereto provided that the initial maximum monthly rents shall be subject to changes in the Incomes for Low and Very Low Income Households consistent with the definitions contained in Section 1 herein. Future maximum monthly rents must, for the Term, be consistent with the definition of Affordable Rents as contained herein.

(ii) If the Development is not economically feasible at the rent levels in 5(c) above, and Low and Very Low Income Households are not available for the Affordable Units, the Affordable Units may, with the prior approval of Lessor, be rented to Median Income Households. Additionally, if Lessee is unable to rent the Affordable Units to Low Income Households or Very Low Income Households after Lessee makes reasonable efforts to do so for a period of at least 3 months, then Lessee may rent any of the vacant Affordable Units to Median Income Households until such time as Low or Very Low Income Households become available even if the Development is economically feasible with some of the Affordable Units vacant. Any units not rented to Low or Very Low Income Households shall be rented at rents that are generally consistent with rents of similar market rate projects in the City.

(iii) Lessee shall provide Lessor with adequate documentation that the rental of Affordable Units to households other than Low and Very Low Income Households and the proposed rent levels for such households are necessary to make the Development economically feasible.

(iv) Lessee shall provide to Lessor written notice that it is renting an Affordable Unit to a household that is not a Low or Very Low Income Household at the time that it rents such Unit to such household. Lessee shall provide Lessor with adequate documentation that Lessee made reasonable attempts to rent the Affordable Unit to a Low or Very Low Income Household, but has been unable to

locate such a household to occupy the Affordable Unit or such other reason Lessee may have had for renting an Affordable unit to such household.

(d) In the rental of the Affordable Units, the following preferences shall govern household selection:

Affordable Units will be made available to qualified households based upon the preference categories listed below. The City may modify the preference categories from time to time by giving written notice to Lessee of such modifications, and Lessee shall adhere to such preference categories starting no later than ten (10) days following receipt of such notice. Each preference category is assigned a specific number of points as noted. At the time of application, each Low and Very Low Income Household will be assigned to one preference category and a corresponding point allocation in accordance to the criteria listed below. Households with the highest number of points will be given first priority for the Affordable Units. In the event there is more than one household with the same amount of points, which is likely, a lottery will be held at which time names of households with an equal number of preference points will be randomly drawn and assigned priority.

The criteria for preference categories and corresponding point allocations are as follows:

22 POINTS

Households where at least one of the signators of the tenant lease (and who is a member of the household) lives and works in the City of Pleasanton at the time of application and has continuously lived and worked in the City of Pleasanton for at least two years prior to the time of application.

19 POINTS

Households where at least one of the signators of the tenant lease (and who is a member of the household) lives and works in the City of Pleasanton at the time of application and has continuously lived and worked in the City of Pleasanton less than two years prior to the time of application.

16 POINTS

Households where at least one of the signators of the tenant lease (and who is a member of the household) either lives or works in the City of Pleasanton at the time of application and has continuously lived or worked in the City of Pleasanton for at least two years prior to the time of the application.

13 POINTS

Households where at least one member of the signators of the tenant lease (and who is a member of the household) either lives or works in the City of Pleasanton at the time of application and has continuously lived or worked in the City of Pleasanton less than two years prior to the time of the application.

10 POINTS

Households where at least one member of the signators of the tenant lease (and who is a member of the household) has an immediate relative (defined as a son, daughter, brother, sister and/or parent) who resides in the City of Pleasanton at the time of application, provided the immediate relative has lived in the City of Pleasanton for at least two years prior to the time of the application.

7 POINTS

All other households.

In addition to the above points, one bonus point will be given to households with a single parent, and one bonus point to households which have a physically challenged head(s) of household with a maximum of two bonus points awarded to any one household. Notwithstanding anything herein to the contrary, Lessor shall make any necessary modifications in the above described preference system for Low and Very Low Income Household selection. Lessee may request that Lessor make a modification to the preferences if Lessee deems such modification appropriate.

(e) Lessee shall begin the initial Low Income and Very Low Income Household selection at least ninety (90) days before the certificate of occupancy for the first unit of the Development is expected to be issued.

(f) Lessee shall require the applicants selected to sign leases for Affordable Units. However, during the Development's initial rent up, leases for Affordable Units will only be executed following issuance of the certificate of occupancy for the unit to be occupied.

(g) At the time a unit lease is executed, a household of not less than three persons shall occupy a three bedroom Affordable Unit and a household of not less than two persons shall occupy a two bedroom Affordable Unit.

(h) Lessee shall submit the following to Lessor for Lessor's approval:

(i) The Management Plan. The Management Plan shall include, but not be limited to, the following: the responsibilities of Lessee and the delegation of specified responsibilities to the Management Agent, the maintenance and

repair program, banking and accounting procedures, rent collection policies, household selection criteria and eligibility requirements, rent schedules, and periodic reviews by and/or regular meetings with the Lessor and/or its designee with regard to any and all matters affecting the Development. The Management Plan shall be prepared by Lessee in close consultation with the Lessor and/or its designee, and shall provide for the Development to be managed as one Development from the perspective of tenants and prospective tenants. The parties shall use their best efforts to complete the Management Plan within four (4) months following execution of this Lease;

(ii) the Management Agreements;

(iii) the name and qualifications of the proposed Management Agent. Upon the expiration or termination of the then current Management Agreements, Lessee shall obtain Lessor's approval of the Management Agent prior to any extension, renewal or change of the Management Agreements. Lessor reserves the sole right, using reasonable discretion, to approve the current or proposed Management Agent or to require Lessee to change the Management Agent;

(iv) Annual Operating Budget; and

(v) such other documents regarding Lessee's operation and management of the Development as Lessor may reasonably request.

Upon Lessor's approval of the above documents and Management Agent, Lessee shall not make any material change to the documents or change the Management Agent without the prior written approval of Lessor.

(i) Lessee shall notify the Lessor promptly in writing of any defect appearing in the Land or any part thereof or in the Improvements on the Land which the Lessor is obligated to maintain or operate; and

(j) Lessee shall use reasonable care to prevent any household from committing or maintaining any nuisance or unlawful conduct on or about the Development or the Land;

(k) Lessee shall use its best efforts to prevent any household from violating any of the covenants and conditions of this Lease with respect to the Development or the Land; and

(l) Lessee shall take any appropriate and prudent action, if necessary, to abate any violation of this Lease by any household.

(m) Notwithstanding anything herein to the contrary, in the event that any provision of this Lease contradicts any CHFA Regulatory Agreement or any TCAC Regulatory Agreement (each a "Regulatory Agreement"), the terms of such Regulatory Agreement shall prevail for so long as any such Regulatory Agreement is in effect and binding on either Project within the Development.

(n) Notwithstanding anything to the contrary herein, at such time as (1) any and all Mortgage Loans are fully repaid and (2) the Development is owned solely by a not-for-profit organization, then the Development's units that are not Affordable Units may, if approved by the Lessor, be leased at monthly rents equal to those paid by Low Income Households.

6. RIGHTS OF LESSEE.

(a) Subject to the terms and conditions set forth in Section 5 above, Lessee shall have the sole and exclusive right:

- (i) to select and terminate the occupancy of a household;
- (ii) to determine the eligibility of a household for continued occupancy in the Development;
- (iii) to give notice to a household to vacate the Development or any part thereof, and
- (iv) to institute and prosecute legal proceedings against a household, and levy execution upon any judgement obtained in such proceedings.

(b) In the event Lessee syndicates its interests in the Development, Lessee agrees and acknowledges that the syndication proceeds, less syndication expenses, shall be used solely towards the development of the Development and not for any other purposes.

(c) City and Lessee acknowledge that Citizens Housing Corporation, a California nonprofit public benefit corporation ("CHC"), the organization with which the managing general partners of CAA and PHA are affiliated, shall receive an annual payment of \$300,000 starting in the sixteenth (16th) year of the Term, which amount shall be paid prior to the determination of Surplus Cash Flow, pursuant to Exhibit B to this Lease; provided, however, that CHC shall be paid such payment only to the extent that any unpaid Base Rent payments that have accrued have been paid in full.

7. QUIET ENJOYMENT. Lessor covenants that, subject to the terms of this Lease, Lessee shall peaceably hold and quietly enjoy the Land and the Improvements during the entire term of this Lease without hindrance or interruption by Lessor or by anyone lawfully or equitably claiming by, through or under Lessor.

