



**Oversight Board Members:**

Linda Jackson-Whitmore, Chair  
Chadrick Smalley, Vice Chair

John Marquez  
Jeff Lee

Whitney Dotson  
Janet Johnson

Sheri Gamba

## Agenda

### *Regular Meeting*

of the Oversight Board of the Successor Agency to the  
Richmond Community Redevelopment Agency

Tuesday, February 24, 2015

6:00 pm

City of Richmond  
Richmond Room  
450 Civic Center Plaza  
Richmond CA, 94804

1. Call to Order
2. Roll Call
3. Public Comment  
Comments are limited to 3 minutes per speaker.
4. New Business Items
  - a) APPROVE the Oversight Board's September 17, 2014 meeting minutes.
  - b) CONSIDERATION of ADOPTING a resolution approving the Successor Agency to the Richmond Community Redevelopment Agency's Recognized Obligation Payment Schedule for the period July 1, 2015 to June December 31, 2015 (ROPS 15-16A) pursuant to AB 1X26 and AB 1484.
  - c) CONSIDERATION of ADOPTING a resolution finding that the Miraflores Project is an enforceable obligation of the Successor Agency to the Richmond Community Redevelopment Agency, and directing the Successor Agency to proceed with negotiations with an affordable housing development and a market-rate housing developer for the disposition of property for development of the Miraflores Project.
5. Adjournment

Oversight Board meetings are not televised.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Terri Simon (510)307-8134. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.



**Oversight Board Members:**  
Linda Jackson-Whitmore, Chair  
Chadrick Smalley, Vice Chair

John Marquez  
Jeff Lee

Whitney Dotson  
Janet Johnson

Sheri Gamba

## Meeting Minutes to be Approved

### *Regular Meeting*

of the Oversight Board of the Successor Agency to the  
Richmond Community Redevelopment Agency

Wednesday, September 17, 2014

6:00 pm

City of Richmond

Council Chambers

440 Civic Center Plaza

Richmond CA, 94804

1. Call to Order: 6:24 pm
2. Roll Call: **Chairperson Jackson-Whitmore, Johnson, Lee, Vice-Chairperson Smalley.** Absent: **Dotson, Gamba, Marquez.**
3. Public Comment  
Comments are limited to 3 minutes per speaker. Cordell- Richmond resident inquiring about the OB's purpose. 1.35 min.
4. New Business Items
  - a) CONSIDERATION of ADOPTING a resolution approving the Non-Housing Due Diligence Review. - (Susan Mayer)  
**OB member Johnson moved to approve: seconded by OB member Smalley.**
  - b) CONSIDERATION of ADOPTING a resolution approving the Successor Agency to the Richmond Community Redevelopment Agency's Recognized Obligation Payment Schedule for the period January 1, 2015 to June 30, 2015 (ROPS 14-15B) pursuant to AB 1X26 and AB 1484.  
**OB member Lee moved to approve: seconded by OB member Smalley.**
  - c) APPROVE the Oversight Board's regular February 24, 2014 meeting minutes.  
**OB member Lee moved to approve: seconded by OB member Smalley.**
  - d) APPROVE the Oversight Board's special June 19, 2014 meeting minutes.  
**OB member Lee moved to approve: seconded by OB member Smalley.**
  - e) APPROVE the Oversight Board's special September 10, 2014 meeting minutes.  
**OB member Lee moved to approve: seconded by OB member Smalley**
6. Adjournment: 6:42 pm

Oversight Board meetings are not televised.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Lizeht Zepeda (510) 620-1730. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.



**SUCCESSOR AGENCY TO THE  
RICHMOND COMMUNITY  
REDEVELOPMENT AGENCY**

# AGENDA REPORT

**DATE:** February 24, 2015

**TO:** Honorable Chairperson Linda Jackson-Whitmore and Members of the Oversight Board of the Successor Agency to the Dissolved Richmond Community Redevelopment Agency

**FROM:** Susan Mayer, Consultant  
Ted Ferrer, Successor Agency Staff Sr. Accountant

**SUBJECT:** OVERSIGHT BOARD'S CONSIDERATION OF A RESOLUTION APPROVING THE SUCCESSOR AGENCY'S RECOGNIZED OBLIGATION PAYMENT SCHEDULE 15-16A PURSUANT TO AB 1X26 AND AB 1484

## **STATEMENT OF THE ISSUE:**

The Successor Agency to the Richmond Community Redevelopment Agency is required to approve a Recognized Obligation Payment Schedule ("ROPS") every six months pursuant to AB 1X26 and AB 1484.

## **RECOMMENDED ACTION:**

ADOPT a resolution approving the Successor Agency to the Richmond Community Redevelopment Agency's Recognized Obligation Payment Schedule for the period July 2015 to December 2015 (ROPS 15-16a) pursuant to AB 1X26 and AB 1484.

## **FINANCIAL IMPACT OF RECOMMENDATION:**

Funds not obligated in ROPS 15-16a would be unavailable for Successor Agency debt and other obligations and those funds would be redirected to local taxing entities.

## **DISCUSSION:**

### *Background*

AB 1X 26 suspended all new redevelopment activities and incurrence of indebtedness by terminating virtually all otherwise legal functions of redevelopment agencies and mandating a liquidation of any assets for the benefit of local taxing agencies. Some debts are allowed to be repaid, but any such remittances are to be managed by a successor agency that functions primarily as a debt repayment administrator. The successor agency cannot continue or initiate any new redevelopment projects or programs. The activities of the successor agency are overseen by an oversight board, comprised primarily of representatives of other taxing agencies, until such time as the remaining debts of the former redevelopment agency are paid off, all former agency assets are liquidated, and all property taxes redirected to local taxing agencies.

Under Health and Safety Code Section 34177(m), a Recognized Obligation Payment Schedule ("ROPS") must be prepared every six months and list all of the "enforceable obligations" of the former agency. The ROPS is subject to approval by the oversight board and the Department of Finance ("DOF"). "Enforceable obligations" include: bonds; loans legally required to be repaid pursuant to a payment schedule with mandatory repayment terms; payments required by the federal government, preexisting obligations to the state or obligations imposed by state law; judgments, settlements or binding arbitration decisions that bind the agency; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the successor agency, including agreements to purchase or rent office space, equipment and supplies.

A budget trailer bill drafted by DOF purportedly to "clean up" certain conflicting and confusing provisions of AB1X26 was signed by Governor Jerry Brown on June 27<sup>th</sup>, 2012. This bill, AB 1484, made several substantive changes to AB1X26 including a provision that successor agencies that do not submit an approved ROPS by the statutory deadlines will be assessed a \$10,000 per day penalty for lateness.

### *Prior ROPS and Disputes*

On January 24, 2012 the City Council formed the Successor Agency to the Richmond Community Redevelopment Agency ("Successor Agency") and approved the First ROPS pursuant to AB 1X26. The First ROPS was approved by the Oversight Board on April 24, 2012. On May 1, 2012 the DOF deemed the First ROPS incomplete due to a formatting change on the DOF ROPS template. Staff produced First Corrected ROPS, which revised the First ROPS to conform to the new DOF template.

On May 15<sup>th</sup>, 2012 the City Council, acting as Successor Agency Board, approved the Second ROPS. Because the First Corrected ROPS only differed from the First ROPS in formatting and presentation (i.e. no substantive changes were made), the DOF indicated and legal counsel concurred that Successor Agency Board approval of the First

Corrected ROPS was not necessary, and that Oversight Board approval would be sufficient. The Oversight Board subsequently approved both the First Corrected ROPS and the Second ROPS on May 17<sup>th</sup> 2012.

On May 25<sup>th</sup>, 2012 the DOF issued a letter to the Successor Agency approving the First Corrected ROPS and the Second ROPS but denying certain line items, including Phase II of the Richmond Transit Village, the Officer Bradley A. Moody Underpass, the Miraflores Housing project, and the Nevin Court Housing project. Staff challenged the DOF's denial of those items and sent DOF staff supporting documentation and legal arguments demonstrating that the questioned projects adhere to the AB 1X26 definition of enforceable obligations.

On July 12, 2012 the DOF issued a letter to the Successor Agency stating that, as of that date, the DOF was "...no longer accepting revised ROPS or requests to reconsider denied items..." and that "[r]equests to reconsider denied or disputed ROPS items will be addressed in [DOF's Third ROPS] review."

On July 31, 2012 the Successor Agency Board approved the Third ROPS, prior to the August City Council recess, to allow Oversight Board approval and submittal of the Third ROPS prior to the September 1, 2012 deadline.

On August 6, 2012 the DOF posted a new template to be used for the Third ROPS. This template made several substantive changes and included additional information that was not required on previous templates. On August 9, 2012 DOF revised the Third ROPS template again, without giving prior notice to successor agencies.

On August 23, 2012 the Oversight Board approved the Third ROPS to allow submittal prior to the September 1, 2012 deadline and thus avoid penalties due to late submittal, with the understanding that a Corrected Third ROPS using the updated template would need to be approved by the Successor Agency and Oversight Board and submitted to DOF as soon as practicable thereafter.

On September 11, 2012 the Successor Agency Board approved the Corrected Third ROPS. The Oversight Board approved the Corrected Third ROPS on September 26, 2012 and the Corrected Third ROPS was transmitted to DOF on September 27, 2012.

Consistent with the advice of legal counsel, the Corrected Third ROPS submitted to DOF included the previously denied projects referenced above. On September 17, 2012, the DOF issued a letter to the Successor Agency indicating their determination that the Officer Bradley A. Moody Memorial Underpass is an enforceable obligation. On November 11, 2012 the DOF approved the Corrected Third ROPS but again struck certain line items, including the Miraflores site remediation and Nevin Court housing projects, and reclassified several contracts and employee costs as administrative costs subject to a \$500,000 annual cap. Staff challenged these denied and reclassified items; utilizing the "meet and confer" process established by AB 1484.

On December 18, 2012 the DOF issued their final determinations on the disputed items discussed in the “meet and confer” process. These determinations included the approval of Miraflores remediation as an enforceable obligation, continued denial of the Nevin Court Project as an enforceable obligation, the classification of certain contracts as administrative costs, and the reclassification of a portion of certain employee costs as enforceable obligations rather than administrative costs.

In January 2013, the DOF revised the ROPS template again, and revised the naming convention to reflect the fiscal year under review (i.e. rather than “Fourth ROPS,” the ROPS from July 2013 to December 2013 is known as “ROPS 13-14a”). On February 19, 2013 the Successor Agency board approved ROPS 13-14a. The Oversight Board approved ROPS 13-14a on February 21, 2013. On April 14, 2013 DOF approved ROPS 13-14a but struck several line items, including reclassification of the employee costs previously approved as enforceable after the “meet and confer” held for the Third ROPS, and several design and support contracts relating to streetscape improvements. Staff challenged these denied and reclassified items via the “meet and confer” process.

On May 17, 2013 DOF issued their final determinations on the disputed items in ROPS 13-14a discussed in the “meet and confer” process. These determinations included reclassification of a portion of certain employee costs as enforceable obligations rather than administrative costs (consistent with the DOF determination subsequent to the prior “meet and confer”) and continued denial of the design and support contracts for streetscape improvements.

On September 24, 2013 the Successor Agency Board approved ROPS 13-14b. The Oversight Board approved ROPS 13-14b on September 26, 2013. On November 10, 2013 DOF approved portions of ROPS 13-14b but struck several line items, including the Miraflores remediation and Richmond Transit Village Phase II projects, and contract compliance costs associated with Successor Agency capital projects. Most significantly, the DOF also denied the amount of funding requested for debt service of several of Richmond Community Redevelopment Agency (“Former Agency”) bonds, and the funding of a debt reserve account required by Former Agency bonds issued in 1998. Staff challenged these denied items via the “meet and confer” process.

On December 17, 2013 DOF issued their final determinations on the disputed items in ROPS 13-14b. These determinations restored the Successor Agency’s requests for funding for debt payments, debt service reserve, the Richmond Transit Village and Miraflores remediation projects, and contract compliance costs.

On February 18, 2014 the Successor Agency Board approved ROPS 14-15a. The Oversight Board approved ROPS 14-15a on February 25, 2014. On April 11, 2014 DOF approved portions of ROPS 14-15a but struck several line items, including a Section 108 housing loan from the Department of Housing and Urban Development (“HUD”) to the Former Agency, which was used between 2006 and 2008 to construct 65 affordable senior housing units and offsite improvements in support of additional affordable housing in North Richmond; and the employee costs and contract compliance monitoring costs previously

approved as enforceable on the Third ROPS, ROPS 13-14a and ROPS 13-14b. Staff challenged these denied items via the “meet and confer” process.

On May 16, 2014 DOF issued their final determinations on the disputed items in ROPS 14-15a. These determinations included reclassification of the employee and contract monitoring costs as enforceable obligations (consistent with the DOF determinations in three prior “meet and confer” sessions on the same items) and continued denial of the Section 108 loan for affordable housing.

Subsequent to DOF’s final determination on ROPS 14-15a, Housing staff located documents that were unavailable at the time of the “meet and confer” which further support the Successor Agency’s position that the Section 108 loan is an enforceable obligation and eligible for Redevelopment Property Tax Trust Funds (“RPTTF”, formerly known as tax increment). For this reason, the Successor Agency included the Section 108 loan on its ROPS 14-15b submittal.

On September 16, 2014 the Successor Agency Board approved ROPS 14-15b. The Oversight Board approved ROPS 14-15b on September 17, 2014. On October 30, 2014 DOF approved ROPS 14-15b but made one minor adjustment relating to administrative costs (see Attachment 3).

ROPS 14-15b was the first ROPS submittal since the 2012 enactment of AB 1484 that did not require a meet and confer to resolve a dispute. While this is a positive development, the ROPS process as implemented by DOF continues to represent a significant risk of project completion for the remaining obligations of the Successor Agency, including costs associated with the housing phase of the Miraflores project and costs related to Phase II of the Richmond Transit Village project. As noted in each of DOF’s ROPS approval letters: “All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS.” Staff will continue to work with DOF in an effort to ensure the Successor Agency’s project-related obligations will not be impaired.

### *Summary*

ROPS 15-16a proposed for approval is consistent with the final determinations of DOF to date, and is required to be submitted to DOF by March 1, 2015 to avoid penalties. Upon the Oversight Board approval, staff will submit the ROPS 15-16a to the Contra Costa County Auditor-Controller, the California State Controller, and the DOF.

### **DOCUMENTS ATTACHED:**

- Attachment 1 – Resolution
- Attachment 2 – Exhibit A to Resolution (ROPS 15-16a)
- Attachment 3 – October 30, 2014 letter from DOF

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

**A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE DISSOLVED RICHMOND COMMUNITY REDEVELOPMENT AGENCY (“THE OVERSIGHT BOARD”) APPROVING AND ADOPTING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE COVERING THE PERIOD JULY-DECEMBER 2015 (ROPS 15-16A), PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177(I)**

**WHEREAS**, pursuant to Health and Safety Code Section 34173, the City of Richmond created the Successor Agency to the Richmond Community Redevelopment Agency (“Successor Agency”) by Resolution No. 4-12 on January 24, 2012; and

**WHEREAS**, Health and Safety Code Section 34177(m) requires the Successor Agency to prepare a recognized obligation payment schedule (“ROPS”), before each six-month fiscal period, forward looking to the next six months; and

**WHEREAS**, Health and Safety Code Section 34177(1)(2)(b) requires the Successor Agency to submit the ROPS to the Successor Agency’s oversight board for its approval, and upon such approval, the Successor Agency is required to submit a copy of the approved ROPS (“Approved ROPS”) to the Contra Costa County Auditor-Controller, the California State Controller, and the State of California Department of Finance, and post the Approved ROPS on the Successor Agency’s website; and

**WHEREAS**, all other legal prerequisites to the adoption of this Resolution have occurred; and

**WHEREAS**, by the Agenda Report accompanying this Resolution, the Oversight Board has been provided with additional information upon which the findings and actions set forth in this Resolution are based.

**NOW, THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE DISSOLVED RICHMOND COMMUNITY REDEVELOPMENT AGENCY (“THE OVERSIGHT BOARD”) DOES HEREBY RESOLVE AS FOLLOWS:**

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

**Section 2. CEQA Compliance.** The approval of the ROPS through this Resolution does not commit the Successor Agency to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act.

**Section 3. Approval of Initial Draft of the ROPS.** The Oversight Board hereby approves and adopts the ROPS for the period July-December 2015 (ROPS 15-16a), in substantially the form attached to this Resolution as Exhibit A, as required by Health and Safety Code Section 34177.

**Section 4. Transmittal of Initial Draft of the ROPS.** The Executive Director of the Successor Agency to the Richmond Community Redevelopment Agency is hereby authorized and directed to take any action necessary to carry out the purposes of this Resolution and comply with applicable law regarding the ROPS, including submission of the Approved ROPS to the Contra Costa County Auditor-Controller, the California State Controller, and the State of California Department of Finance, and posting the Approved ROPS on the Successor Agency's website.

**Section 5. Effectiveness.** This Resolution shall take effect immediately upon its adoption.

I certify that the foregoing Resolution was passed and adopted by the Oversight Board, at a regular meeting held on February 24, 2015, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

\_\_\_\_\_  
Chairperson

ATTEST:

\_\_\_\_\_  
Oversight Board Secretary

**EXHIBIT A**

**RECOGNIZED OBLIGATION PAYMENT SCHEDULE**

**[Attached behind this page]**

## Recognized Obligation Payment Schedule (ROPS 15-16A) - Summary

Filed for the July 1, 2015 through December 31, 2015 Period

**Name of Successor Agency:** Richmond  
**Name of County:** Contra Costa

Current Period Requested Funding for Outstanding Debt or Obligation	Six-Month Total
<b>Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding</b>	
<b>A Sources (B+C+D):</b>	<b>\$ 37,329,232</b>
B Bond Proceeds Funding (ROPS Detail)	141,000
C Reserve Balance Funding (ROPS Detail)	-
D Other Funding (ROPS Detail)	37,188,232
<b>E Enforceable Obligations Funded with RPTTF Funding (F+G):</b>	<b>\$ 14,448,711</b>
F Non-Administrative Costs (ROPS Detail)	14,027,875
G Administrative Costs (ROPS Detail)	420,836
<b>H Current Period Enforceable Obligations (A+E):</b>	<b>\$ 51,777,943</b>
<b>Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding</b>	
I Enforceable Obligations funded with RPTTF (E):	14,448,711
J Less Prior Period Adjustment (Report of Prior Period Adjustments Column S)	-
<b>K Adjusted Current Period RPTTF Requested Funding (I-J)</b>	<b>\$ 14,448,711</b>
<b>County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding</b>	
L Enforceable Obligations funded with RPTTF (E):	14,448,711
M Less Prior Period Adjustment (Report of Prior Period Adjustments Column AA)	-
<b>N Adjusted Current Period RPTTF Requested Funding (L-M)</b>	<b>14,448,711</b>

Certification of Oversight Board Chairman:  
Pursuant to Section 34177 (m) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named agency.

Name	Title
/s/	
Signature	Date

**Recognized Obligation Payment Schedule (ROPS 15-16A) - ROPS Detail**  
**July 1, 2015 through December 31, 2015**  
 (Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P																
																Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Funding Source					Six-Month Total
																										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF		
																										Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	
								\$ 227,105,747		\$ 141,000	\$ -	\$ 37,188,232	\$ 14,027,875	\$ 420,836	\$ 51,777,943																
1	1998 Tax Allocation Refunding Bond	Bonds Issued On or Before 12/31/10	2/1/1998	7/1/2023	US Bank	Refinance a portion of 1991 TARB; fund	Merged Project Area	30,450,354	N			2,000			\$ 2,000																
4	2003B Tax Allocation Revenue Bond	Bonds Issued On or Before 12/31/10	8/1/2003	9/1/2025	Union Bank	Fund capital improvement projects	Merged Project Area	17,554,557	N			500			\$ 500																
5	2004A Tax Allocation Revenue Bond (2/3)	Bonds Issued On or Before 12/31/10	10/1/2004	10/1/2026	Union Bank	Fund capital improvement projects	Merged Project Area	14,208,157	N			4,000	604,426		\$ 608,426																
6	Section 108 Loan	Bonds Issued On or Before 12/31/10	11/22/2004	8/1/2023	HUD	Finance costs related to the Ford Assembly Building Project	Merged Project Area	3,290,925	N				217,221		\$ 217,221																
7	2010A Tax Allocation Refunding Bond	Bonds Issued On or Before 12/31/10	4/1/2010	9/1/2036	Union Bank	Refund all outstanding 2007A Bonds	Merged Project Area	58,858,455	N			4,000	3,184,783		\$ 3,188,783																
8	SERAF Payment	SERAF/ERAF	5/9/2011	5/10/2021	State of California	Finance SERAF	Merged Project Area	13,535,744	N			-	-		\$ -																
11	2004A Tax Allocation Revenue Bond (1/3 Housing)	Bonds Issued On or Before 12/31/10	10/1/2004	9/1/2026	Union Bank	Fund low/moderate income housing projects	Merged Project Area	7,103,155	N			2,000	302,213		\$ 304,213																
12	2004B Tax Allocation Revenue Bond (Housing)	Bonds Issued On or Before 12/31/10	10/1/2004	9/1/2026	Union Bank	Fund low/moderate income housing projects	Merged Project Area	2,632,124	N			4,000			\$ 4,000																
13	Section 108 Loan (Housing)	Third-Party Loans	7/25/2005	12/31/2026	HUD	Finance costs related to the North Richmond Iron Triangle Project	Merged Project Area	4,515,714	N			-	271,777		\$ 271,777																
14	2007B Tax Allocation Capital Appreciation Bond (Housing)	Bonds Issued On or Before 12/31/10	7/1/2007	9/1/2036	Union Bank	Finance low and moderate income housing activities	Merged Project Area	22,252,137	N			2,000			\$ 2,000																
15	CalHFA Loan	Third-Party Loans	11/10/2004	11/10/2014	CalHFA	Finance acquisition, construction, of homeownership and multifamily rental	Merged Project Area		Y						\$ -																
16	Employee Costs	Project Management Costs	2/1/2012	12/31/2015	Employees of Agency	Directors, Project Managers, Accountants, Operation/Redev Specialists, Business Assistance Officer, Community Development Program Manager, Attorney	Merged Project Area	526,219	N				526,219		\$ 526,219																
37	Contract for Project Monitoring	Project Management Costs	2/1/2012	12/31/2015	City of Richmond Employment & Training	Monitoring of Certified Payroll/Workforce Ordinance	Merged Project Area	50,000	N				50,000		\$ 50,000																
39	Infill Phase II/Filbert Townhomes Project (Housing)	Third-Party Loans	9/30/2010	9/30/2015	CHDC (Community Housing Development Corp.)	Loan to construct approx. 42 Low/Mod town homes	Merged Project Area		Y						\$ -																
41	Contra Costa County	Miscellaneous	11/8/1954	12/31/2015	Contra Costa County	Assessment taxes on agency owned property	Merged Project Area	40,000	N				40,000		\$ 40,000																
45	Unfunded Pension Liability	Unfunded Liabilities	11/8/1954	12/31/2015	California Public Employees Retirement System	Cost of unfunded pensions	Merged Project Area	1,648,056	N						\$ -																
46	Compensated Absences	Miscellaneous	1/1/2014	12/31/2015	Employees of Agency	Cost of vacation and severance pay	Merged Project Area	1,186,809	N						\$ -																
47	Metrowalk Phase II and BART Garage Project	Improvement/Infrastructure	7/1/2009	12/31/2015	Vallier Design	Construction design costs	Merged Project Area		N						\$ -																
48	Metrowalk Phase II and BART Garage Project	OPA/DDA/Construction	11/1/2003	12/31/2015	Winifred Day/ Fine Art by Day	Construction art costs	Merged Project Area		N						\$ -																
51	Metrowalk Phase II and BART Garage Project	OPA/DDA/Construction	2/16/2010	12/31/2015	Mack 5	Construction site management	Merged Project Area		Y						\$ -																
54	Metrowalk Phase II and BART Garage Project	OPA/DDA/Construction	8/1/2008	12/31/2015	Bay Area Rapid Transit	Bay area rapid transit design and funding agreement	Merged Project Area		Y						\$ -																
55	Metrowalk Phase II and BART Garage Project	OPA/DDA/Construction	4/11/2002	12/31/2015	Various	Developer agreement	Merged Project Area	13,756,040	N			6,810,225	2,170,075		\$ 8,980,300																
56	Metrowalk Phase II (Housing)	OPA/DDA/Construction	4/11/2002	12/31/2015	Various	Developer agreement	Merged Project Area	5,000,000	N						\$ -																
58	Bradley A Moody Memorial Underpass Project	Improvement/Infrastructure	6/21/2011	12/31/2015	Union Pacific Railroad	Review of plans and agreements	Merged Project Area		Y						\$ -																
61	Bradley A Moody Memorial Underpass Project	Improvement/Infrastructure	5/4/2009	12/31/2015	Various	Grant agreement	Merged Project Area	22,917,508	N			4,000,000			\$ 4,000,000																
62	Miraflores Project - Remediation	Remediation	1/15/2011	6/30/2016	PES Environmental	Remediation Costs	Merged Project Area	385,916	N	100,000					\$ 100,000																
66	Miraflores Project - Remediation	Remediation	6/1/2011	6/30/2016	Department of Toxic Substance Control	Remediation Costs	Merged Project Area	63,379	N	16,000					\$ 16,000																
67	Miraflores Project - Remediation	Remediation	1/15/2011	6/30/2016	Eagle Environmental/Wireless Communications	Remediation Costs	Merged Project Area	238,654	N						\$ -																
68	Miraflores Project (Housing)	Improvement/Infrastructure	10/18/2010	12/31/2016	Developer	80 units Sr Housing	Merged Project Area		N			23,945,507	5,311,161		\$ 29,256,668																
69	Miraflores	Legal	5/1/2011	6/30/2016	Holland and Knight	Legal services	Merged Project Area	48,057	N	25,000					\$ 25,000																
88	Area T Soil Remediation	Remediation	5/24/1993	12/31/2015	DTSC, PES, Nichols, and others as required by DTSC mandated work	Required monitoring of remediation site	Merged Project Area	100,000	N				100,000		\$ 100,000																
113	Terminal One Project - Litigation Settlement	Litigation	9/28/2005	12/31/2015	Various	Remediation costs funded by litigation settlement payments	Merged Project Area	2,688,951	N			30,000			\$ 30,000																
114	Miraflores - Historical Preservation	Improvement/Infrastructure	12/31/2011	12/31/2015	Vallier Design	Sakai settlement agreement	Merged Project Area	70,000	N			70,000			\$ 70,000																



**Recognized Obligation Payment Schedule (ROPS 15-16A) - Report of Cash Balances**

(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see [https://rad.dof.ca.gov/rad-sa/pdf/Cash\\_Balance\\_Agency\\_Tips\\_Sheet.pdf](https://rad.dof.ca.gov/rad-sa/pdf/Cash_Balance_Agency_Tips_Sheet.pdf).