8. TITLE TO IMPROVEMENTS.

(a) Rights and title to the Improvements in the Affordable Project and all furnishings, including, but not limited to, carpets, draperies, appliances and furniture, and all equipment and fixtures that may from time to time be used, or intended to be used, in connection with the Improvements shall be and remain vested in CAA for and during the Term. Rights and title to the Improvements in the Market Project and all furnishings, including, but not limited to, carpets, draperies, appliances and furniture, and all equipment and fixtures that may from time to time be used, or intended to be used, in connection with the Improvements shall be and remain vested in PHA for and during the Term. It is the intent of the parties hereto that this Lease shall create a constructive notice of severance of the Improvements, as defined herein, without the necessity of a deed from Lessor to Lessee, which Improvements are and shall remain real property. Upon the date set forth in Section 3 above for the termination of this Lease, or upon earlier termination of this Lease, whichever first occurs, all of CAA's and PHA's rights and title to the Improvements and to said furnishings, equipment and fixtures on each Parcel shall pass to and vest in Lessor without cost or charge to Lessor, subject to any and all liens, encumbrances and claims against such Improvements.

(b) CAA and PHA, on termination of this Lease, shall execute and deliver any and all deeds, bills of sale, assignments and other documents which in Lessor's sole judgement may be necessary or appropriate to transfer to Lessor the clear title to any of the Improvements located on each Parcel at the time of such termination. The preparation and recording of such documents shall be at Lessor's sole cost and expense.

9. DISCLOSURE OF HAZARDOUS SUBSTANCES. Lessor and Lessee have undertaken a diligent review of all information and records in their possession in connection with the Property concerning Hazardous Substances, as defined below, and has disclosed all such information and records to each other.

The term "Hazardous Substances" includes, without limitation, those substances included within the definitions of "hazardous substance," "solid waste," or "pollutant or contaminant" in the Comprehensive Environmental Response, Compensation and

Liability Act of 1980, the Clean Water Act, the Toxic Substances Control Act, or any other environmental law; and any other substances, materials or wastes which are or become regulated or classified as hazardous or toxic under federal, state, or local laws or regulations.

10. LESSOR'S RIGHT OF INSPECTION. Lessor may, at any reasonable time and from time to time during the Term hereof, enter upon the Land for the purpose of inspecting the Improvements now or hereafter located thereon and for such other purposes as may be necessary or proper for the reasonable protection of its interests.

11. PERMITS, LICENSES AND EASEMENTS. Lessor will from time to time during the Term execute and promptly deliver to Lessee (i) all applications for permits, licenses or other authorizations relating to the Land required by any municipal, county, state or federal authorities, or required in connection with the construction, reconstruction, repair, alteration or use of the Land or any Improvements, (ii) all instruments required to grant dedications, rights-of-way and easements in favor of municipal and other governmental authorities or public utility companies incident to the installation of water lines, sewers, electricity, telephone, gas, and other facilities, utilities and improvements reasonably required for the Development or the use and occupancy of the Land and Improvements and (iii) any other documents reasonably required for the Development or the use and occupancy of the Land and Improvements.

12. TAXES AND ASSESSMENTS.

(a) If the Land and/or Improvements are not exempt from real property taxes, subject to subsection 12(b), as a part of the consideration for the execution and delivery of this Lease, Lessee covenants and agrees to pay and discharge, before delinquency, all taxes, all special and general assessments and all other charges of every kind which during the Term hereof which are, or may be, levied, charged, assessed or imposed upon or against (i) the Land or Improvements, (ii) any of Lessee's personal property now or hereafter located on the Land or Improvements, and (iii) on the leasehold estate or on any subleasehold estate. Lessee shall make all such payments directly to the charging authority at least 10 days before delinquency and before any fine, interest or penalty shall become due or be imposed by operation of law for their nonpayment. Any such taxes, assessments or charges which are applicable only to a portion of the Term hereof shall be appropriately prorated. Notwithstanding the foregoing, Lessee may, if it is in good faith dispute any tax, assessment charge upon the Land or Improvements, contest and defend against the same at Lessee's cost. Lessor agrees to render Lessee all reasonable assistance, at no expense to Lessor, in contesting such tax, assessment or charge.

Lessor shall promptly send Lessee copies of any and all notices received by Lessor regarding any taxes, assessments or charges affecting the Land or the Improvements.

(b) This Lease shall not be deemed to require Lessee to pay any municipal, county, state or federal income or gross receipts or excess profits taxes assessed against Lessor, or any municipal, county, state or federal capital levy, or transfer tax on Lessor, or corporation franchise taxes imposed upon the fee owner of the Land. Lessee shall promptly send to Lessor copies of any and all notices received by it regarding any taxes or assessments affecting the Land which are the responsibility of the Lessor, pursuant to the terms hereof.

13. UTILITIES. Lessee shall be responsible for the cost of all utilities, including water, heat, gas, electricity, waste removal and other utilities and services supplied to the Development. Lessee shall pay or cause same to be paid currently and as due.

14. FIRE AND EXTENDED COVERAGE LIABILITY INSURANCE.

(a) Fire and Extended Coverage Endorsement. Lessee shall during the Term keep the Development insured against loss or damage by fire and all other risks as may be included in the standard form of extended coverage endorsement, in amounts such that the proceeds of such insurance shall not be less than the replacement cost of the Development or any other amount required by the Mortgagees and approved by Lessor. The amount of such insurance shall be adjusted by reappraisal of the then current replacement cost of the Development by the insurer or its designee at least once every five (5) years during the Term.

(b) Comprehensive General Liability and Property Damage Insurance. During the Term, Lessee shall keep in full force and effect a policy or policies of comprehensive general liability and property damage insurance against liability for bodily injury to or death of any person or property damage arising out of the Development. The limits of such insurance shall be not less than the amounts required by the Mortgagees.

(c) Workers' Compensation Insurance. Lessee shall carry workers' compensation insurance with limits of not less than \$1,000,000 covering all persons employed in connection with the Development and with respect to whom death, bodily injury and sickness insurance claims could be asserted against Lessor or Lessee.

(d) Earthquake Insurance. Lessee shall maintain earthquake insurance if commercially available at reasonable rates and with reasonable deductibles, but in no event less than any such insurance required by any Mortgage Loans.

(e) Other Insurance. Lessee may at its option obtain rental income loss insurance. Nothing herein shall be constructed to limit the right of the Mortgagees to cause Lessee to carry other insurance in addition to the insurance specified above.

(f) All policies shall name Lessor, Lessee and the Mortgagees as insureds or, as applicable, co-insureds as their respective interests may appear; provided, however, that the Mortgagees for so long as the Mortgage Loans are outstanding, shall be named as Mortgagees under the terms of a standard mortgagee clause and all insurance proceeds shall be payable to them. Duplicate copies of such policies or certificates of such insurance shall be promptly furnished to the Mortgagees and Lessor.

(g) Any policy of insurance shall provide that any change or cancellation of said policy must be in writing to the Mortgagees, Lessee and Lessor at their respective principal offices at least thirty (30) days before the effective date of said change or cancellation.

(h) For so long as the Mortgage Loans on the Development are outstanding, all fire and extended coverage (casualty) insurance proceeds shall be applied by the Mortgagees, as provided in the Mortgage Loans, to the payment of the costs of repairing or rebuilding that part of the Development damaged or destroyed if (i) the Lessee and Lessor agree in writing within ninety (90) days after payment of the proceeds of insurance that such repair or rebuilding is economically feasible, and (ii) the Mortgagees determine that such repair or rebuilding will not adversely affect the payment of principal or interest on the Mortgage Loans. If the damaged or destroyed portion of the Development is not repaired or replaced, all such proceeds shall be applied in a manner consistent with the terms of the Mortgage Loan Documents. Notwithstanding any other provision of this Lease, the foregoing provisions of this Section 14 are subject to the rights of Mortgagees under the Mortgage Loan Documents. Without limiting the foregoing, to the extent of any conflict between the provisions of this Section 14 and the Mortgage Loan Documents, the Mortgage Loan Documents shall be controlling.

(i) In the event that the Mortgage Loans have been paid in full and this Lease has not yet been terminated, all insurance proceeds received under the

policies set forth in this Section 14 shall be paid to, and applied by, Lessee, in a manner consistent with the provisions of Section 18.