A	B	C	D	E	F	G	H	I	
		<b>Fund Sources</b>							
		<b>Bond Proceeds</b>		<b>Reserve Balance</b>		<b>Other</b>	<b>RPTTF</b>		
	<b>Cash Balance Information by ROPS Period</b>	Bonds Issued on or before 12/31/10	Bonds Issued on or after 01/01/11	Prior ROPS period balances and DDR RPTTF balances retained	Prior ROPS RPTTF distributed as reserve for future period(s)	Rent, Grants, Interest, Etc.	Non-Admin and Admin	<b>Comments</b>	
<b>ROPS 14-15A Actuals (07/01/14 - 12/31/14)</b>									
1	<b>Beginning Available Cash Balance (Actual 07/01/14)</b>	2,024,009					124,936	The Bond Proceeds balance has been updated since the last ROPS to reflect an additional bond draw used to implement the DOF Housing DDR findings.	
2	<b>Revenue/Income (Actual 12/31/14)</b> RPTTF amounts should tie to the ROPS 14-15A distribution from the County Auditor-Controller during June 2014	337				5,914,372	7,150,800		
3	<b>Expenditures for ROPS 14-15A Enforceable Obligations (Actual 12/31/14)</b> RPTTF amounts, H3 plus H4 should equal total reported actual expenditures in the Report of PPA, Columns L and Q	418,203				5,914,372	7,150,800		
4	<b>Retention of Available Cash Balance (Actual 12/31/14)</b> RPTTF amount retained should only include the amounts distributed as reserve for future period(s)								
5	<b>ROPS 14-15A RPTTF Prior Period Adjustment</b> RPTTF amount should tie to the self-reported ROPS 14-15A PPA in the Report of PPA, Column S	No entry required						-	
6	<b>Ending Actual Available Cash Balance</b> C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ 1,606,143	\$ -	\$ -	\$ -	\$ -	\$ 124,936		
<b>ROPS 14-15B Estimate (01/01/15 - 06/30/15)</b>									
7	<b>Beginning Available Cash Balance (Actual 01/01/15)</b> (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)	\$ 1,606,143	\$ -	\$ -	\$ -	\$ -	\$ 124,936		
8	<b>Revenue/Income (Estimate 06/30/15)</b> RPTTF amounts should tie to the ROPS 14-15B distribution from the County Auditor-Controller during January 2015					16,905,225	9,439,592		
9	<b>Expenditures for ROPS 14-15B Enforceable Obligations (Estimate 06/30/15)</b>	966,000				16,905,225	9,564,528		
10	<b>Retention of Available Cash Balance (Estimate 06/30/15)</b> RPTTF amount retained should only include the amounts distributed as reserve for future period(s)								
11	<b>Ending Estimated Available Cash Balance (7 + 8 - 9 - 10)</b>	\$ 640,143	\$ -	\$ -	\$ -	\$ -	\$ -		

**Recognized Obligation Payment Schedule (ROPS 15-16A) - Report of Prior Period Adjustments**  
 Reported for the ROPS 14-15A (July 1, 2014 through December 31, 2014) Period Pursuant to Health and Safety Code (HSC) section 34186 (a)  
 (Report Amounts in Whole Dollars)

**ROPS 14-15A Successor Agency (SA) Self-reported Prior Period Adjustments (PPA):** Pursuant to HSC Section 34186 (a), SAs are required to report the differences between their actual available funding and their actual expenditures for the ROPS 14-15A (July through December 2014) period. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved for the ROPS 15-16A (July through December 2015) period will be offset by the SA's self-reported ROPS 14-15A prior period adjustment. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by SAs are subject to audit by the county auditor-controller (CAC) and the State Controller.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	
Item #	Project Name / Debt Obligation	Non-RPTTF Expenditures						RPTTF Expenditures											Net SA Non-Admin and Admin PPA (Amount Used to Offset ROPS 15-16A Requested RPTTF)	SA Comments
		Bond Proceeds		Reserve Balance		Other Funds		Non-Admin					Admin							
		Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Available RPTTF (ROPS 14-15A distributed + all other available as of 07/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If K is less than L, the difference is zero)	Authorized	Available RPTTF (ROPS 14-15A distributed + all other available as of 07/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If total actual exceeds total authorized, the total difference is zero)	Net Difference (M+R)		
		\$ 541,000	\$ 418,203	\$ -	\$ -	\$ 17,637,105	\$ 6,192,826	\$ 10,065,288	\$ 6,848,841	\$ 6,848,841	\$ 6,848,841	\$ -	\$ 301,959	\$ 301,959	\$ 301,959	\$ 301,959	\$ -	\$ -		
1	1998 Tax Allocation	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -						\$ -		
2	2003A Tax Allocation	-	-	-	-	-	300	-	\$ -	\$ -	\$ -	\$ -						\$ -		
3	2003A Tax Allocation Revenue Bond	-	-	-	-	-	3,680	-	\$ -	\$ -	\$ -	\$ -						\$ -		
4	2003B Tax Allocation Revenue Bond	-	-	-	-	-	300	-	\$ -	\$ -	\$ -	\$ -						\$ -		
5	2004A Tax Allocation Revenue Bond (2/3)	-	-	-	-	-	2,460	604,887	604,810	\$ 604,810	604,810	\$ -						\$ -		
6	Section 108 Loan	-	-	-	-	-	-	216,674	216,574	\$ 216,574	216,574	\$ -						\$ -		
7	2010A Tax Allocation Refunding Bond	-	-	-	-	-	2,225	3,177,561	3,058,995	\$ 3,058,995	3,058,995	\$ -						\$ -		
8	SERAF Payment	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -						\$ -		
9	2000B Tax Allocation Bonds (Housing)	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -						\$ -		
11	2004A Tax Allocation Revenue Bond (1/3 Housing)	-	-	-	-	-	1,230	302,443	302,405	\$ 302,405	302,405	\$ -						\$ -		
12	2004B Tax Allocation Revenue Bond (Housing)	-	-	-	-	-	2,300	-	\$ -	\$ -	\$ -	\$ -						\$ -		
13	Section 108 Loan (Housing)	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -						\$ -		
14	2007B Tax Allocation Capital Appreciation Bond (Housing)	-	-	-	-	-	1,095	-	\$ -	\$ -	\$ -	\$ -						\$ -		
15	CalHFA Loan	-	-	-	-	-	-	1,253,833	1,250,833	\$ 1,250,833	1,250,833	\$ -						\$ -		
16	Employee Costs	-	-	-	-	-	-	871,195	423,930	\$ 423,930	423,930	\$ -						\$ -		
37	Contract for Project Monitoring	-	-	-	-	-	-	50,000	\$ -	\$ -	\$ -	\$ -						\$ -		
39	Infill Phase II/Filbert Townhomes Project (Housing)	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -						\$ -		
41	Contra Costa County	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -						\$ -		
45	Unfunded Pension Liability	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -						\$ -		
46	Compensated Absences	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -						\$ -		
47	Metrowalk Phase II and BART Garage Project	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -						\$ -		
48	Metrowalk Phase II and BART Garage Project	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -						\$ -		
51	Metrowalk Phase II and BART Garage Project	-	-	-	-	-	-	17,000	\$ -	\$ -	\$ -	\$ -						\$ -		
54	Metrowalk Phase II and BART Garage Project	-	-	-	-	-	-	95,000	\$ -	\$ -	\$ -	\$ -						\$ -		
55	Metrowalk Phase II and BART Garage Project	-	-	-	-	6,810,225	-	2,110,075	116,591	\$ 116,591	116,591	\$ -						\$ -		
56	Metrowalk Phase II (Housing)	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -						\$ -		





**Recognized Obligation Payment Schedule (ROPS 15-16A) - Notes**

July 1, 2015 through December 30, 2015

Item #	Notes/Comments
115	Prior Period Report: The City's General Fund has contributed other revenue to cover the Agency's administrative expenses in excess of the allowable 3% RPTTF Distribution.
68	ROPS Detail Report: Miraflores Housing Development Obligation: This ROPS filing includes new housing development cost estimates and project timeline. The obligation has been documented in recent correspondence with the State Department of Finance.
123	ROPS Detail Report: Miraflores Housing Development/Baxter Creek Obligation: This ROPS filing includes the Baxter Creek historic preservation and creek restoration obligation connected to the development of the Miraflores Housing obligation on Line 68.
124	ROPS Detail Report: Property Disposition Costs: This ROPS filing includes a placeholder for anticipated property disposition costs to implement the Agency's Long Range Property Management Plan.



October 30, 2014

Mr. Patrick Lynch, Director  
City of Richmond  
440 Civic Center Plaza  
Richmond, CA 94804

Dear Mr. Lynch:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Richmond Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15B) to the California Department of Finance (Finance) on September 18, 2014 for the period of January 1 through June 30, 2015. Finance has completed its review of your ROPS 14-15B, which may have included obtaining clarification for various items.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Claimed administrative costs exceed the allowance by \$96,494. HSC section 34171 (b) limits fiscal year 2014-15 administrative expenses to three percent of property tax allocated to the successor agency or \$250,000, whichever is greater. As a result, the Agency is eligible for \$521,067 in administrative expenses. The Contra Costa County Auditor Controller's Office distributed \$301,959 of administrative costs for the July through December 2014 period, thus leaving a balance of \$219,108 available for the January through June 2015 period. Therefore, \$96,494 of excess administrative cost is not allowed.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15B form the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2014 period. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved in the table below reflects the prior period adjustment self-reported by the Agency. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. Proposed CAC adjustments were not received in time for inclusion in this letter; therefore, the amount of RPTTF approved in the table below only reflects the prior period adjustment self-reported by the Agency.

In addition, Finance noted the following during our review:

- On the ROPS 13-14B Prior Period Adjustment worksheet, the Agency's expenditures exceeded Finance's authorization for the following items:

- Other Funding totaling \$588,151 – Item Nos. 1 through 5, \$14,065; Item Nos. 7 through 9, \$35,827; Item Nos. 11 and 12, \$2,125; Item No. 14, \$57,357; Item Nos. 54 and 55, \$92,238; Item No. 87, \$49,974; and Item No. 115, \$336,565.

Per HSC section 34177 (a) (3), only those payments listed on ROPS may be made by the Agency from the fund sources specified on the ROPS. However, these items were determined to be enforceable obligations for the ROPS 13-14B period. Therefore, Finance is increasing the Agency's authorization for the ROPS 14-15B period to ensure that authorization is consistent with expenditures for the approved enforceable obligations. As these Other Funds were previously expended, the increase in authorization should not result in increased expenditures for the current ROPS period, but should merely allow the Agency to reconcile actual expenditures to the authorization.

HSC sections 34177 (a) (4) and 34173 (h) provide mechanisms when Agency payments must exceed the amounts authorized by Finance. Please ensure the proper expenditure authority is received from your Oversight Board and Finance prior to making payments on enforceable obligations.

Additionally, the Agency funded the following obligations from Reserve Balances and Other Funds during the 13-14B period where Finance authorized the use of Bond Proceeds:

- Other Funding totaling \$462,532 – Item No. 62, \$374,565; and Item No. 67, \$87,967.
- Reserve Balances totaling \$1,344,905 – Item Nos. 66 and 67, \$1,315,090; and Item No. 69, \$29,815.

It is our understanding that the source of funding for these items was not Reserve Balances, but rather Low and Moderate Income Housing Funds (LMIHF). The Agency has historically requested the use of Bond Proceeds to fund these obligations, and Finance has approved the use of Bond Funds for these obligations. Furthermore, per Finance's letter dated October 7, 2014, any LMIHF remaining after June 30, 2012 will be remitted to the Contra Costa County Auditor-Controller for distribution to the taxing entities. Therefore, these funds were not available to cover these obligations. To the extent the Agency wishes to recoup the funding source of these obligations, Finance will still approve the use of Bond Funds for Item Nos. 62, 66, 67, and 69.

Except for the item denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 14-15B. If you disagree with the determination with respect to any items on your ROPS 14-15B, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

[http://www.dof.ca.gov/redevelopment/meet\\_and\\_confer/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$10,614,231 as summarized in the Approved RPTTF Distribution Table below:

<b>Approved RPTTF Distribution</b>	
<b>For the period of January through June 2015</b>	
Total RPTTF requested for non-administrative obligations	10,520,059
Total RPTTF requested for administrative obligations	315,602
<b>Total RPTTF requested for obligations on ROPS</b>	<b>\$ 10,835,661</b>
Total RPTTF authorized for non-administrative obligations	10,520,059
Total RPTTF authorized for administrative obligations	219,108
<b>Total RPTTF authorized for obligations</b>	<b>\$ 10,739,167</b>
ROPS 13-14B prior period adjustment	(124,936)
<b>Total RPTTF approved for distribution</b>	<b>\$ 10,614,231</b>

<b>Administrative Cost Cap Calculation</b>	
Total RPTTF for 14-15A (July through December 2014)	6,848,841
Total RPTTF for 14-15B (January through June 2015)	10,520,059
<b>Total RPTTF for fiscal year 2014-2015</b>	<b>17,368,900</b>
Allowable administrative cost for fiscal year 2014-15 (Greater of 3% or \$250,000)	521,067
Administrative allowance for 14-15A (July through December 2014)	301,959
<b>Allowable RPTTF distribution for administrative cost for ROPS 14-15B</b>	<b>219,108</b>
Total RPTTF administrative obligations after Finance adjustments	315,602
<b>Administrative costs in excess of the cap</b>	<b>\$ (96,494)</b>

Pursuant to HSC section 34177 (l) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. During the ROPS 14-15B review, Finance requested financial records to support the fund balances reported by the Agency; however, Finance was unable to reconcile the financial records to the amounts reported. As a result, Finance will continue to work with the Agency after the ROPS 14-15B review period to properly identify the Agency's cash balances. If it is determined the Agency possesses cash balances that are available to pay approved obligations, the Agency should request the use of these cash balances prior to requesting RPTTF in ROPS 15-16A.

Please refer to the ROPS 14-15B schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2015. This determination only applies to items where funding was requested for the six-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment that was available prior to the enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the agency in the RPTTF.

Pursuant to HSC section 34177 (a) (3), only those payments listed on an approved ROPS may be made by the successor agency from the funds specified in the ROPS. However, if for whatever reason the Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain oversight board approval.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to HSC section 34171 (d), HSC section 34191.4 (c) (2) (B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

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

Sincerely,



JUSTYN HOWARD  
Acting Program Budget Manager

cc: Ms. Lizeht Zepeda, Operations Specialist II, City of Richmond  
Mr. Bob Campbell, Auditor-Controller, Contra Costa County  
California State Controller's Office



**SUCCESSOR AGENCY TO THE  
RICHMOND COMMUNITY  
REDEVELOPMENT AGENCY**

# AGENDA REPORT

**DATE:** February 24, 2015

**TO:** Honorable Chairperson Linda Jackson-Whitmore and Members of the Oversight Board of the Successor Agency to the Dissolved Richmond Community Redevelopment Agency

**FROM:** Successor Agency Staff

**SUBJECT:** OVERSIGHT BOARD'S CONSIDERATION OF APPROVAL OF A RESOLUTION FINDING THAT THE INFILL GRANT AGREEMENT FOR THE MIRAFLORES PROJECT IS AN ENFORCEABLE OBLIGATION OF THE SUCCESSOR AGENCY TO THE RICHMOND COMMUNITY REDEVELOPMENT AGENCY, AND DIRECTING THE SUCCESSOR AGENCY TO PROCEED WITH NEGOTIATIONS WITH AN AFFORDABLE HOUSING DEVELOPER AND A MARKET-RATE HOUSING DEVELOPER FOR THE DISPOSITION OF PROPERTY FOR THE MIRAFLORES PROJECT

## **STATEMENT OF THE ISSUE:**

Staff is requesting (a) a finding that the Infill Grant Agreement from the California Pollution Control Financing Authority ("CPCFA") for the Miraflores Project is an enforceable obligation of the former Richmond Community Redevelopment Agency ("Richmond CRA"), and (b) direction to Successor Agency staff to proceed with negotiations with an affordable housing developer and a market-rate housing developer for the disposition of property for the development of the Miraflores Project, which may include entering into an exclusive right to negotiate agreement with one or more housing developers to commence negotiations toward a Land Disposition Agreement. The subject property consists of approximately 14 acres of land located generally between S. 45th Street and S. 47th Street, and north of Wall Avenue (the "Property"). The subject property is proposed to be developed with residential units, including market-rate single-family residences and a senior affordable housing apartment complex.

The finding and directive will enable the Successor Agency to commence negotiations with an affordable housing developer for development of affordable residential units, as a portion of the Miraflores Project, and ensure that the Successor Agency does not default

under the Infill Grant Agreement entered into with CPCFA, dated October 18, 2010, which default could result in the Successor Agency having to repay the grant provided under the Infill Grant Agreement, plus additional expenses and penalties.

### **RECOMMENDED ACTION:**

Adoption of a resolution finding that the Infill Grant Agreement for the Miraflores Project is an enforceable obligation of the former Richmond CRA and directing the Successor Agency to proceed with negotiations with an affordable housing developer and a market-rate housing developer for the disposition of property for the development of the Miraflores Project.

### **FINANCIAL IMPACT OF RECOMMENDATION:**

Development of the affordable housing portion of the Project is currently estimated to cost approximately \$29,256,668, net of the land value of the Property. Financing for this development has been secured in the amount of \$6,871,421, leaving a balance of \$22,385,247 that would have to be paid from RPTTF. This amount could be significantly reduced by up to \$20,389,375 if the Successor Agency is able to move forward immediately with its negotiations with an affordable housing developer. Development of the Miraflores project would result in additional property tax revenues to the taxing entities in the future.

If the Successor Agency is not able to move forward with this Project, a default under the Infill Grant Agreement would occur, which could result in the Successor Agency's obligation to repay the \$2,604,490 grant, plus other costs and penalties. In addition, no property tax revenues would be available for distribution to the taxing entities.

### **DISCUSSION:**

#### *Background*

The Property on which the Miraflores Project is proposed to be developed was owned by the former Richmond CRA and is currently vacant. The Property was a Brownfield site that required remediation of certain hazardous materials conditions. The Richmond CRA entered into the Infill Grant Agreement and related Regulatory Agreement with CPCFA which provided a grant to the Richmond CRA for the cleanup of the Property. The Infill Grant Agreement and the Regulatory Agreement require, among other things, that the Richmond CRA complete the Miraflores Project, and that a portion of the residential units to be developed on the Property be affordable to low income households (persons and families whose income does not exceed 50% of area median income).

The obligation to complete the Miraflores Project has been documented as Line Item 68 on the Successor Agency's Recognized Obligation Payment Schedules ("ROPS") since the dissolution of the Richmond CRA, and DOF has never denied this item. Based on those non-denials, the Successor Agency has acted to undertake and complete environmental

remediation and incurred costs identified and approved as other items on the ROPS to further the Miraflores Project. However, the Miraflores Project has now progressed to the point where costs associated with the housing obligation represented by Line Item 68 and a related historic preservation obligation represented by Line Item 114 must be incurred.

Some funding sources have been secured or are known to be available for the Project, totaling approximately \$6,871,421 of the estimated \$29 million cost for the Project. However, one of the funding sources, the Infill Grant Agreement requires that development of the Project commence this fall, 2015. Another major source of financing that would be available to an affordable housing developer is tax credits. However, the deadline for applying for the tax credits does not allow time for the Successor Agency to obtain the required commitments with the typical ROPS period. Nor does the tax credit deadline allow sufficient time for the Successor Agency to obtain approval of its Long Range Property Management Plan before tax credit applications are due.

If the Successor Agency does not obtain the approvals necessary to move forward immediately with the negotiations with an affordable housing developer, a default is likely to occur under the Infill Grant Agreement, which would result in additional costs to the Successor Agency and additional RPTTF will be required to fund those costs (thus, also resulting in less funding available for the taxing entities).

In order to move forward with the Project, the Successor Agency submitted a letter to Alex Watt, Lead Analyst at the Department of Finance (DOF), dated January 29, 2015 (see Attachment 2) explaining the situation, outlining the Successor Agency's concerns and requesting that DOF cooperate with the Successor Agency and allow the Successor Agency to recognize the Miraflores Project as an enforceable obligation, and commence negotiations with an affordable housing developer for the disposition and development of the Property. DOF has said it was unable to respond outside of a ROPS review.

Once the Oversight Board finds that the Miraflores Project is an enforceable obligation and directs the Successor Agency to negotiate with an affordable housing developer and a market-rate housing developer for the disposition of the Property and development of the Project, the appropriate documentation will be submitted to DOF. DOF will then have the right to review the Oversight Board's actions pursuant to Health and Safety Code Section 34179(h).

### *Summary*

The proposed negotiations, including an exclusive right to negotiate for the future disposition of the Property and development of the Miraflores Project, are conditioned upon approval by the Oversight Board and the Department of Finance. The proposed negotiations and future disposition and development of the Property would help ensure that the Successor Agency does not default under the Infill Grant Agreement, the amount of RPTTF funding that will be required for the Project would be reduced significantly, and additional property tax revenues would be available for distribution to the taxing entities in the future.

**CEQA:**

The actions taken by enactment of this resolution do not commit the Oversight Board to any actions that may have a significant effect on the environment. As a result, such actions do not constitute projects subject to the requirements of the California Environmental Quality Act.

**DOCUMENTS ATTACHED:**

Attachment 1- Resolution

Attachment 2- Letter to Department of Finance, with attachments

## RESOLUTION NO. \_\_\_\_

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE DISSOLVED RICHMOND COMMUNITY REDEVELOPMENT AGENCY FINDING THAT THE INFILL GRANT AGREEMENT FOR THE MIRAFLORES PROJECT IS AN ENFORCEABLE OBLIGATION OF THE SUCCESSOR AGENCY, AND DIRECTING THE SUCCESSOR AGENCY TO PROCEED WITH NEGOTIATIONS WITH AN AFFORDABLE HOUSING DEVELOPER AND A MARKET-RATE HOUSING DEVELOPER FOR THE DISPOSITION OF PROPERTY FOR THE MIRAFLORES PROJECT

WHEREAS, due to the enactment of AB 1x26 in 2011 and AB 1484 in 2012 (collectively, the “Dissolution Act”), redevelopment agencies have been dissolved and have been replaced by successor agencies to fulfill the outstanding obligations of the former redevelopment agencies and otherwise wind-down their activities, including the disposition of certain properties; and

WHEREAS, the Richmond Community Redevelopment Agency (“Richmond CRA”) owned property located between S. 35th Street and S. 37th Street, and north of Wall Avenue (the “Property”), which was intended to be developed as a residential housing project referred to as the Miraflores Project (the “Project”); and

WHEREAS, the Property was a Brownfield site that required remediation of certain hazardous materials conditions; and

WHEREAS, the Richmond CRA entered into an Infill Grant Agreement, dated October 18, 2010, and a related Regulatory Agreement, with the California Pollution Control Financing Authority (“CPCFA”), which provided a grant to the Richmond CRA for the cleanup of the Property, and required, among other things, that the Richmond CRA complete the Miraflores Project, and that a portion of the residential units be affordable to low income households (persons and families whose income does not exceed 50% of area median income); and

WHEREAS, the obligation to comply with the terms of the Infill Grant Agreement and complete the Miraflores Project has been documented as Line Item 68 on the Successor Agency’s Recognized Obligation Payment Schedules (“ROPS”) since the dissolution of the Richmond CRA, and DOF has never denied this item; and

WHEREAS, based on those non-denials, the Successor Agency has acted to undertake and complete environmental remediation and incurred costs identified and approved as other items on the ROPS to further the Miraflores Project; and

WHEREAS, the Miraflores Project has now progressed to the point where costs associated with the fulfillment of the housing obligation represented by Line Item 68 and a related historic preservation obligation represented by Line Item 114 must be incurred; and

WHEREAS, tax credits is a major financing source that could be available for the Project; and

WHEREAS, the deadline for applying for the tax credits does not allow time for the Successor Agency to obtain the required commitments with the typical ROPS period, nor does the tax credit deadline allow sufficient time for the Successor Agency to obtain approval of its Long Range Property Management Plan before tax credit applications are due; and

WHEREAS, the Successor Agency has requested that the Oversight Board find that the Project is an enforceable obligation, and direct that the Successor Agency negotiate with an affordable housing developer and a market-rate housing developer for the disposition and development of the Property, as required by the Infill Grant Agreement; and

WHEREAS, by the Agenda Report accompanying this Resolution, the Oversight Board has been provided with additional information upon which the findings and actions set forth in this Resolution are based.

NOW, THEREFORE, BE IT RESOLVED, that the Oversight Board finds the above recitals are true and correct, and have served, together with the Agenda Report, as the basis for the findings and actions set forth in this Resolution.

BE IT FURTHER RESOLVED, that the Oversight Board hereby finds that the Infill Grant Agreement for the Miraflores Project, as set forth in Line Item 68 of the Successor Agency's ROPS, is an enforceable obligation, and is eligible for funding from the RPTTF.

BE IT FURTHER RESOLVED, that the Successor Agency is authorized and directed to negotiate with an affordable housing developer and a market-rate housing developer, including entering to an exclusive right to negotiate agreement with any such housing developer(s), for the disposition of the Property to such developer(s) and development of the Miraflores Project, including affordable and market-rate housing, on the Property, such agreements to be in form and content satisfactory to Successor Agency's legal counsel.

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

BE IT FURTHER RESOLVED, that pursuant to Health and Safety Code section 34179(h), all actions taken by the Oversight Board may be reviewed by the State of California Department of Finance and, therefore, this Resolution shall not be effective for five (5) business days, pending a request for review by the Department of Finance.

\*\*\*\*\*

I certify that the foregoing Resolution was passed and adopted by the Oversight Board, at a regular meeting held on \_\_\_\_\_, 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Chairperson

ATTEST:

\_\_\_\_\_  
Oversight Board Secretary



January 29, 2015

Alex Watt, Lead Analyst  
Department of Finance  
915 L Street  
Sacramento, CA 95814

Dear Mr. Watt:

The Successor Agency to the Richmond Community Redevelopment Agency ("Agency") submits the following urgent request to the State Department of Finance ("DOF") concerning the Miraflores Affordable Housing Project ("Miraflores Project"). The Miraflores Project is also identified on the Agency's Recognized Obligation Payment Schedules ("ROPS") as Line Item No. 68. We request confirmation that 1) the Miraflores Project is an enforceable obligation eligible for Real Property Tax Trust Funds ("RPTTF") and 2) the Miraflores Project site may be transferred to selected affordable and market rate housing developers through the exclusive right to negotiate and disposition agreement processes before the DOF approves the Agency's Long Range Property Management Plan ("LRPMP").

The urgency of this request relates to time-sensitive obligations applicable to funding sources that have been secured for and expended on the Miraflores Project. If these milestones are not met, the Agency's financial obligation will increase significantly and the Agency will be in default, to the detriment of affected Taxing Entities. Additionally, the Taxing Entities will be further harmed if the funding plan for the Miraflores Project fails (whether the failure is due to nonachievement of project milestones or a failure to provide sufficient financial resources to the project), as the Miraflores Project site's taxable value and the value of adjacent properties will be significantly increased if the project is completed.