15. MECHANICS AND OTHER LIENS. Lessee shall promptly discharge or remove by bond or otherwise prior to foreclosure, any and all mechanics', materialmen's and other liens for work or labor done, services performed, materials, contributed or furnished to the Development in connection with any operations of Lessee or any alterations, improvements, repairs or additions to the Development. Lessee shall save and hold Lessor and the Development free and harmless of any such liens and claims of liens and suits or other proceedings pertaining thereto. Lessee covenants and agrees to give Lessor written notice not less than 10 days in advance of the commencement of any construction, alteration, addition, improvement or repair costing in excess of \$40,000 (which such threshold amount shall be adjusted annually by the CPI) in order that Lessor may post appropriate notices of Lessor's nonresponsibility. Notwithstanding the foregoing, Lessee may in good faith dispute, contest or defend against any such liens or claims at Lessor's cost. Lessor shall promptly send Lessee any and all notices received by Lessor regarding any such liens or claims.

16. REPAIRS. Lessee shall during the Term hereof keep and maintain all Improvements in good and neat order and repair, and in accordance with all applicable laws, rules, ordinances, orders and regulations of state, county, municipal and other governmental agencies or bodies having jurisdiction and all insurance companies insuring all or any part of the Land or Improvements. Lessee shall likewise keep and maintain the grounds, sidewalks, roads and parking and landscaped areas in good and neat order and repair. Subject to Section 17, Lessor shall not be obligated to make any repairs, replacements or renewals to the Improvements. Lessee hereby expressly waives all rights to make repairs at Lessor's expense under sections 1941 and 1942 of the California Civil Code, or any amendments or any successor statute thereof.

17. IMPROVEMENTS, CHANGES, ALTERATIONS, DEMOLITION AND REPLACEMENT BY LESSEE.

(a) Lessee shall have the right at any time during the Term hereof to make such improvements, changes and alterations, structural or otherwise, to any Improvements, fixtures and equipments now or hereafter located on the Land, as Lessee shall deem necessary or desirable. Lessee's right to make such improvements, changes or alterations (other than changes or alterations of moveable trade fixtures and equipment, or improvements, changes or alterations involving costs less than

\$40,000, which amount shall be adjusted annually by the CPI) shall be subject to the following additional conditions:

(i) No improvement, change or alteration shall be undertaken until Lessee shall have procured and paid for, so far as the same may be required from time to time, all municipal and other governmental permits and authorizations, and Lessor agrees to join in the application for such permits or authorizations whenever such action is reasonably requested by Lessee;

(ii) All work done in connection with any improvement, change or alteration shall be done promptly and in a good and workmanlike manner and in compliance with all laws, ordinances, orders, rules, regulations and requirements of all Federal, state and municipal governments and the appropriate departments, commissions, boards and officers thereof;

(iii) In addition to the insurance coverage referred to in Section 14, Worker's Compensation Insurance and Owner's Protective policy shall be maintained by Lessee at all times when any work is in process in connection with any improvement, change or alteration. Workers' Compensation Insurance shall cover all persons employed in connection with the work and the Owner's Protective policy shall name Lessor with limits of not less than \$1,000,000. All such insurance shall be obtained and kept in force as otherwise provided in Section 14; and

(iv) Lessee shall provide Lessor with evidence reasonably acceptable to Lessor that the work contemplated will enhance the value of the Land or the Development.

(b) No demolition of the Improvements shall occur at anytime if such demolition would reduce the value of the Land or the Development. Lessee's right to commence demolition shall be subject to the following additional conditions:

(i) No demolition or any associated repairs, improvements, changes or alterations shall be undertaken until Lessee shall have obtained Lessor's written approval;

(ii) No demolition or any associated repairs, improvements, changes or alterations shall be undertaken until Lessee shall have obtained financing sufficient to pay for the demolition and replacement;

(iii) No demolition or any associated repairs, improvements, changes or alterations shall be undertaken until Lessee shall have procured and paid

for, so far as the same may be required from time to time, all municipal and other governmental permits and authorizations, and Lessor agrees to join in the application for such permits or authorizations whenever such action is reasonably requested by Lessee;

(iv) All work done in connection with the demolition and or any associated repairs, improvements, changes or alterations shall be done promptly and in a good and workmanlike manner and in compliance with all laws, ordinances, orders, rules, regulations and requirements of all Federal, state and municipal governments and the appropriate departments, commissions, boards and officers thereof; and

(v) In addition to the insurance coverage referred to in Section 13, Workers' Compensation Insurance and Owner's Protective policy coverage shall be maintained by Lessee at all times when any work is in process in connection with the demolition or any associated repairs, improvements, changes or alterations. Workers' Compensation Insurance shall cover all persons employed in connection with the work and the Owner's Protective policy shall name Lessor with limits of not less than \$1,000,000. All such insurance shall be obtained and kept in force as otherwise provided in Section 14.

18. DAMAGE OR DESTRUCTION.

(a) No insured loss or damage by fire or other cause resulting in a partial destruction of the Improvements on the Land shall operate to terminate this Lease, or to relieve or discharge Lessee from the payment of Rent or amounts payable as Rent as they become due and payable, or from the performance and observance of any of the agreements, covenants and conditions herein contained on the part of Lessee to be performed and observed.

(b) If the Improvements on the Land are totally or substantially destroyed and such loss or damage is insured, Lessee may, at its option, repair, reconstruct or replace such Improvements or elect to terminate this Lease by giving Lessor written notice of termination (the "Termination Notice") within ninety days after such total or substantial destruction. Subject to subsection 14(g), if Lessee elects not to terminate, Lessee shall diligently and with reasonable dispatch repair, reconstruct or replace the damaged or destroyed Improvements with improvements of quality, character and quantity at least equivalent to that destroyed. If Lessee elects to terminate this Lease, (i) rental obligations hereunder shall terminate, (ii) Lessee shall apply the insurance proceeds toward any amounts due the Mortgagees under the Mortgage Loan Documents, then any amounts to pay any obligations of the Lessee, then to any

amounts due hereunder and the balance, if any, to the Lessor, and (iii) immediately thereafter redeliver the Land to Lessor whereupon this Lease shall terminate. The term "substantially destroyed" as used in this Section 18 shall mean destruction resulting in at least a 75% reduction in value of the Improvements. Should Lessor and Lessee for any reason disagree as to whether any destruction of such Improvements is substantial, the matter shall be determined by arbitration in the manner provided in Section 29 hereof.

(c) If the Improvements on the Land are partially, substantially or totally damaged or destroyed and such loss, damage or destruction is not fully covered by insurance, Lessee shall have the right to terminate this Lease unless Lessor agrees to provide funds to cover the uninsured loss, in which case Lessee shall repair, reconstruct or replace such Improvements. If Lessor elects not to cover the uninsured loss for the repair, reconstruction or replacement of the Improvements, (i) Lessee shall apply the insurance proceeds toward any amounts due the Mortgagees under the Mortgage Loan Documents, then to any amounts due hereunder and the balance, if any, to Lessor, and (ii) immediately thereafter redeliver the Land to Lessor whereupon this Lease shall terminate.

19. EMINENT DOMAIN.

(a) If the Development or any part thereof shall be taken or condemned by any competent entity in appropriate proceedings or by any right of eminent domain, compensation therefore shall be paid to the Mortgagees, as provided in the Mortgage Loan Documents.

(b) All condemnation proceeds received by the Mortgagees in compensation for a taking of less than substantially all of the Development shall be applied to payment of the Mortgage Loans as follows:

(i) If the Development or any part thereof is taken without any damage resulting to the Development, but creating a right to compensation thereof, the net condemnation award shall be applied pursuant to the terms of the Mortgage Loans Documents;

(ii) If the Development or any part thereof is taken and damage results to the Development from such taking, and the Lessee and Lessor agree in writing within ninety (90) days after payment of the condemnation award that reconstruction or restoration of all or any part of the Development taken is economically feasible, and if the Mortgagees shall determine that such reconstruction or restoration will not adversely affect the payment of the principal or the interest on

the Mortgage Loans, then the Mortgagees shall apply the net condemnation award first to the reconstruction or restoration and hold the balance, if any, in accordance with the terms of the Mortgage Loans. In the event of such taking and subsequent determination to proceed with reconstruction or restoration, the rights and obligations of the parties to this Lease shall continue in full force and effect, subject to the requirements of the Mortgagees.

(c) If the entire Development, or substantially all of the Development, shall be taken or there is a decision not to carry out its reconstruction or restoration pursuant to (b) above, then the Mortgagees shall apply the net condemnation award in accordance with the terms of the Mortgage Loan Documents, and this Lease shall terminate, and shall become void from the time possession thereof is required for public use, and from that date the parties hereto shall be released from further obligation hereunder.