1) The Miraflores Project is an enforceable obligation of the Agency

The Infill Grant Agreement between the Richmond Community Redevelopment Agency ("Former Agency") and the California Pollution Control Financing Authority ("CPCFA"), dated October 18, 2010, requires the Agency to complete the "Infill Development Project." [Attachment A, Infill Grant Agreement, Section 5.1]. The Infill Development Project is defined in Section 2.7 and Exhibit A as "...280 housing units, including 79 rental units of supportive housing for the elderly restricted at less than or equal to 50% of the area median income (AMI) and 30 for-sale units restricted at less than or equal to 120% AMI." Failure to complete the Infill Development Project is specifically identified as an Event of Default in Section 7.1(c). The Infill Development Project is a required enforceable obligation in the Grant Agreement under Health and Safety Code section 34171(d)(1); therefore, the Agency must satisfy its requirements.

The obligation to complete the project is imposed by CPCFA as a matter of law. The regulations implementing CPCFA's program at Title 4 California Code of Regulations § 8102.6(a)(24), *Infill Grant and Infill Loan Terms*, under which the Infill Grant Agreement was developed, provide the Agreement must include:

Provision that the Borrower or Grantee will be deemed in default of its Infill Grant Agreement or Loan Agreement under any of the following conditions:

(A) Failure of the Borrower or Grantee to comply with the terms of the Infill Loan Agreement or Infill Grant Agreement;

(B) Failure of the Borrower or Grantee to complete the Infill Development Project, as described in the Infill Grant Agreement or Infill Loan Agreement, within the term of the Infill Grant Agreement or Infill Loan Agreement, including any extensions; or

(C) Changes to the Infill Development Project such that it no longer meets the eligibility criteria.

Moreover, failure to make good on the Agency's Infill Grant obligations will expose the Agency to additional expenses and penalties. The Infill Grant Agreement provides that upon the happening of an Event of Default CPCFA has remedies to ensure that its taxpayer funds are used for the intended purpose. The Infill Grant Agreement specifically authorizes CPCFA to: convert the Infill Grant into an Infill Loan that is immediately due and payable [Section 7.3(a)]; require that the Former Agency make a one-time payment of up to 25 percent of the Infill Grant proceeds that have already been disbursed [Section 7.3(d)]; bring an action seeking specific performance by the Former Agency and/or declaratory relief [Section 7.3(e)], and/or pursue any other remedy allowed at law or in equity [Section 7.3(g)]. These remedies are also codified at Title 4 California Code of Regulations § 8102.6(a)(25).

Further, the accompanying Regulatory Agreement affirms that the agreement between CPCFA and the Agency "is in effect and binds the Grantee to at least the depth and term of affordability specified in the approved application." [Attachment B, Regulatory Agreement, Recital A] The Recitals also provide, "[a]s further consideration for the Grant and in furtherance of the purposes of the Program, Grantee has agreed to enter into this Agreement. The purpose of this Agreement is to regulate and restrict the cleanup, construction, occupancy, rents, operation, ownership and management of the Development in compliance with Grantee's application and Program Requirements." [Recital G]

The Regulatory Agreement also requires that the below market rental and for sale housing shall be operated in that manner for a specified term of years [Section 5. a. and b] and "to the extent allowed by law and for the full term of this Agreement Grantee shall provide within the Development the number, type and size of affordable Housing Units set forth in Exhibit B, Part [I-III]." [Section 6. a-c] Where the Agency is in breach for failure to perform and "[i]f the... breach... is not cured... the Authority may declare a default ... and may take any one or more of the following actions: (1) Apply to any court... for specific performance of the Agreement or for the appointment of a receiver to take over and operate the Development in accordance with the terms of this Agreement, or for such other relief as may be appropriate. It is agreed by the Grantee that the injury to the Authority arising from a default under any of the terms of this Agreement would be irreparable...." [Section 10.a.1]

These two agreements with CPCFA are binding upon the Agency, requiring that the Agency deliver the Miraflores Project. This obligation is documented as Line Item No. 68 on its Enforceable Obligation Payment Schedule ("EOPS"), as well as on all subsequent ROPS. Through EOPS, ROPS I, ROPS II, ROPS III, ROPS 13-14A, ROPS 13-14B, ROPS 14-15A and ROPS 14-15B, Line Item No. 68 has never been denied by DOF. Consequently, the Agency has acted to its detriment in undertaking and completing environmental remediation (certification completion pending with the Department of Toxic Substances Control), incurring costs which have been presented on Line Item Nos. 62, 66 and 67. These line items, too, have ultimately been approved on every ROPS submitted. The Miraflores Project has now

progressed to the point where costs associated with the *housing* obligation represented by Line Item No. 68 and a related *historic preservation* obligation represented by Line Item No. 114 must be incurred.

- 2) To fulfill its obligation, the Agency must expend RPTTF for costs associated with the Miraflores Project, and delay in making these expenditures will result in increased costs to the Taxing Entities.

Delay in fulfilling the Agency's enforceable obligations will result in significant increased costs to the Agency and the Taxing Entities in two principal ways. First, as described below, the use of low-cost tax credit financing, which is presently available, and an infrastructure grant issued to the affordable housing developer (IIG Grant), which will expire in fall 2015, will save the Agency approximately \$20,000,000, as compared to alternate financing arrangements in the event of delay. Other than RPTTF, there are no other funding sources available to substitute for the tax credits and IIG Grant; thus the Agency will have to claim RPTTF, to the detriment of the Taxing Entities, until the obligation is fulfilled. Second, the site is currently an unimproved, vacant lot that generates very little property tax revenue. In addition to fulfilling the Agency's obligation, the Miraflores Project will result in a much higher taxable value for the subject property as well as for the surrounding properties. As a result, the Taxing Entities' property tax revenues will increase. This is to say nothing of the benefits conveyed to low-income residents in critical need of housing and the benefits to the surrounding residents.

The following outlines the available savings to the Agency and Taxing Entities and timeframes for taking the actions. To achieve these savings and to benefit the Taxing Entities by increased tax revenue DOF must take timely action to: (1) confirm that the Miraflores Project (ROPS Line Item 68) is an enforceable obligation eligible for \$1,995,872 (under the 4% tax credit scenario) to \$5,311,161 (under the 9% tax credit scenario) of RPTTF, depending on the outcome of tax credit applications; (2) recognize that the transfer of the portion of the Miraflores Project site to be used for affordable senior rental housing at no cost to Eden/CHDC prior to approval of the LRPMP is required in order to fulfill this obligation; and (3) affirm this approach, including permitting the Agency to enter into Exclusive Right to Negotiate agreements (ERNs) to commence negotiations toward Land Disposition Agreements (LDAs)..

- a. Delay in securing timely tax credit financing will cost the Agency and ultimately the Taxing Entities approximately \$20,000,000.

During preparation of the EOPS and initial ROPS, Agency staff estimated that the obligation to construct the affordable housing portion of the Miraflores Project would be \$13,370,610; however, this figure was necessarily a rough estimate since market conditions, the financial profile of the selected developer, and the availability of other affordable housing funding sources was unknown at the time. In 2014, the Agency, after a competitive process, selected Eden Housing/Community Housing Development Corporation ("Eden/CHDC") as the developer for the affordable units, and Miraflores Devco, LLC ("Miraflores Devco") as the developer of the for sale units, allowing for a more accurate estimate of the total obligation amount.<sup>1</sup>

As set forth in the Eden/CHDC proforma for the Miraflores Project, the total costs of development (i.e., the total obligation) is currently estimated to be \$34,155,926 (see Attachment C). This amount includes

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<sup>1</sup> The Oversight Board to the Agency approved ERNs with Eden/CHDC and Miraflores Devco on June 19, 2014 pursuant to Resolutions 5-14. DOF rejected this action on August 5, 2014.

the current value of the land (discussed further in section 2.b, below) and funds spent on predevelopment costs in prior years. For purposes of ROPS reporting, the total obligation is currently \$29,256,668.

Of the \$29,256,668, sources of non-RPTTF (i.e. "other") funding have been secured or are known to be available to the Miraflores Project, as follows:

Total current obligation net of land value:	\$29,256,668
State Proposition 1C Infill Infrastructure Grant:	\$2,702,225
FHLB – AHP:	\$790,000
Permanent Financing – 2 <sup>nd</sup> Mortgage:	\$2,620,308
<u>Deferred Developer Fee:</u>	<u>\$758,888</u>
Total Secured Other Funding:	\$6,871,421
Agency's RPTTF Obligation:	\$22,385,247

Since no other source of funds is currently secured or available to the Agency to fulfill this obligation, \$22,385,247 would have to be paid from RPTTF. However, this amount could be significantly reduced if Eden/CHDC's application for tax credits is approved, but that is only possible if DOF can provide certain confirmations in a timely manner, as set forth below. *A successful application for tax credits, depending on the type secured (9% or 4%), would reduce the obligation by \$17,074,086 (using 9% tax credits) to \$20,389,375 (using 4% tax credits). The resultant RPTTF obligation would then be \$5,311,161 under the 9% tax credit scenario or \$1,995,872 under the 4% tax credit scenario.* The timing issues are described below.

- b. To fulfill its obligation, the Agency must convey the Miraflores Project site to the selected affordable developer at no cost and to the selected for sale developer prior to approval of the LRPMP.

The Agency requires DOF authorization to negotiate the transfer of the Miraflores Project lands to the selected affordable housing developer, Eden, and the for sale housing developer, Miraflores Devco. As noted above, to finance the project, Eden would receive, at no cost, the land proposed for the senior affordable rental housing in exchange for implementing that portion of the Miraflores Project. The value of the land dedicated to affordable housing is currently appraised at \$3,600,000 (Attachment D). The disposition of the land dedicated to market-rate housing would be negotiated through the LDA with Miraflores Devco.

*In summary, the Agency is requesting the DOF approve the Exclusive Right to Negotiate Agreements approved by the Oversight Board on June 19, 2014 so that the Agency can commence negotiations for the disposition of the affordable property to Eden/CHDC at no cost, and the disposition of the for sale property to Miraflores Devco at a cost to be determined. Negotiations are expected to culminate in LDAs setting forth the conditions of sale and development of the property, including infrastructure and public benefit improvements to be constructed by Eden/CHDC and Miraflores Devco. Additionally, conveyance of the affordable housing portion of the site must be advanced independently of the Agency's LRPMP, for the reasons described in Section 5, below.*

- c. DOF must confirm the existence of the enforceable obligation and *confirm the allocation of RPTTF for the Miraflores Project before the ROPS 15-16a deadline of March 1<sup>st</sup>* to avoid increasing costs to the Agency and the Taxing Entities.

Deadlines related to two of the major, non-RPTTF fund sources referenced above require the RPTTF commitment be affirmed on a timeline that is inconsistent with typical ROPS reporting periods.

First and most significantly, the deadline for applying for 4% tax credits is March 2015. As noted above, if awarded, the 4% tax credits would reduce the Agency's RPTTF obligation to complete the Miraflores Project by \$20,389,375. The deadline for application for 9% tax credits is July 2015. 9% tax credits would reduce the Agency's RPTTF obligation to complete the project by \$17,074,086. In either scenario, the tax credit application requires letters of commitment from all funding sources, including the \$1,995,872 of Agency RPTTF required to complete the funding plan. Since the Tax Credit Allocation Committee is aware of the issues surrounding redevelopment dissolution, it is certain they will require written confirmation from DOF that the obligation is enforceable, as well as evidence from the Agency that these funds are available. As ROPS 15-16a is due on March 1<sup>st</sup>, and accounting for typical DOF ROPS review times, the ROPS process will not allow for timely confirmation of the availability of the required RPTTF funding.

Second, the Proposition 1C Infill Infrastructure Grant ("IIG Grant") includes a statutory deadline of October 2016 for the expenditure of awarded grant funds. These funds were awarded to Eden/CHDC and the City of Richmond, jointly, and are proposed to be used for infrastructure costs to support the Miraflores Project. As noted above, this grant will pay for \$2,702,225 of the Agency's obligation to implement the Miraflores Project. Because the grant must be expended by October 2016 to avoid the loss of these funds, construction must commence by October 2015. In order to commence construction on that schedule, the tax credits discussed above must be awarded in the March 2015 or July 2015 application period, which application, again, requires the confirmation of RPTTF. If the IIG Grant funds are lost, the Agency's RPTTF obligation will necessarily increase by \$2,702,225, which is the amount of the grant proposed to fund project infrastructure costs.

In summary, the *Agency is requesting the DOF confirm the obligation of \$1,995,872 of RPTTF for the Miraflores Project before the ROPS 15-16a deadline of March 1<sup>st</sup>*, to allow application for 4% tax credits and timely expenditure of awarded IIG Grant funds. If the 4% tax credit funds are not available due to the Agency and DOF's inability to confirm the RPTTF commitment on this timeline, the Agency's obligation will increase to \$5,311,161 if DOF requires the Agency to wait for the ROPS 15-16a submittal, and provided DOF approves the real property commitments outlined in this request *and* Eden/CHDC is successful in securing 9% tax credits in June 2015. The Agency's obligation will skyrocket to \$25,087,472 if the 9% tax credit application is unsuccessful due to delay in confirming the RPTTF and real property commitments.

Conclusion:

For the reasons stated above, we urgently request that DOF: (1) confirm that the Miraflores Project (ROPS Line Item 68) is an enforceable obligation eligible either for \$1,995,872 (under the 4% tax credit scenario) or \$5,311,161 (under the 9% tax credit scenario) of RPTTF, depending on the outcome of tax credit applications; (2) recognize that the transfer of the portion of the Miraflores Project site to be used

for affordable senior rental housing at no cost to Eden/CHDC prior to approval of the LRPMP is required in order to fulfill this obligation; and (3) affirm this approach, including permitting the Agency to enter into ERNs to commence negotiations toward LDAs. These actions will save the Agency and the Taxing Entities tens of millions of dollars, increase property tax revenues, expedite the winding down the affairs of the Agency, and fulfill the Agency's obligation to the state to deliver 110 units of affordable housing and an additional 170 dwellings.

The Agency would like an opportunity to review this matter with you in person or over the phone to answer any questions you may have. Thank you for your time and consideration.

Sincerely,



Bill Lindsay  
City Manager, City of Richmond

Cc: Hon. Tom Butt, Mayor  
Bruce Goodmiller, City Attorney  
Linda Mandolini, President, Eden Housing

Attachment A - Infill Grant Agreement between the Richmond Community Redevelopment Agency and the California Pollution Control Financing Authority dated October 18<sup>th</sup> 2010

Attachment B – Regulatory Agreement between the Richmond Community Redevelopment Agency and the California Pollution Control Financing Authority dated October 18<sup>th</sup> 2010

Attachment C – Miraflores Affordable Housing Financing Summary MHP version

Attachment D – Property Appraisal of Affordable Housing Site

**INFILL GRANT AGREEMENT**  
**CALIFORNIA RECYCLE UNDERUTILIZED SITES**  
**(CALReUSE) REMEDIATION PROGRAM**

**Richmond Community Redevelopment Agency**  
**440 Civic Center Plaza**  
**Richmond, California 94804**

THIS AGREEMENT (the "Agreement" or "Infill Grant Agreement") IS MADE THIS 18<sup>TH</sup> DAY OF OCTOBER, 2010, between **Richmond Community Redevelopment Agency**, a public body, corporate and politic (the "Grantee") and the **California Pollution Control Financing Authority**, a public instrumentality and political subdivision of the State of California, (the "Grantor", "CPCFA", or "Authority").

**RECITALS**

- A. Grantee proposes to clean up a Brownfield at 128 South 45<sup>th</sup> Street, 99 South 47<sup>th</sup> Street, 4606 Florida Avenue, 223 South 47<sup>th</sup> Street, 130 South 47<sup>th</sup> Street, 4733 Wall Avenue, 4737 Wall Avenue, 4809 Wall Avenue, and 4855 Wall Avenue, Richmond, California 94804 (the Brownfield Infill Project) to develop an Infill Development Project as described in Exhibit A attached hereto and incorporated herein. Grantee proposes to utilize awarded funds pursuant to CPCFA's Regulations for the following Eligible Brownfield Infill Project Costs:

UST removal, excavation, off-haul, onsite encapsulation, & structure relocation	\$ 588,945
Abatement and removal	991,231
Contractor oversight, additional characterization, reporting	409,888
Groundwater monitoring	77,767
Environmental insurance –cost cap & PLL	200,000
California Department of Toxic Substances Control Oversight	80,000
Technical assistance –environmental legal	<u>256,659</u>
<b>TOTAL ELIGIBLE BROWNFIELD INFILL PROJECT COSTS:</b>	<b><u>\$2,604,490</u></b>

- B. The purpose of this Agreement is to set forth the conditions upon which Grantor will grant \$2,604,490 to Grantee to undertake the Brownfield Infill Project.
- C. Grantee has applied to the Center for Creative Land Recycling ("Strategic Partner"), the Authority's Strategic Partner, for a California Recycle Underutilized Sites ("CALReUSE") Remediation Program Infill Grant ("Infill Grant") and Grantee's Infill Application has been determined by the Strategic Partner and the Grantor to meet eligibility requirements.
- D. The Strategic Partner has forwarded a recommendation to the Grantor which has approved the funding of the requested Infill Grant.

**CALReUSE REMEDIATION PROGRAM  
INFILL GRANT AGREEMENT**

RICHMOND COMMUNITY REDEVELOPMENT AGENCY

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- E. Grantee wishes to accept from Grantor the principal sum of **two million, six hundred four thousand, four hundred ninety dollars** (\$2,604,490) and Grantor is willing to grant such sum to Grantee from the CALReUSE Remediation Program Fund (the "Program Fund") for the Brownfield Infill Project on the terms and conditions herein contained.
- F. The term of this Infill Grant Agreement shall be 72 months from the date of the first disbursement request, unless extended pursuant to Section 8102.8 of the Regulations.
- G. Grantee represents that it anticipates entering into a Regulatory Agreement that will satisfy the requirements of Section 8102.6(a)(29) of the Regulations and that will be recorded on the title of the Infill Development not later than March 31, 2016.

NOW, THEREFORE, Grantor and Grantee agree as follows:

**ARTICLE I – DEFINITIONS**

Section 1.1 – GRANTEE means Richmond Community Redevelopment Agency, a public body, corporate and politic.

Section 1.2 – BROWNFIELD means that certain real property commonly known as 128 South 45<sup>th</sup> Street, 99 South 47<sup>th</sup> Street, 4606 Florida Avenue, 223 South 47<sup>th</sup> Street, 130 South 47<sup>th</sup> Street, 4733 Wall Avenue, 4737 Wall Avenue, 4809 Wall Avenue, and 4855 Wall Avenue, Richmond, California 94804, as more specifically described by the legal description attached hereto as Exhibit A (incorporated herein by reference).

Section 1.3 – ELIGIBLE BROWNFIELD INFILL PROJECT COSTS shall mean those costs set forth in Exhibit A attached hereto (incorporated herein by reference).

Section 1.4 – HAZARDOUS MATERIAL has the same meaning as "Hazardous Material" in Section 8090 of the CPCFA Regulations.

Section 1.5 – INFILL GRANT means a grant as defined in Section 8102(k) of the Regulations awarded by the Grantor to the Grantee as evidenced by the Infill Grant Documents.

Section 1.6 – INFILL GRANT DOCUMENTS means this Agreement, the Regulatory Agreement, and the Grantee's Infill Application including any and all exhibits to the Infill Grant Documents.

Section 1.7 – INFILL LOAN means a loan made in accordance with the Program Regulations.

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INFILL GRANT AGREEMENT**

RICHMOND COMMUNITY REDEVELOPMENT AGENCY

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Section 1.8 – OVERSIGHT AGENCY means California Department of Toxic Substances Control (DTSC), as detailed in Exhibit A, that will oversee the Brownfield Infill Project pursuant to Section 8102.1(a)(3) of the Regulations.

Section 1.9 – REGULATIONS means the CPCFA CALReUSE Program Regulations, Title 4, Division 11, Article 9, Section 8090, and Sections 8102 through 8102.15 of the California Code of Regulations, as amended from time to time.

Section 1.10 – REGULATORY AGREEMENT means a recorded regulatory agreement as defined in Section 8102(u) of the Regulations or a Recorded Covenant as defined in Section 8102(s) of the Regulations that at a minimum reflects the Infill Development Project as described in Exhibit A of this Agreement.

Section 1.11 – STRATEGIC PARTNER means a legal entity chosen by the Authority in accordance with Section 8102.11 of the Regulations that provides services to the Authority to assist in administering the CALReUSE Remediation Program as defined in Section 8090(af) of the Regulations. Center for Creative Land Recycling, a California nonprofit public benefit corporation, shall initially serve as Strategic Partner for purposes of this Agreement.

Section 1.12 – Any capitalized terms used but not defined in this Agreement will have the meaning set forth in the Regulations.

**ARTICLE II – REPRESENTATIONS AND WARRANTIES**

Grantee makes the following representations and warranties to Grantor:

Section 2.1 – LEGAL STATUS. Grantee is a public body, corporate and politic, and is qualified to do business in California and in all local jurisdictions where it conducts its business.

Section 2.2 – AUTHORIZATION. This Agreement has been duly authorized, executed and delivered by Grantee, and is a valid and binding agreement of Grantee.

Section 2.3 – BROWNFIELD. The Brownfield as set forth in Exhibit A attached hereto meets the criteria defined in Section 8090(e) of the Regulations.

Section 2.4 – BROWNFIELD INFILL PROJECT. The Brownfield Infill Project as set forth in Exhibit A attached hereto meets the criteria defined in Section 8102(a) of the Regulations and the Grantee has met all the eligibility requirements in Section 8102.1(a) and 8102.4(b) or 8102.4(c) of the Regulations.

Section 2.5 – ELIGIBLE BROWNFIELD INFILL PROJECT COSTS. The costs set forth in Exhibit A attached hereto meet the criteria defined in Section 8102(f) of the Regulations.

Section 2.6 – ECONOMICALLY DISTRESSED COMMUNITY. The Brownfield is located in the City of Richmond Enterprise Zone, which is a state designated Enterprise Zone and

**CALReUSE REMEDIATION PROGRAM  
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RICHMOND COMMUNITY REDEVELOPMENT AGENCY

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therefore meets the criteria of an Economically Distressed Community as defined by Section 8090 (j)(4) of the Regulations.

Section 2.7 – INFILL DEVELOPMENT PROJECT. The Infill Development Project meets the eligibility requirements of Section 8102.1(a) and 8102.4(b) or 8102.4(c) of the Regulations. The description of the Infill Development Project set forth in Exhibit A conforms with the description the Grantee provided in the Infill Application required by Section 8102.2 (f)(2) of the Regulations.

Section 2.8 – INFILL GRANT DOCUMENTS. Grantee represents and warrants: (a) that Grantee has access to professional advice to the extent necessary to enable Grantee to fully comply with the terms of the Infill Grant Documents and (b) that Grantee has the full power and authority to execute the Infill Grant Documents.

**ARTICLE III - CONDITIONS PRECEDENT**

The obligation of Grantor to make any disbursements under the Infill Grant on behalf of Grantee is subject to all of the following conditions:

Section 3.1 – NO EVENT OF DEFAULT. There shall not exist an Event of Default under this Agreement, and there shall exist no event, omission or failure of condition, which, after notice or lapse of time, would constitute an Event of Default under the Regulations, this Agreement, or the Regulatory Agreement.

Section 3.2 – DOCUMENTATION. Grantee shall have delivered to Grantor in form and substance satisfactory to Grantor this Infill Grant Agreement.

Section 3.3 – CLEANUP PLAN. Grantee has submitted an approved Cleanup Plan or approved Remedial Action Plan specific to the Brownfield Infill Project that has been approved by the Oversight Agency.

Section 3.4 – FUNDING CONDITIONS. Grantee has 1) met all readiness criteria established by the Regulations to execute the Infill Grant Agreement; and 2) all terms and conditions contained in the commitment letter under Section 8102.5(c) are satisfied; and 3) prior to the Grantee's request to disburse any funds of the Infill Grant all funding conditions will be met in accordance with Section 8102.7(a) of the Regulations, including all other funds for completing the Brownfield Infill Project are identified and committed for use.

Section 3.5 – AVAILABILITY OF FUNDS. Grantee agrees that all disbursements pursuant to this agreement are contingent and are not guaranteed but are entirely dependent upon funds being available to the CALReUSE Program and the Grantee's continued compliance with the Infill Grant Agreement and the regulations governing the CALReUSE Program. Grantee further agrees that Authority shall not be in default or liable to the Grantee in any manner should such funding not be completed for any reason whatsoever.

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RICHMOND COMMUNITY REDEVELOPMENT AGENCY

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Section 3.6 – TERMS OF COMMITMENT. In the event Grantee has not fulfilled all conditions precedent set forth in this Article within 30 days of Grantee's execution of this Agreement, Grantor may upon written notice terminate its obligations to Grantee.

**ARTICLE IV – INFILL GRANT DISBURSEMENT PROCEDURES**

Section 4.1 – TERMS OF DISBURSEMENT. Disbursements of the Infill Grant shall commence upon execution of the Infill Grant Agreement. Disbursements of the Infill Grant shall be only for the Eligible Brownfield Infill Project Costs set forth in Exhibit A, in an aggregate amount of not more than the amounts set forth in Exhibit A for each Eligible Brownfield Infill Project Cost, except as provided herein. Grantee shall obtain written authorization from the Grantor to make changes in the eligible uses of funds that exceed twenty percent (20%) or \$25,000, whichever is less, the amount of any budget line item of Exhibit A. Notwithstanding the limit identified above, pre-approval is not necessary for any budget line item funding shift equal to or less than \$5,000.

Section 4.2 – DISBURSEMENT PROCESS. Only one draw per month will be allowed against the Infill Grant. In order to receive disbursements, requests for disbursement must be supported by documentation sufficient in the Strategic Partner's and Grantor's determination to support payment. The Strategic Partner shall review each disbursement request to ensure Eligible Brownfield Infill Project Costs and consistency with the Cleanup Plan. Upon completion of its review, the Strategic Partner shall recommend the Grantor fund disbursement requests when appropriate. Grantor shall use its best efforts to respond to a request for disbursement within ninety (90) calendar days after the Strategic Partner's receipt of a complete disbursement request.

The request for disbursement must contain at least the information in substance and form of Exhibit B attached hereto and the appropriate invoices specific to the funds requested. Upon receipt of Grantee's signed request for disbursement with the Strategic Partner's recommended approval, the Grantor shall authorize the disbursement of Infill Grant funds to Grantee.

The Strategic Partner or Grantor shall notify the Grantee in writing within five (5) business days of receipt of disbursement request of any deficiencies or discrepancies in the request for disbursement. Grantee shall not receive a disbursement until Grantee corrects any such deficiencies or discrepancies.

In the case that Grantee submits a disbursement request prior to its payment of invoices, Grantee must provide proof of payment of invoices for the disbursement request within 45 days of the disbursement of funds being issued from the State or upon submittal of the next disbursement request, whichever comes first. In addition, the Grantee's final disbursement request for Infill Grant funds must include proof of payment upon submittal to the Strategic Partner for review.

Section 4.3 – AMOUNT OF DISBURSEMENT. Infill Grant proceeds shall be disbursed up to the amount authorized under this Infill Grant Agreement and only for Eligible Brownfield Infill Project Costs specified in Exhibit A.

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Section 4.4 – DISBURSEMENT PERIOD. The initial disbursement request of Infill Grant proceeds shall be made no later than twelve (12) months from date of this Agreement.