(d) In the event proceedings shall be instituted (1) for the exercise of the power of eminent domain, or (2) as a result of any damage to or destruction of the Development, the Lessee, Lessor and the Mortgagees shall be made parties thereto, and if not made parties thereto by the petitioning party, shall be brought into the proceedings so that adjudication may be made with respect to the damages, if any, paid to the Lessee, Lessor or the Mortgagees. The Lessor, the Lessee and the Mortgagees shall cooperate and consult with each other in all matters pertaining to the settlement, compromise, arbitration or adjustment of any and all (1) legal proceedings affecting the Lessee, the Lessor and the Development, or (2) claims and demands for damages on account of damage to or destruction of the Development on account of the taking or condemnation of the Development or the Land.

Notwithstanding any other provision of this Lease, the foregoing provisions of this Section 19 are subject to the rights of Mortgagees under the Mortgage Loan Documents. Without limiting the foregoing, to the extent of any conflict between the provisions of this Section 19 and the Mortgage Loan Documents, the Mortgage Loan Documents shall be controlling.

20. MORTGAGE OF LEASEHOLD AND FEE.

(a) CAA and PHA each shall have the right, with respect to each Project, to encumber the leasehold estate created by this Lease by one or more deeds of trust or other security instruments, including an assignment of the rents, issues and profits from each Parcel and the Improvements on each Parcel (the "Leasehold Mortgages") to secure repayment of any loans to CAA and PHA, respectively and associated obligations from any mortgage lenders (each, a "Mortgagee"), provided CAA and PHA

shall obtain the prior written approval of Lessor which shall not be unreasonably or arbitrarily withheld.

(b) As additional security to any Mortgagee, Lessor shall, upon the written request of CAA or PHA, execute, acknowledge and deliver a deed of trust and related security instruments (a "Fee Mortgage") upon Lessor's interest in this Lease and Lessor's fee interest in each Parcel (Lessor's interest in this Lease and fee interest in the Parcels shall herein collectively be referred to as Lessor's "Fee Interest"). Lessor shall not be obligated to encumber Lessor's Fee Interest with a Fee Mortgage, unless the following conditions are satisfied with respect to each Project:

(i) Lessor shall not be personally liable to the Mortgagee for the repayment of the indebtedness secured or for the performance of the terms, covenants and conditions of the Fee Mortgage;

(ii) no event of default by Lessee hereunder shall be uncured at the time Lessor is requested to execute the Fee Mortgage;

(iii) the proceeds of each loan secured by a Fee Mortgage shall be used solely (a) to pay the costs incurred in the initial construction and development of the Development (including reimbursement to Lessee for such costs paid by Lessee directly), or (b) to refinance a loan made to pay such costs; provided, however, the cumulative term of all loans secured by a Fee Mortgage shall not exceed the Term hereby and such refinancing shall be only in an amount necessary to refinance the then principal balance of the refinanced loan and reconstruction performed in accordance with Sections 17 and 18 of this Lease;

(iv) the terms of the loan secured by a Fee Mortgage are approved by Lessor, which approval shall not be withheld arbitrarily or in bad faith; and

(v) any loan secured by a Fee Mortgage shall be obtained from a reputable institutional lender (e.g., national or state bank, foreign bank agency licensed in California, federal or state savings and loan association, trust company, insurance company, educational institution, pension or retirement fund, charitable foundation or real estate investment trust).

(c) In the event a Mortgagee seeks both a Leasehold Mortgage and a Fee Mortgage, both may be created under the same instrument. Any instruments creating a Fee Mortgage and Leasehold Mortgage may provide, upon Mortgagee's request, that upon a default thereunder Mortgagee may enforce its remedies under the Fee Mortgage, the Leasehold Mortgage or both. Any Fee Mortgage and the note secured

thereby shall provide that (i) notice of any default thereunder shall be given promptly by Mortgagee to Lessor and Lessor shall have the right, but not the obligation, to cure any such default, and (ii) Lessor shall be permitted to take and hold the Development subject to, or by assumption of, such obligations without personal liability and without charge or penalty upon such default. Neither Lessor's right to cure any default nor any exercise of such right shall constitute an assumption of liability under the note or mortgage.

(d) Lessee acknowledges that because Lessor has made special concessions and has provided Lessee with substantial financial assistance, Lessor shall have the right to approve Lessee's financing for the Development as described in this Section 20, which approval shall not be unreasonably withheld. Lessor hereby approves the terms of the permanent and bridge financing to be provided to the Development by the California Housing Finance Agency ("CHFA") as set forth in those certain Final Commitment Letters for each Project, each dated February 29, 1996 and agrees to subordinate to such CHFA financing the City's fee interest in the Land and the lien of any Mortgage Loans held by the City on the Development.

21. PROTECTION OF MORTGAGEE. With respect to each Project, during the continuance of any Leasehold Mortgage and until such time as the lien of any Leasehold Mortgage has been extinguished:

(a) Lessor shall not accept any surrender of this Lease, nor shall Lessor consent to any material amendment or modification of this Lease which may be adverse to the interest of the Mortgagee, without the prior written consent of any Mortgagee.

(b) Notwithstanding any default by Lessee in the performance or observance of any agreement, covenant or condition of this Lease on the part of Lessee to be performed or observed, Lessor shall have no right to terminate this Lease or interfere with the occupancy, use and enjoyment of the Development unless (i) an event of default by Lessee hereunder shall have occurred and is continuing, (ii) Lessor shall have given any Mortgagee written notice of such event of default, (iii) the Mortgagee(s) shall have failed to remedy any monetary default, and (iv) the Mortgagee(s) shall have failed to remedy any nonmonetary default, acquire Lessee's leasehold estate created hereby or commence and diligently pursue foreclosure or other appropriate proceedings, all as set forth in, and within the time specified by this Section 21.

(c) Any Mortgagee shall have the right, but not the obligation, at any time prior to termination of this Lease and without payment of any penalty, to pay all

of the Rent due hereunder, to effect any insurance, to pay any taxes and assessments, to make any repairs and improvements, to do any other act or thing required of Lessee hereunder, and to do any act or thing which may be necessary and proper to be done in the performance and observance of the agreements, covenants and conditions hereof to prevent termination of this Lease. All payments so made and all things so done and performed by a Mortgagee shall be as effective to prevent a termination of this Lease as the same would have been if made, done and performed by Lessee instead of by a Mortgagee.

(d) Should any event of default by Lessee under this Lease occur, any Mortgagee shall have 60 days after receipt of written notice from Lessor setting forth the nature of such event of default, within which to remedy the default; provided that in the case of a default which cannot with due diligence be cured within such 60-day period, the Mortgagee(s) shall have the additional time reasonably necessary to accomplish the cure, provided that (i) such Mortgagee has commenced the curing within such 60 days and (ii) thereafter diligently prosecutes the cure to completion. If the default is such that possession of the Property may be reasonably necessary to remedy the default, the Mortgagee(s) shall have a reasonable additional time after the expiration of such 60-day period, within which to remedy such default, provided that (i) the Mortgagee(s) shall have fully cured any default in the payment of any monetary obligations of Lessee under this Lease within such 60 day period and shall continue to pay currently such monetary obligations as and when the same are due, and (ii) the Mortgagee(s) shall have acquired Lessee's leasehold estate or commenced foreclosure or other appropriate proceedings seeking such acquisition within such period, or prior thereto, and is diligently prosecuting any such proceedings.

(e) Any event of default by Lessee under this Lease which is not susceptible to remedy by a Mortgagee shall be deemed to be remedied if (i) within 60 days after receiving written notice from Lessor setting forth the nature of such event of default, or prior thereto, a Mortgagee shall have acquired Lessee's leasehold estate created hereby or shall have commenced foreclosure or other appropriate proceedings seeking such acquisition, (ii) a Mortgagee shall diligently prosecute any such proceedings to completion, and (iii) a Mortgagee shall have fully cured any default in the payment and performance of any monetary or other obligations of Lessee hereunder which do not require possession of the Land within such 60-day period and shall thereafter continue faithfully to perform all such monetary obligations which do not require possession of the Land, and (iv) after gaining possession of the Land, a Mortgagee shall perform all other obligations of Lessee hereunder as and when the same are due.

(f) If a Mortgagee is prohibited by any process or injunction issued by any court or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Lessee from commencing or prosecuting foreclosure or other appropriate proceedings, the times specified in subsections (d) and (e) above for commencing or prosecuting such foreclosure or other proceedings shall be extended for the period of such prohibition; provided that Mortgagee shall have fully cured any default in the payment of any monetary obligations of Lessee under this Lease and shall continue to pay currently such monetary obligations as and when the same fall due.