Section 4.5 – POSSIBLE INFILL GRANT CONVERSION TO AN INFILL LOAN. Upon an Event of a Default beyond the applicable cure period, the Grantor may convert the Infill Grant to an Infill Loan under the terms that would have applied under the Regulations at the time the Infill Grant closed. In this event, Grantee agrees to make all reasonable efforts to execute the Infill Loan documents expeditiously. The accrued interest that will be applied to the Infill Loan will be calculated at a fixed rate of two percent (2%) per annum.

**ARTICLE V – AFFIRMATIVE COVENANTS**

Grantee covenants that so long as there exists a valid Infill Grant Agreement, or Infill Loan Agreement in the event of a conversion pursuant to Section 4.5, between the Grantee and the Grantor, Grantee shall:

Section 5.1 – REMEDIAL WORK AND INFILL DEVELOPMENT PROJECT. Pursuant to Section 8102.6(a)(3) of the Regulations complete all Remedial Work and Complete the Infill Development Project within the term of the Infill Grant, not to exceed 72 months from the time of the first disbursement request, unless extended pursuant to Section 8102.8 of the Regulations.

Section 5.2 – COMPLETED INFILL DEVELOPMENT PROJECT REPORT. Pursuant to Section 8102.6(a)(8) of the Regulations, provide or cause to be provided to the Strategic Partner and Grantor a Completed Infill Development Project Report. The Completed Infill Development Project Report shall include an executed and recorded Regulatory Agreement that at a minimum reflects the Infill Development Project described in Exhibit A of this Agreement. The Grantee shall submit the Completed Infill Development Project Report to the Grantor 1) upon the Completion of the Infill Development Project, or 2) within the term of the Infill Grant—whichever instance occurs first.

Section 5.3 – BROWNFIELD REMEDIATION FINAL REPORT. Pursuant to Section 8102.6(a)(19) of the Regulations, provide or cause to be provided to the Strategic Partner and Grantor a Brownfield Remediation Final Report 1) within thirty (30) days of completion of the Brownfield Remediation Final Report, or 2) within the term of the Infill Grant—whichever instance occurs first.

Section 5.4 – COMPLY WITH THE REGULATIONS. At all times be in compliance with Health and Safety Code sections 44500, et. seq., and the Regulations, and ensure that any contractors or subcontractors shall at all times be in compliance as appropriate. Continued compliance with program requirements is Grantee's responsibility.

Section 5.5 – ACCOUNTING RECORDS. Maintain adequate books and accounts in accordance with generally accepted accounting principles, consistently applied.

Section 5.6 – EXISTENCE. Preserve and maintain its existence and all of its rights, privileges and franchises; conduct its business in an orderly, efficient, and regular manner; and

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comply with the requirements of all applicable laws, rules, regulations, and orders of a governmental authority.

Section 5.7 – TAXES AND LIABILITIES. Pay and discharge when due any and all indebtedness, obligations, assessments, taxes (real and personal), including Federal and State income taxes, provided that provision is made to the satisfaction of Grantor for eventual payment thereof in the event that it is found that the same is an obligation of Grantee.

Section 5.8 – LITIGATION. Promptly give notice in writing to Strategic Partner and Grantor of any administrative action or litigation pending or threatened against Grantee, the Brownfield, the Brownfield Infill Project, or the Infill Development Project in which the amount claimed is in excess of five thousand dollars (\$5,000).

Section 5.9 – CHANGE IN STATUS/UNINSURED LOSS. Promptly give notice in writing to Strategic Partner and Grantor of: (1) any change in name of Grantee, and in the case of a corporation, partnership or joint venture, any change in name, identity or corporate status; or (2) any uninsured or partially uninsured loss through fire, theft, liability, or otherwise in excess of an aggregate of two thousand five hundred dollars (\$2,500).

Section. 5.10 – RELEASE. Hereby waive all claims and recourse against Grantor and Strategic Partner including the right to contribution for loss or damage to persons or property arising from, growing out of, or in any way connected with or incident to any of the Infill Grant Documents, Grantee's use of the Infill Grant proceeds, Grantee's business operations, the Brownfield, the Brownfield Infill Project, or the Infill Development Project.

Section 5.11 – INDEMNIFICATION. Defend, indemnify and hold harmless the Strategic Partner, the Grantor and the State, and all officers, trustees, agents and employees of the same (the "Indemnitees"), from and against any and all claims, losses, costs, damages, or liabilities of any kind or nature, whether direct or indirect, arising from or relating to the Infill Grant, the Brownfield, the Brownfield Infill Project, the Infill Development Project or the CALReUSE Program, including but not limited to, any and all claims, losses, costs, damages, or liabilities arising from or related to the presence, release, threatened release, investigation or remediation of Hazardous Material of the Brownfield or the Brownfield Infill Project. Grantee shall defend, indemnify, and hold the Strategic Partner, Grantor, the State, successors, assigns, its members, officials, directors, employees or agents of the same, harmless against any claims, demands, administrative actions, loss, litigation, liabilities, losses, remediation costs, damages, response costs, and penalties, including costs of legal proceedings and reasonable attorneys' fees, that any of the indemnified parties may incur as a result of any inaccuracy or breach of any representation, warranty, agreement, or covenant contained in any of the Infill Grant Documents with respect to Hazardous Material, or as a consequence of any use, generation, manufacture, storage, release, or disposal (whether or not the Grantee knew of same) of any Hazardous Material occurring as a result of the Grantee's use or occupancy of the Brownfield or performance of the Brownfield Infill Project. The provisions of this section shall survive termination of this Agreement.

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Section 5.12 – COMPLIANCE WITH HAZARDOUS MATERIAL LAWS. Comply with (a) all Hazardous Waste Reporting Laws applicable to the Brownfield, or the Brownfield Infill Project, and (b) all applicable laws, including but not limited to statutes, rules, regulations, administrative orders and agreements, and judicial orders or consent decrees that apply to the Brownfield or the Brownfield Infill Project, related to or arising from assessment, characterization and remediation of a Brownfield, including but not limited to those requiring the preparation of a description of Hazardous Material on the Brownfield and those requiring oversight and supervision to assure the adequacy of any Feasibility Study, Remedial Investigation, Remedial Action Plan, or Remedial Work by the Oversight Agency.

Section 5.13 – RECOVERED DAMAGES. The Grantee shall make best efforts to collect from any Responsible Party and to convey any payments received to refund the Infill Grant. If the Grantee recovers damages from a person who is liable for the release, threatened release, presence or existence of a Hazardous Material at the Brownfield or as a result of the Brownfield Infill Project, any money so recovered shall be used first to reimburse the Infill Grant, except that the Grantee shall be permitted to retain fees and costs incurred in recovering the damages.

Section 5.14 – NON-DISCRIMINATION CLAUSE. During the term of this Agreement, Grantee and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religion, creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer or genetic characteristics), sexual orientation, political affiliation, position in a labor dispute, age, marital status, and denial of statutorily-required employment-related leave. Grantee and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Grantee and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Grantee and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

Section 5.15 – COMPLIANCE WITH CALIFORNIA ENVIRONMENTAL QUALITY ACT. Comply with the California Environmental Quality Act (CEQA) and the State CEQA Guidelines pursuant to State law and Section 8102.6(a)(11) of the Regulations.

Section 5.16 – OVERSIGHT AGENCY. Work in good faith with the Oversight Agency or Oversight Agencies identified in Exhibit A of this Infill Grant Agreement throughout the term of the Infill Grant Agreement. If the Oversight Agency for the Brownfield Infill Project is modified, the Grantee will notify Strategic Partner and Grantor, and submit a subsequent approved Cleanup Plan prior to any subsequent requests for funds.

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Section 5.17 – INSURANCE. Maintain any and all required insurance policies for the term of the Infill Grant Agreement.

Section 5.18 – REPORTING TO STRATEGIC PARTNER AND GRANTOR. Timely provide all required reports and notices to the Strategic Partner and Grantor during the term of the Infill Grant Agreement.

Section 5.19 – QUARTERLY REPORTS. Shall provide quarterly reports to the Strategic Partner, and Grantor, which will include, but are not limited to, the identification of: the activity and progress toward completing the Brownfield Infill Project; the activity and progress toward completing the Infill Development Project; any hurdles that may affect the timeframe or effective completion of the Brownfield Infill Project or Infill Development Project; amount of Infill Grant funds that are anticipated to be requested over the next three (3) months; and any additional information as reasonably requested by the Strategic Partner and/or the Authority. Quarterly Reports must be submitted before or on March 31, June 30, September 30 and December 31 for the previous three months (including the reporting month). Grantee's failure to provide timely Quarterly Reports may 1) delay funding of disbursement requests until the Grantee is in good standing, and/or 2) be considered an Event of Default under section 7.1 herein.

Section 5.20 – SMALL BUSINESS AND/OR DISABLED VETERAN BUSINESS ENTERPRISES. Endeavor to assist the State in meeting a twenty-five percent (25%) small business and/or disabled veteran business enterprises (DVBE) participation goal in all contracts financed with the proceeds of the infrastructure related bond acts of 2006.

Section 5.21 – COMPLIANCE WITH STATE PREVAILING WAGE LAWS. Grantee shall at all times comply with California's prevailing wage law (Labor Code Section 1720, *et seq.*) to the extent that law applies to the Infill Project.

**ARTICLE VI - NEGATIVE COVENANTS**

Grantee further covenants that so long as there exists a valid Infill Grant Agreement, or Infill Loan Agreement in the event of a conversion pursuant to Section 4.5 of the Infill Grant Agreement, Grantee will not, without prior consent of Grantor:

Section 6.1 – USE OF FUNDS. Use any Infill Grant proceeds for purposes other than as described in Exhibit A.

Section 6.2 – MERGER, CONSOLIDATION, SALE OF ASSETS. Merge, reorganize, consolidate or sell, lease, assign, transfer, or otherwise dispose of more than 20% of control of Grantee's business assets to another person or entity.

**ARTICLE VII – DEFAULT AND REMEDIES**

Section 7.1 – EVENTS OF DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

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- (a) If any material representation or warranty made by Grantee, or anyone acting on Grantee's behalf hereunder, shall prove to be incorrect in any material respect and the Grantee has not notified the Authority in a timely fashion;
- (b) Grantee's failure to perform any other term or condition of this Agreement or other Infill Grant Documents;
- (c) Failure of the Grantee to complete the Infill Development Project, as described in any of the Infill Grant Documents, within the term of the Infill Grant Agreement, including any extensions;
- (d) Any changes to the Infill Development Project such that it no longer meets the eligibility criteria pursuant to section 8102.4(b) and/or 8102.4(c) of the Regulations;
- (e) Grantee's failure to comply with any Hazardous Waste Reporting Law or any law, regulation or rule applicable to the Brownfield, Brownfield Infill Project, or Infill Development Project, or failure to deliver the certifications required by Section 8102.6(a)(19) and Section 8102.6(a)(8) of the Regulations within the time period required;
- (f) Failure of the Grantee to complete all Remedial Work within the term of the Infill Grant, including any extensions;
- (g) Any substantial or continuous breach by Grantee of any material obligations of Grantee imposed by any agreements entered into by the Grantee with the State, the Grantor, or the Strategic Partner other than the Infill Grant Documents with respect to the Brownfield, the Brownfield Infill Project or Infill Development Project;
- (h) Grantee defaults on any other loan or grant with CPCFA;
- (i) The failure of Grantee to promptly pay and discharge any judgment or levy of attachment, execution or other process against the assets of Grantee that is final beyond all appeal times and in the reasonable belief of the Grantor will cause Grantee to be unable to fulfill its obligations under this Agreement, and such judgment is not satisfied, or such levy or other process be not removed within twenty (20) days after the entry or levy thereof;
- (j) Any bankruptcy action is filed against Grantee or Grantee shall be adjudicated as bankrupt or insolvent, or shall consent to or apply for the appointment of a receiver, trustee or liquidator of itself or any of its property, or shall admit in writing its inability to pay its debts generally as they become due, or shall make a general assignment for the benefit of creditors, or shall file a voluntary petition in or an answer seeking reorganization or arrangement in a proceeding under any bankruptcy law;
- (k) Grantee becomes the subject of an administrative, civil or criminal action that the Strategic Partner and/or Grantor reasonably believes may materially affect Grantee's ability to adequately complete the Brownfield Infill Project;

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- (l) Grantee undertakes any of the activities enumerated in Section 6.2 without Grantor's prior written consent; or
- (m) Grantee repeatedly fails to provide complete or timely Quarterly Reports as required under Section 5.19.

**Section 7.2 – NOTICE OF GRANTEE'S DEFAULT AND OPPORTUNITY TO CURE.**

Grantor shall give written notice to Grantee of any Event of Default by specifying: (a) the nature of the event or deficiency giving rise to the Event of Default, (b) the action required to cure the Event of Default, if an action to cure is possible, and (c) except for an Event of Default under Section 7.1(j), a date, which shall not be less than thirty (30) calendar days from the receipt of the notice, by which such action to cure must be taken, if an action to cure is possible, provided, however, except with respect to a monetary Event of Default, so long as Grantee has commenced to cure within such time, then Grantee shall have a reasonable period thereafter within which to fully cure the Event of Default.

**Section 7.3 – GRANTOR'S REMEDIES.** Upon the happening of an Event of Default, Grantor's obligation to disburse Infill Grant proceeds shall cease. Upon notice to Grantee of an Event of Default as provided for above, and, if an action to cure is specified in the notice, and Grantee's failure to cure the deficiency within a reasonable time period as specified in the notice, Grantor may, in addition to other rights and remedies permitted by the Infill Grant Agreement or applicable law choose in its sole discretion to proceed with any or all of the following remedies in any order or combination:

- (a) Declare the entire outstanding principal amount of the Infill Grant to be an Infill Loan and all accrued interest thereon from the date the Infill Grant was executed under the terms described in Section 4.5, as well as any other funds advanced to Grantee by Grantor under the Infill Grant Agreement, immediately due and payable;
- (b) Notify state and local entities;
- (c) Notify Grantee that it will be ineligible for future financing under the CALReUSE Remediation and Assessment Programs;
- (d) Require that the Grantee make a one time payment of up to 25 percent of the Infill Grant proceeds that have already been disbursed;
- (e) Bring an action in equitable relief (1) seeking the specific performance by Grantee of the terms and conditions of the Infill Grant Agreement, and/or (2) enjoining, abating, or preventing any violation of said terms and conditions, and/or (3) seeking declaratory relief;
- (f) Un-encumber any unexpended Program Funds;
- (g) Pursue any other remedy allowed at law or in equity.