(g) Lessor shall mail by certified or registered mail, return receipt requested, or personally deliver to any Mortgagee a duplicate copy of any and all notices in writing which Lessor may from time to time give to or serve upon Lessee pursuant to the provisions of this Lease. The copy shall be mailed or delivered to any Mortgagee at, or as near as possible to, the time such notices are given to or served upon Lessee by Lessor. No notice by Lessor to Lessee of any default by Lessee hereunder shall be deemed to have been given unless and until a copy thereof shall have been so mailed or delivered to any Mortgagee. Upon the execution of any Leasehold Mortgage or Fee Mortgage, Lessor shall be informed in writing of the vesting of the security interest evidenced by the Leasehold Mortgage or Fee Mortgage and of the address to which all notices to the Mortgagee are to be sent. Notwithstanding any other provision of this Section 21, any Mortgagee shall be deemed to have waived any right to receive notice pursuant to this Section unless and until Lessor has received such information.

(h) Foreclosure of the Leasehold Mortgage, or any sale thereunder, whether by judicial proceedings or by virtue of any power of sale contained in the Leasehold Mortgage, or any assignment or conveyance of the leasehold estate created by this Lease from Lessee to a Mortgagee or other purchaser through, or in lieu of, foreclosure or other appropriate proceedings of a similar nature shall not constitute a breach of any provision of or a default by Lessee under this Lease. Upon such foreclosure, sale or conveyance Lessor shall recognize the Mortgagee, or any other foreclosure sale purchaser, as Lessee hereunder. In the event a Mortgagee becomes Lessee under this Lease, such Mortgagee shall be liable for the obligations of Lessee under this Lease only for the period of time that such Mortgagee remains Lessee. Such Mortgagee shall have the right to assign this Lease at any time after becoming Lessee without any restriction otherwise imposed on Lessee hereunder and shall be fully released from liability under the Lease from and after the date of such assignment.

(i) Should Lessor terminate this Lease by reason of any default by Lessee hereunder, Lessor shall, upon written request by a Mortgagee given within 30 days after such termination, immediately execute and deliver a new Lease of the Land to such Mortgagee, or its nominee, purchaser, assignee or transferee, for the remainder of the term of this Lease with the same agreements, covenants and conditions (except for any requirements which have been fulfilled by Lessee prior to termination) as are contained herein and with priority equal to that hereof. The Mortgagee shall have first promptly cured any defaults of Lessee under the terms and conditions for such cure(s) by Mortgagee provided in this Section 21. The Mortgagee's right to possession of the Land under the new Lease shall commence only upon Lessee's vacating of the Land. Upon execution and delivery of such new Lease, Lessor shall take such action as shall be necessary to cancel and discharge this Lease and to remove Lessee named herein from the Land. All Lessor's expenses incurred under this subparagraph (i) shall be paid by the new Lessee as such expenses are incurred.

(j) Lessor and Lessee will cooperate in including in this Lease by suitable amendment from time to time any provision reasonably requested by a Mortgagee or which may reasonably be necessary to implement the provisions of this Section 21. Such amendment, however, shall not in any way change the Term hereof or adversely affect in any material respect any material rights of Lessor under this Lease.

22. NO MERGER.

(a) Except as provided in (b) and (c) below, there shall be no merger of the leasehold estate created by this Lease with any other estate in the Land, including the fee estate, by reason of the fact that the same person may own or hold the leasehold estate created by this Lease, or an interest in such leasehold estate, and such other estate in the Land, including the fee estate, or any interest in such other estate; and no merger shall occur unless and until Lessor and any Mortgagee shall join in a written instrument effecting such merger and shall duly record the same.

(b) A termination of this Lease by the Lessee shall cause a merger of the estates of Lessor and Lessee in Lessor, if Lessor so elects and the Mortgagees agree.

(c) The foregoing provisions of this Section 22 shall not apply in the event a Mortgagee through a foreclosure or deed-in-lieu of foreclosure, or any purchaser through such foreclosure or any purchaser to whom such Mortgagee may assign its rights or convey the Land and Development in connection with such

proceedings, shall acquire the estates of both Lessor and Lessee hereunder, in which event the estates of Lessee and Lessor shall merge and no consent of any other party, including, but not limited to that of any junior Mortgagee, shall be required for such merger to occur.

23. NO PARTNERSHIP. It is expressly understood and agreed that Lessor does not, in any way or for any purpose, as a consequence of this Lease or any of its provisions become a partner or agent of Lessee in the conduct of Lessee's business, or a joint venturer or a member of a joint enterprise with Lessee.

24. ASSIGNMENT AND SUBLETTING.

(a) Subject to the provisions of Sections 21 and 22, Lessee may not assign or sublease this Lease or any interest herein without the prior written approval of Lessor which approval shall not be unreasonably withheld, provided, however, that without further approval by Lessor Lessee shall have the right to assign this Lease and transfer the Development to one or more limited partnerships of which Citizens Housing Corporation ("CHC") or one of its affiliates, Promenade Housing Corporation or Case Avenue Housing Corporation (each an "Affiliate"), is managing general partner, or directly to CHC or an Affiliate. Lessor shall have the right to approve the terms of Lessee's syndication of its interests in the Development, which approval shall not be unreasonably withheld. If Lessor, in its reasonable but sole discretion, decides to approve an assignment or sublease of this Lease or an interest herein, Lessor may require the following:

(i) no uncured event of default by Lessee exists under this Lease as of the date of such assignment or sublease.

(ii) the assignment or sublease shall be in writing, duly executed and acknowledged by Lessee and the assignee or sublease, in form satisfactory to Lessor, providing that the assignee or sublease assumes and agrees to perform and observe all the agreements, covenants and conditions of this Lease,

(iii) an executed original of such assignment or sublease shall be delivered to Lessor, and

(iv) the assignee or sublessee shall be of creditworthiness and net worth reasonably comparable to Lessee. Effective as of the date of any such assignment, or sublease, Lessee shall be released from all obligations and liabilities thereafter arising under this Lease. Lessee shall reimburse Lessor for all reasonable

costs incurred by Lessor in connection with Lessor's investigation of any proposed assignee or sublease.

25. UNAVOIDABLE DELAYS. Notwithstanding anything herein to the contrary, in the event either party is unable to perform any obligation hereunder due to an act of God, fire, flood, earthquake, labor strike or any other cause reasonably beyond the control of such party, the time for performance of such obligation shall be delayed for a reasonable time thereafter.

26. NONWAIVER. If any action or proceeding is instituted or if any other steps are taken by Lessor or Lessee, and a compromise, part payment or settlement thereof shall be made, the same shall not constitute or operate as a waiver by Lessor or Lessee of any agreement, covenant or condition of this Lease or of any subsequent breach thereof. No waiver of any default under this Lease shall constitute or operate as a waiver of any subsequent default hereunder, and no delay, failure or omission in exercising or enforcing any right, privilege or option under this Lease shall constitute a waiver, abandonment or relinquishment thereof. No waiver of any provision hereof by Lessor or Lessee shall be deemed to have been made unless and until such waiver shall have been reduced to writing and signed by Lessor or Lessee, as the case may be.

27. ESTOPPEL CERTIFICATES. Lessee or Lessor, as the case may be, will execute, acknowledge and deliver to the other or to the Mortgagees, promptly upon request, its certificate certifying (a) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, as modified, and stating the modifications), (b) the dates, if any, to which the Rent, and other monetary obligations have been paid (c) whether there are then existing any charges, offsets or defenses against the enforcement by Lessor of any agreement, covenant or condition hereof on the part of Lessee to be performed or observed (and, if so, specifying the same), and (d) whether there are then existing any defaults by Lessee in the performance or observance by Lessee of any agreement, covenant or condition hereof on the part of Lessee to be performed or observed and whether any notice has been given to Lessee of any default which has not been cured (and, if so, specifying the same). Any such certificate may be relied upon by a prospective assignee, purchaser or mortgagee or trustee under a deed of trust encumbering the Land, this Lease or both.

28. HOLDING OVER. This Lease shall terminate without further notice upon the expiration of the Term hereof, and any holding over by Lessee after the expiration of said Term shall not constitute a renewal hereof or give Lessee any rights hereunder or in or to the Land, except as otherwise herein provided, it being understood and

agreed that this Lease cannot be renewed, extended or in any manner modified except in writing signed by Lessor and Lessee.

29. DEFAULTS AND REMEDIES.

(a) Any of the following shall constitute a default by Lessee under this Lease:

(i) Lessee's failure to pay any Rent or other moneys due hereunder and such failure continues for a period of 10 days after written notice thereof to Lessee (with a copy to Mortgagees);

(ii) Lessee's substantial failure to perform or observe any of the other agreements, covenants or conditions of this Lease or the Management Plan or on the part of Lessee to be performed and observed and such failure continues for a period of thirty days after written notice thereof to Lessee (with a copy to Mortgagees), or, in the case of a failure to perform which cannot be cured by the payment of money and cannot with due diligence be cured within 30 days, Lessee fails to commence to cure such failure within 30 days and fails diligently to pursue such cure to completion;

(iii) Lessee admits in writing its inability to pay its debts generally as they become due, files a petition in bankruptcy, insolvency, reorganization, readjustment of debt, dissolution or liquidation under any law or statute of the Federal government or any state government or any subdivision of either now or hereafter in effect, makes an assignment for the benefit of its creditors, consents to or acquiesces in the appointment of a receiver of itself or of the whole or any substantial part of the Development;

(iv) a court of competent jurisdiction enters an order, judgment or decree appointing a receiver of Lessee or of the whole or any substantial part of the Development, and such order, judgment or decree is not vacated, set aside or stayed within sixty days from the date of entry of such order, judgment or decree;

(v) a court of competent jurisdiction enters an order, judgment or decree approving a petition filed against Lessee under any bankruptcy, insolvency, reorganization, readjustment of debt, dissolution or liquidation law or statute of the Federal government or any state government or any subdivision of either now or hereafter in effect, and such order judgment or decree is not vacated, set aside or stayed within sixty days from the date of entry of such order, judgment or decree; or

(vi) under the provisions of any other law for the relief or aid of debtors, a court of competent jurisdiction assumes custody or control of Lessee or of the whole or any substantial part of the Development, and such custody or control is not be terminated within sixty days from the date of assumption of such custody or control.

(b) Upon the occurrence of any event of default by Lessee hereunder, Lessor shall have the following rights and remedies, in addition to all other rights and remedies of Lessor provided hereunder or by law:

(i) The right to terminate this Lease, in which event Lessee shall immediately surrender possession of the Property, and pay to Lessor all rent and all other amounts payable by Lessee hereunder to the date of such termination. Upon termination of this Lease, the right to a Quitclaim Deed in the form attached hereto as Exhibit E transferring to Lessor all of Lessee's right, title and interest in and to the Lease including, without limitation, the Land and the Improvements. Lessor's acceptance of such Quitclaim Deed shall not in any way limit Lessee's liability for any breach of this Lease.

(ii) The right to cause a receiver to be appointed in any action against Lessee to take possession of the Development or to collect the rents or profits therefrom. Neither the appointment of such receiver nor any other action taken by Lessor shall constitute an election on the part of Lessor to terminate this Lease unless written notice of termination is given to Lessee; or

(c) Lessor shall default under or breach this Lease if Lessor fails to observe or perform any covenant, condition or agreement hereunder on its part to be performed which results in material detriment to the leasehold interest of Lessee in the Land, or the fee interest of Lessee in the Improvements, and

(i) such failure continues for a period of sixty (60) days after receipt by Lessor of written notice specifying the nature of such failure or

(ii) if by reason of the nature of such failure the same cannot be remedied within said sixty (60) days, Lessor fails to proceed with reasonable diligence after receipt of the notice to cure the default.

(d) If Lessor breaches or defaults under the Lease, Lessee shall give Lessor and Mortgagees written notice requiring that the breach or default be remedied by Lessor. If the default or breach is not cured within the time set forth in (c) above,

Lessee or Mortgagees may take any action as may be necessary to protect their respective interests. Such action shall include the right of

(i) the Lessee or Mortgagees to cure such default and recover any expenditure with interest thereon (at the rate specified in the Mortgage Loan Documents) from Lessor within thirty (30) days after sending to Lessor a statement therefor, or

(ii) any rights or remedies granted to Mortgagees under the Mortgage Loan Documents or the laws of the State of California.

30. ARBITRATION. Whenever, under any provision of this Lease, arbitration then the matter shall be determined by arbitration under the then current arbitration rules of the American Arbitration Association, with a single neutral arbitrator. Without limiting the generality of the arbitrator's powers under the American Arbitration Association rules, it is agreed that the arbitrator shall have the power to require specific performance and to require interim enforcement remedies. The award of the arbitrator can be entered as a final and binding judgment in any court with applicable jurisdiction. The arbitration shall be carried out in Alameda County. The arbitrator shall comply with and be governed by Code 7 of Civil Procedure §1296, which is expressly incorporated herein by reference. The parties shall have all rights of discovery permitted in civil cases pursuant to the Code of Civil Procedure of the State of California. The party prevailing in the arbitration shall be entitled, in addition to the award, to receive all of its costs and attorney's fees for the arbitration.

31. INDEMNIFICATION.

(a) Lessee shall indemnify, defend, hold and save Lessor free and harmless of, from and against any and all claims, liability, loss or damage, including reasonable attorney's fees, for any loss, injury, death or damage to persons or property which at any time may be suffered or sustained by any person who may be using, occupying or visiting the Development or be in, on or about the Development, to the extent such loss, injury, death or damage is the result of any negligent or intentional act or omission by Lessee or any of its officers, agents or employees, and excepting any claims arising from negligent or intentional acts or omissions committed by Lessor or any of this officers, agents or employees. Lessee shall further indemnify, defend, hold and save Lessor free and harmless from and against any and all claims, liability, loss or damage, including reasonable attorneys' fees, arising out of the existence on or after the Commencement Date of any Hazardous Substance on, in, about, or under the Improvements.

(b) Lessor shall indemnify, defend, hold and save Lessee free and harmless of, from and against any and all claims, liability, loss, expenses or damage, including reasonable attorney's fees, for any loss, injury, death or damage to persons of property which at any time may be suffered or sustained by any person who may be using, occupying or visiting the Development or be in, on or about the Development, to the extent such loss, injury, death or damage is the result of Lessee's carrying out the preference program created by Section 5, or of any willful or intentional act or omission by Lessor or any of its officers, agents or employees, and excepting any claims arising from negligent or intentional acts or omissions committed by Lessee or any of its officers, agents or employees. Lessor shall further indemnify, defend, hold and save Lessee free and harmless from and against any and all claims, liability, loss or damage, including reasonable attorneys' fee, arising out of the existence prior to the Commencement Date of any Hazardous Substance on, in, about, or under the Land.

32. NOTICES. Except as otherwise provided hereunder, any notice or communication to Lessor, Lessee or Lender shall be in writing and either delivered personally or mailed by certified mail, postage prepaid. Mailed notices or communications shall be addressed as follows:

To Lessor: City of Pleasanton
City Hall
123 Main Street
P.O. Box 520
Pleasanton, California 94566
Attention: City Manager

(with a copy to the City Attorney
at the above address)

To Lessee: Case Avenue Associates, a California Limited Partnership
3236 Stone Valley Road, Suite 210
Alamo, CA 94507

and to: Promenade Housing Associates, a California Limited Partnership
3236 Stone Valley Road, Suite 210
Alamo, CA 94507

The parties may designate other addresses for receiving notices by providing written notice to the other party. Mailed notices or communications to Mortgagees shall be addressed to Mortgagees at such address as Mortgagees shall from time to

time designate by notice in writing to Lessor and Lessee. Any notice mailed in the manner above set forth shall be deemed to have been received unless returned to the sender by the post office.

33. GENERAL PROVISIONS.

(a) If one or more of the provisions contained in this Lease shall for any reason be held to be invalid, illegal or unenforceable in any other provisions of this Lease, but this Lease shall be construed as if such invalid, illegal or unenforceable provisions had not been contained herein.

(b) Time is of the essence of each and all of the agreements, covenants and conditions of this Lease.

(c) Whenever in this Lease the consent or approval of either Lessor or Lessee is required or permitted, the party requested to give such consent or approval will act promptly and will not unreasonably withhold its consent or approval unless expressly provided otherwise herein.

(d) Contemporaneously with the execution of this Lease, Lessor and Lessee will execute and acknowledge for recordation in the Official Records of the County of Alameda a Memorandum of Lease in the form of Exhibit F attached hereto.

(e) In the event of any action or proceeding at law or in equity or in arbitration between Lessor and Lessee to enforce any provision of this Lease or to protect or establish any right or remedy of either party, the prevailing party shall be entitled to all costs and expenses, including reasonable attorneys' fees, incurred therein by such prevailing party, and if such prevailing party shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included in and as a part of such judgment.

(f) This instrument constitutes the entire agreement between Lessor and Lessee with respect to the subject matter hereof and supersedes all prior understandings, offers and negotiations, oral or written, including, but not limited to, any contrary provisions of the DDA. This Lease may not be amended or modified in any respect whatsoever except by an instrument in writing signed by Lessor, Lessee and, if required by any Mortgagee, by Mortgagee.

(g) This Agreement shall be construed in accordance with, and governed by, the laws of the State of California.

(h) Except where terms are otherwise specifically defined, whenever used herein, the singular number shall include the plural, and the plural number shall include the singular and all words used in any gender shall extend to and include both genders.

(i) Each party to this Agreement agrees to perform any further acts and to execute and deliver any documents that may be reasonably convenient or necessary to carry out this Agreement.

(j) The captions to the paragraphs of this Agreement are for reference and convenience only and are not to be construed in any way as a part of this Agreement to explain, modify, amplify or aid in the interpretation of this Agreement.

(k) The parties shall be subject to the express covenant of good faith and fair dealing.

(l) This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

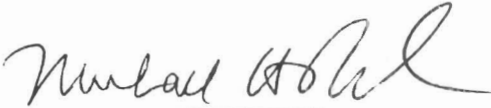
(m) The exhibits attached hereto are incorporated herein by reference.

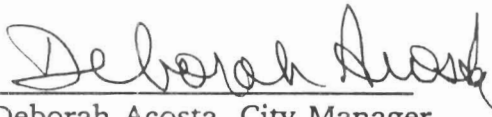
IN WITNESS WHEREOF, Lessor and Lessee have executed this Lease as of the date first hereinabove written.

LESSOR:

City of Pleasanton, California, a Municipal Corporation

Approved as to form:


Michael H. Roush
City Attorney

By: 
Deborah Acosta, City Manager

LESSEE:

Case Avenue Associates,
A California Limited Partnership

By: Promenade Housing Corporation, a
California nonprofit public benefit
corporation, Its Managing General
Partner

By: _____
William F. McClure,
Its Vice President

ATTEST:


Peggy Ezidoro, City Clerk

AND

By: A.F. Evans Company, Inc., A California
Corporation, Its General Partner

By: _____
Arthur F. Evans
Its President

IN WITNESS WHEREOF, Lessor and Lessee have executed this Lease as of the date first hereinabove written.

LESSOR:

City of Pleasanton, California, a Municipal Corporation

Approved as to form:

By: _____
Deborah Acosta, City Manager

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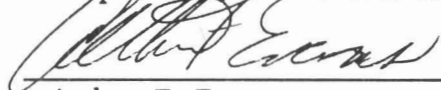
William F. McClure,
Its Vice President

ATTEST:

AND

Peggy Ezidro, City Clerk

By: A.F. Evans Company, Inc., A California
Corporation, Its General Partner

By: 

Arthur F. Evans
Its President

Promenade Housing Associates, A California
Limited Partnership

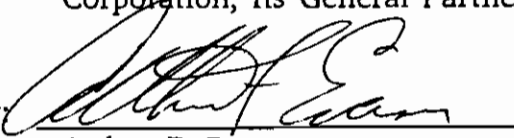
By: Promenade Housing Corporation, A
California nonprofit public benefit
corporation, Its Managing General
Partner

By: 

William F. McClure,
Its Vice President

AND

By: A.F. Evans Company, Inc., A California
Corporation, Its General Partner

By: 

Arthur F. Evans
Its President

EXHIBIT A
DESCRIPTION OF LAND

The land referred to herein is all that certain land situated in the City of Pleasanton, County of Alameda, State of California, described as follows:

Parcel 1, Parcel Map 5231 filed April 22, 1988, Map Book 176, Page 40, Alameda County Records.

Assessor's Parcel No. 947-3-5

EXHIBIT B

BASE RENT PAYMENT SCHEDULE
TOTAL FOR BOTH THE AFFORDABLE PARCEL AND MARKET PARCEL

YEAR	ANNUAL RENT PAYMENTS
1	\$ 10,000
2	\$ 25,000
3	\$ 45,000
4	\$ 65,000
5	\$ 90,000
6	\$110,000
7	\$135,000
8	\$155,000
9	\$180,000
10	\$205,000
11	\$212,600
12	\$212,600
13	\$212,600
14	\$212,600
15	\$212,600
16 through 55	Subject to the limitations, if any, imposed by any Regulatory Agreement, Lessee shall pay Lessor rent in the amount of sixty percent (60%) of annual Surplus Cash, as defined below. "Annual Surplus Cash" shall mean operating income in excess of expenses required for operation of the Development, including, but not limited to, debt service, a payment of \$300,000 to Citizens Housing Corporation, maintenance, taxes, current operating expenses, reasonable partnership management fees, as determined by annual audited statements prepared by a CPA for the year prior to the payment date.

EXHIBIT C

LIST OF EASEMENTS/TITLE EXCEPTIONS

1. Taxes, general and Special, for the fiscal year 1996 - 1997 a lien, but not yet due or payable.

Code No. : 19-079
Assessor's Parcel No. : 947-3-5

2. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Section 75, et seq., of the Revenue and Taxation Code of the State of California.

3. Water rights, claims or title to water, whether or not shown by the public records.

Including, but not limited to, the following:

Water or water rights as reserved by the City and County of San Francisco in the instrument

Entitled : Quitclaim Deed
By and Between : The City and County of San Francisco and the Town of Pleasanton
Recorded : July 9th, 1951 in Book 6482 of Official Records, Page 535

4. Any easement affecting that portion of said land and for the purposes stated herein and incidental purposes as claimed in the following

Instrument : Deed
Claimed by : The Town of Pleasanton
For : Sewer purposes
Recorded : March 3rd, 1930 in Book 2350 of Official Records, Page 1
Affects : A strip of land 4 feet wide the exact location of which is not defined of record

EXHIBIT D

MONTHLY RENT, UNIT MIX AND MAXIMUM HOUSEHOLD INCOME (1995)

I. LOW INCOME HOUSEHOLDS

<u>UNIT TYPE</u>	<u>NUMBER OF UNITS</u>	<u>ASSUMED OCCUPANCY(1)</u>	<u>MAXIMUM FAMILY INCOME(1)</u>	<u>GROSS RENT</u>	<u>UTILITY ALLOWANCE(2)</u>	<u>NET RENT(3)</u>
1 BR	6	1.5	\$24,930	\$623	\$26	\$597
2 BR	20	3.0	\$29,940	\$748	\$35	\$713
3 BR	8	4.5	\$34,560	\$864	\$42	\$822
TOTAL	34					

II. VERY LOW INCOME HOUSEHOLDS

<u>UNIT TYPE</u>	<u>NUMBER OF UNITS</u>	<u>ASSUMED OCCUPANCY(1)</u>	<u>MAXIMUM FAMILY INCOME (1)</u>	<u>GROSS RENT</u>	<u>UTILITY ALLOWANCE(2)</u>	<u>NET RENT(3)</u>
1 BR	7	1.5	\$20,775	\$519	\$26	\$493
2 BR	20	3.0	\$24,950	\$623	\$35	\$588
3 BR	7	4.5	\$28,880	\$720	\$42	\$678
TOTAL	34					

NOTES

(1) The number of persons assumed by the California Tax Credit Allocation Committee to determine maximum family income limits for affordable units.

(2) Allowances published by HUD for Alameda County.

(3) Net Rent is the monthly rent actually paid by the tenant.

EXHIBIT E

RECORDING REQUESTED BY

AND WHEN RECORDED RETURN TO:

City of Pleasanton
123 Main Street
Pleasanton, CA 94566-0802
Attention: _____

(Space Above for Recorder's Use)

The undersigned hereby declares:
Documentary Transfer Tax \$ _____

QUITCLAIM DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, Case Avenue Associates, a California Limited Partnership and Promenade Housing Associates, a California Limited Partnership (collectively, "Lessee"), hereby REMISES, RELEASES AND QUITCLAIMS to the City of Pleasanton, a Municipal Corporation ("City"), all right, title and interest of Lessee created pursuant to that certain Ground Lease between Lessee and the City, a Memorandum of which was recorded on _____, 1996 as Instrument No. _____ in the Official Records of Alameda County, California.

Mail Tax Statements To Party Shown on Following Line:

IN WITNESS WHEREOF, Lessee has caused this instrument to be duly executed.

DATED: _____

Case Avenue Associates,
A California Limited Partnership

By: Promenade Housing Corporation, A
California nonprofit public benefit
corporation, Its Managing General
Partner

By: _____
William F. McClure,
Its Vice President

AND

By: A.F. Evans Company, Inc., A California
Corporation, Its General Partner

By: _____
Arthur F. Evans
Its President

Promenade Housing Associates, A California
Limited Partnership

By: Promenade Housing Corporation, A
California nonprofit public benefit
corporation, Its Managing General
Partner

By: _____
William F. McClure,
Its Vice President

AND

By: A.F. Evans Company, Inc., A California
Corporation, Its General Partner

By: _____
Arthur F. Evans
Its President

[ACKNOWLEDGMENTS]

EXHIBIT F

**RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:**

City of Pleasanton
123 Main Street
Pleasanton, CA 94566
Attn: City Manager

MEMORANDUM OF LEASE

This Memorandum of Lease ("Memorandum") is entered into as of this first day of April, 1996, by and between the City of Pleasanton, a Municipal Corporation ("Lessor"), and Case Avenue Associates, a California Limited Partnership and Promenade Housing Associates, a California Limited Partnership (collectively, "Lessee"), with respect to that certain Ground Lease ("Lease") dated concurrently herewith between Lessor and Lessee.

Pursuant to the Lease, Lessor hereby leases to Lessee and Lessee leases from Lessor the real property more particularly described in Exhibit A, attached hereto and incorporated herein by this reference. It is the intent of the parties to the Lease that the Lease shall create a constructive notice of severance of the Improvements, as defined in the Lease, without the necessity of a deed from Lessor to Lessee, which Improvements are and shall remain real property. The Lease commences on the date first written above and shall continue from such date until the expiration of fifty-five (55) years thereafter.

This Memorandum shall incorporate herein all of the terms and provisions of the Lease as though fully set forth herein.

This Memorandum is solely for recording purposes and shall not be construed to alter, modify, amend or supplement the Lease, of which this is a memorandum.

LESSOR:

City of Pleasanton, California, a Municipal Corporation

Approved as to form:

By: _____
Deborah Acosta, City Manager

Michael H. Roush
City Attorney

LESSEE:

Case Avenue Associates,
A California Limited Partnership

By: Promenade Housing Corporation, a
California nonprofit public benefit
corporation, Its Managing General
Partner

By: _____
William F. McClure,
Its Vice President

ATTEST:

AND

Peggy Ezidro, City Clerk

By: A.F. Evans Company, Inc., A California
Corporation, Its General Partner

By: _____
Arthur F. Evans
Its President

Promenade Housing Associates, A California
Limited Partnership

By: Promenade Housing Corporation, A
California nonprofit public benefit
corporation, Its Managing General
Partner

By: _____
William F. McClure,
Its Vice President

AND

By: A.F. Evans Company, Inc., A California
Corporation, Its General Partner

By: _____
Arthur F. Evans
Its President

[ACKNOWLEDGMENTS]

EXHIBIT G

ACCRUED RENT NOTE

\$ _____

_____, 1996
Pleasanton, California

FOR VALUE RECEIVED, Case Avenue Associates, a California Limited Partnership, and Promenade Housing Associates, a California Limited Partnership (collectively, the "Borrower"), promise to pay to the City of Pleasanton (the "City"), or order, the principal sum of _____ (\$ _____), which sum may be increased in accordance with Sections 4(b) and 4(c) of the Ground Lease, as defined below. Unless otherwise indicated, capitalized words not defined in this Note have the meaning given in the Ground Lease.

1. Term. The term of this Note (the "Term") shall commence on _____, 199_ ("Commencement Date"), and end on the termination of the Ground Lease (the "Due Date").
2. Payments; Interest; Security. This Note shall bear no interest and shall not be secured by a deed of trust. Commencing one (1) year following the Commencement Date, Borrower shall make annual payments of principal to the City at the address provided below or as otherwise specified by City, but only to the extent of Surplus Cash, as defined below.

"Surplus Cash" means operating income in excess of expenses required for operation of the Development, including but not limited to, debt service, a payment of \$300,000 to Citizens Housing Corporation in and following the sixteenth year of the Term, maintenance, taxes, current operating expenses, reasonable partnership management fees, as determined by annual audited statements prepared by a CPA for the year prior to the payment date.
3. Ground Lease. This Note is made to evidence amounts that may accrue under Sections 4(b) and 4 (c) of that certain Ground Lease between the Borrower and the City dated as of _____, 1996 (the "Ground Lease").
4. Maturity. All unpaid principal and interest on this Note shall be due and payable upon the earlier of : (1) the Due Date; or (2) occurrence of an Event of Default (as defined in Section 5).

5. Default. Any of the following constitute an Event of Default under this Note: (1) any failure to pay in full within five (5) days following written notice from City any payment required under this Note; (2) any default under this Note or the Ground Lease; or (3) any default under any loan agreement, note or deed of trust of the Borrower with respect to the Property.

6. Acceleration. Upon the occurrence of an Event of Default, the City shall have the right to accelerate the Due Date and declare all of the unpaid principal and accrued interest immediately due and payable. Any failure by the City to pursue its legal and equitable remedies upon an Event of Default shall not constitute a waiver of the City's right to declare a default and exercise all of its rights under this Note and the Ground Lease. Nor shall acceptance by the City of any payment provided for in this Note constitute a waiver of the City's right to require prompt payment of any remaining principal owed.

7. No Offset. The Borrower waives any rights of offset it now has or may later have against the City and its successors and assigns.

8. Waiver; Attorneys' Fees. The Borrower and any endorsers or guarantors of this Note, for themselves and their heirs, legal representatives, successors, and assigns, respectively, severally waive the following: diligence; presentment; protest; demand; notice of protest, dishonor and non-payment; any rights to be released by reason of any extension of time or change in terms of payment, or change or release of any security given for the payments of this Note; and the right to plead any statute of limitations as a defense to any demand on this Note or agreement to pay the same; and jointly and severally agree to pay all costs of collection when incurred, including reasonable attorneys' fees. If an action is instituted on this Note, the Borrower promises to pay, in addition to the costs and disbursements allowed by law, such sum as a court may adjudge reasonable as attorneys' fees in such action.

9. Manner and Place of Payment. All payments of principal due under this Note shall be payable in lawful money of the United States of America at the office of the City of Pleasanton, 123 Main Street, Pleasanton, California 94566, or such other address as the City may designate in writing.

10. Nonrecourse Obligation.

a. Except as provided in Section 8, the Borrower shall not have any direct or indirect personal liability for payment of the principal of this Note or the performance of the Borrower's obligations under the Ground Lease. The sole recourse of the City with respect to payment of the principal of this Note or the performance of the Borrower's obligations under the Ground Lease or this Note, shall be to the Property. No money judgment (or execution on a money judgment) entered in any action (whether legal or equitable) on this Note or the Ground Lease shall be enforced

personally against the Borrower and its officers, directors, employees, and agents, but shall be enforced only against the Property and such other property as may from time to time be hypothecated in connection with the Borrower's obligations under this Note and the Ground Lease. This Section 10(a) does not limit or impair the enforcement against all such security for this Note of all the rights and remedies of the City, nor does it impair the right of the City to assert the unpaid principal amount of this Note as a demand for money within the meaning of California Code of Civil Procedure Section 431.70 or any successor provision.

b. This Section does not relieve the Borrower of personal liability for any of the following: (i) fraud or willful misrepresentation; or (ii) the failure to pay taxes, assessments, or other charges that could create liens on the Property.

11. Miscellaneous Provisions.

- a. All notices to the Borrower or the City shall be given in the manner and at the addresses set forth in the Ground Lease.
- b. No assignment of the Borrower's rights or obligations under this Note, shall be made voluntarily, or by operation of law without the prior written consent of the City, and any assignment without such consent shall be void.
- c. This Note may be amended only by an agreement in writing signed by both the Borrower and the City.
- d. This Note shall be governed by and construed in accordance with the laws of the State of California.
- e. If any provision of this Note shall be declared invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions of this Note shall not be in any way affected or impaired.
- f. The times for the performance of any obligations under this Note shall be strictly construed, time being of the essence.

Borrower:

Case Avenue Associates,
A California Limited Partnership

By: Promenade Housing Corporation, A
California nonprofit public benefit
corporation, Its Managing General
Partner

By: _____
William F. McClure,
Its Vice President

AND

By: A.F. Evans Company, Inc., A California
Corporation, Its General Partner

By: _____
Arthur F. Evans
Its President

Promenade Housing Associates, A California
Limited Partnership

By: Promenade Housing Corporation, A
California nonprofit public benefit
corporation, Its Managing General
Partner

By: _____
William F. McClure,
Its Vice President

AND

By: A.F. Evans Company, Inc., A California
Corporation, Its General Partner

By: _____
Arthur F. Evans
Its President