The CPCFA may waive any default upon a finding that it is in the public interest and advances the purposes of the CALReUSE Remediation Program. Notwithstanding the above, in the event there

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is an Event of Default under Section 7.1(f), following the required notice and cure period, Grantor shall exercise its remedy under 7.3(a).

Grantor shall impose an interest rate penalty at a rate equal to ten percent (10%) of the Infill Grant amount previously disbursed per annum upon an Event of Default and Grantee's failure to cure within the timeframe specified in the notice described in Section 7.2.

Grantor's failure to declare an Event of Default, or pursue any of the above mentioned remedies in an Event of Default, does not waive Grantor's right to declare an Event of Default or pursue any remedies herein provided. No remedy herein conferred upon or reserved to the Grantor is intended to be exclusive of any other available remedy or remedies, but each and every such remedy, to the extent permitted by law, shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or otherwise. In order to entitle the Grantor to exercise any remedy, to the extent permitted by law, reserved to it contained in this Agreement, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

Section 7.4 – FORCE MAJUERE. Delay in performance by either party hereunder shall not be deemed to be an Event of Default if such delay is due to war, insurrection, strikes, walkout, labor or material shortage, riot, flood, drought, rain, earthquakes, fire, casualty, act of God, act of the government in its sovereign or contractual capacity, or any other event beyond the reasonable control of the party affected. If written notice of such delay is given to Grantor by Grantee within thirty (30) days of commencement of such delay, an extension of time for performance shall be granted for the period of such delay, or for such longer time as may be mutually agreed by the parties.

**ARTICLE VIII - MISCELLANEOUS**

Section 8.1 – CONFLICTS OF INTEREST. Grantee shall exercise due diligence to ensure that any member, officer, or employee of Strategic Partner, Grantor, or a member of such person's immediate family, who exercises any decision making responsibilities or power with respect to the Infill Grant, has not or will not obtain a material financial interest or benefit from the Infill Grant, or any contract, subcontract or agreement with respect thereto or the proceeds thereunder.

Grantee warrants, represents and agrees to exercise due diligence to ensure that no member, officer, director, or employee of Grantee, or any immediate family member of such person, who exercises any decision making responsibility or power with respect to the Infill Grant has or will obtain a material financial interest or benefit from this Infill Grant, or any contract, subcontract or agreement with respect thereto or the proceeds thereunder.

Grantee shall incorporate, or cause to be incorporated, in all contracts and subcontracts for work to be performed under this Agreement a provision prohibiting any conflict of interest described above in this section. Grantee's obligations under this section shall be deemed

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satisfied, if such persons and entities with which it contracts execute a certification as to such matters.

Section 8.2 – TERM OF THIS AGREEMENT. This Agreement shall commence on the date set forth above and remain in full force and effect until the Completed Infill Development Project Report has been provided pursuant to Section 5.2, unless sooner terminated by Grantor, but in no case shall be longer than 72 months from the date of the first disbursement request, unless extended pursuant to Section 8102.8 of the Regulations. Notwithstanding the foregoing, Grantee's covenants under Sections 5.1, 5.2, 5.3, 5.5, 5.10, and 5.11 shall survive until such covenants are fully performed.

Section 8.3 – GOVERNING LAW. The Infill Grant Documents shall be interpreted under and governed by the laws of the State of California and venue is proper in the Superior Court of Sacramento County.

Section 8.4 – NO WAIVER. Any waiver by either the Grantor or Grantee of any obligation in this Agreement must be in writing. No waiver shall be implied from any failure of the Grantor or Grantee to take, or any delay or failure by Grantor to take action on any breach or default or Event of Default by Grantee or to pursue any remedy allowed under this Agreement or applicable law. Any extension of time granted to Grantee to perform any obligation under this Agreement shall not operate as a waiver or release from any of its obligations under the Infill Grant Agreement. Grantee hereby waives all defenses and pleas on the grounds of any extensions of the time for repayment of any amounts due under this Agreement, unless Grantor has granted such extensions in writing. Consent by Grantor or Grantee to any act or omission by the other party shall not be construed to be consent to any other act or omission or to waive the requirement for Grantor or Grantee's written consent to future waivers.

Section 8.5 – NOTICES. All notices, requests and demands given to or made upon the respective parties shall be deemed to have been given or made when upon deposit with any overnight delivery service, or three (3) days after deposit with certified mail, return receipt requested, and addressed as follows:

Grantee: RICHMOND COMMUNITY REDEVELOPMENT AGENCY  
440 CIVIC CENTER PLAZA  
RICHMOND, CA 94804  
ATTN: EXECUTIVE DIRECTOR  
[steve\\_duran@ci.richmond.ca.us](mailto:steve_duran@ci.richmond.ca.us)

CPCFA: CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
915 CAPITOL MALL, ROOM 457  
SACRAMENTO, CA 95814  
ATTN: EXECUTIVE DIRECTOR  
[calreuse@treasurer.ca.gov](mailto:calreuse@treasurer.ca.gov)

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Strategic Partner: CENTER FOR CREATIVE LAND RECYCLING  
333 PINE STREET, SUITE 300  
SAN FRANCISCO, CA 94104  
ATTN: EXECUTIVE DIRECTOR  
[executive.director@cclr.org](mailto:executive.director@cclr.org)

Section 8.6 – COSTS OF COLLECTION. Grantee agrees to pay Grantor all reasonable costs incurred in collection of amounts due under this Agreement which are not paid within ten (10) business days of the due date as specified herein, whether or not a legal action has been filed.

Section 8.7 – STRATEGIC PARTNER'S AND CPCFA'S RIGHT TO INSPECT RECORDS. Grantee is required to maintain adequate books, accounts, and records and to prepare all financial statements required under this Agreement in accordance with generally accepted accounting principles and practices consistently applied, and in compliance with the regulations of any governmental regulating body having jurisdiction over it, and permit employees or agents of Strategic Partner or the CPCFA, at any reasonable time, to inspect Grantee's properties, and/or to examine Grantee's books, accounts, records and make copies and memoranda of them. These records shall include employment information records as well as business and financial records.

Section 8.8 – BINDING UPON SUCCESSORS. All provisions of this Agreement shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors-in-interest, transferees, and assigns of each of the parties; provided, however, that this section does not waive the prohibition on assignment of this Agreement by Grantee without Grantor's consent. The term "Grantee" as used in this Agreement shall include all assigns, successors-in-interest, and transferees of Grantee.

Section 8.9 – RELATIONSHIP OF PARTIES. The relationship of Grantee and Grantor for the Brownfield Infill Project and this Infill Grant is and shall remain solely that of a grantor and grantee under a grant agreement (unless the Infill Grant is declared an Infill Loan pursuant to Section 7.3 and in such case the relationship between the parties shall be that of debtor and creditor), and shall not be construed as a joint venture, equity venture, partnership, or any other relationship. Grantor neither undertakes nor assumes any responsibility or duty to Grantee (except as provided herein) or to any third party with respect to Grantee, the Brownfield, Brownfield Infill Project, Infill Development Project or the Infill Grant. Grantee shall have no authority to act as an agent of Grantor or to bind Grantor to any obligation.

Section 8.10 – ASSIGNMENT AND ASSUMPTION. Grantee shall not assign any of its interests under this Agreement or the Infill Grant Documents to any other party, except as specifically permitted under the terms of this Agreement or the Infill Grant Documents, without the prior written consent of Grantor. Any unauthorized assignment shall be void.

Section 8.11 – AMENDMENTS AND MODIFICATIONS. Any amendments or modifications to the Infill Grant Documents must be in writing, and shall be effective only if executed by both Grantee and Grantor. In any event, pursuant to the Regulations no Infill Grant may be extended for more than two years except by the Authority which may grant additional extensions upon a finding that it is in the public interest and furthers the purposes of the program.

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Section 8.12 – TIME. Time is of the essence in this Agreement.

Section 8.13 – INTEGRATION. This Agreement contains the entire agreement of the parties and supersedes any and all prior negotiations.

Section 8.14 – SEVERABILITY. If any provision of this Agreement shall be held invalid, illegal or unenforceable by a court of competent jurisdiction, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired by such holding.

Section 8.15 – EXECUTION OF COUNTERPARTS. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument; provided, however, that only the counterpart delivered to the Grantor shall be deemed the original.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the day and year first hereinabove written.

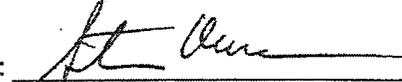
**GRANTEE:**

**GRANTOR:**

**RICHMOND COMMUNITY REDEVELOPMENT  
AGENCY**

**CALIFORNIA POLLUTION CONTROL FINANCING  
AUTHORITY**

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



**STEVE DURAN  
EXECUTIVE DIRECTOR**

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

**MICHAEL PAPARIAN  
EXECUTIVE DIRECTOR**

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the day and year first hereinabove written.

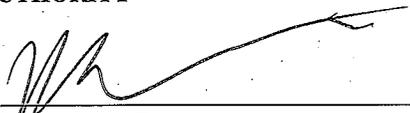
**GRANTEE:**

**RICHMOND COMMUNITY REDEVELOPMENT  
AGENCY**

**GRANTOR:**

**CALIFORNIA POLLUTION CONTROL FINANCING  
AUTHORITY**

By: \_\_\_\_\_  
**STEVE DURAN  
EXECUTIVE DIRECTOR**

By:  \_\_\_\_\_  
**MICHAEL PAPARIAN  
EXECUTIVE DIRECTOR**

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**EXHIBIT A**

**Name of Project:** Miraflores

**Maximum Amount of Grant:** \$2,604,489

**Strategic Partner:** Center for Creative Land Recycling

**Grantee:** Richmond Community Redevelopment Agency

**Financing Structure:** Grant

**Maximum Grant Term:** Not to exceed 6 years from first draw on funds

**Oversight Agency:** California Department of Toxic Substances Control (DTSC)

**Brownfield Infill Project Location:** 128 South 45<sup>th</sup> Street, 99 South 47<sup>th</sup> Street, 4606 Florida Avenue, 223 South 47<sup>th</sup> Street, 130 South 47<sup>th</sup> Street, 4733 Wall Avenue, 4737 Wall Avnuee, 4809 Wall Avenue, and 4855 Wall Avenue, Richmond, California 94804

Further described as Parcel Numbers 513-321-001; 513-321-002; 513-321-003; 513-321-018; 513-322-023; 513-322-024; 513-322-025; 513-322-037; 513-322-038; 513-330-001; 513-330-002; 513-330-003; 513-330-006; 513-330-007; 513-330-013; 513-330-014; and 513-330-005

**Infill Development Project Description:**

The Project will consist of 280 housing units, including 79 rental units of supportive housing for the elderly restricted at less than or equal to 50% of the area median income (AMI) and 30 for-sale units restricted at less than or equal to 120% AMI as illustrated below.

Units	Type	Income Limit
79	Senior Rental	≤ 50% AMI
1	Manager Rental	Unrestricted
30	For-sale	≤ 120% AMI
170	For-sale	Unrestricted
280	Total Units	

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**Exhibit A, continued**

<b>Description of Activity</b>	<b>Amount Financed by Infill Grant</b>
UST removal, excavation, off-haul, onsite encapsulation, & structure relocation	\$ 588,945
Abatement and removal	991,231
Contractor oversight, additional characterization, reporting	409,888
Groundwater monitoring	77,767
Environmental insurance –cost cap & PLL	200,000
California Department of Toxic Substances Control Oversight	80,000
Technical assistance –environmental legal	<u>256,659</u>
<b>Total Eligible Brownfield Infill Project Costs:</b>	<b><u>\$2,604,490</u></b>

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**EXHIBIT B  
REQUEST FOR DISBURSEMENT OF INFILL GRANT PROCEEDS**

Date

To:

CALReUSE Project Manager  
Center for Creative Land Recycling  
333 Pine Street, Suite 300  
San Francisco, CA 94104

Executive Director  
California Pollution Control Financing Authority  
915 Capitol Mall, Room 457  
Sacramento, CA 95814

RE: Request for Disbursement of Infill Grant Proceeds of **Richmond Community Redevelopment Agency** ("Grantee") and **Miraflores** ("Project")

\_\_\_\_\_ (*CONTACT NAME, CONTACT TITLE*) requests the following disbursement of proceeds from the Grantor as allowed by the Infill Grant Documents:

- 1) The name and address of the entity to whom the payment is due.
- 2) The purpose(s) for which such payment is to be made.
- 3) The amount to be paid.
- 4) The date that the funds are needed.
- 5) Grantee represents and warrants that each disbursement mentioned herein is a proper draw against the Program Fund.
- 6) Grantee represents and warrants that Grantee has not exceeded that maximum allowable amount of disbursement of Infill Grant proceeds as defined in Exhibit A of the Infill Grant Agreement.
- 7) Grantee represents and warrants that each disbursement mentioned herein is for an Eligible Brownfield Infill Project Costs as defined in the Infill Grant Agreement.
- 8) Grantee represents and warrants that each obligation mentioned herein has been properly incurred and is a proper charge against the Infill Grant.
- 9) Grantee represents and warrants that none of the items for which payment is requested has been previously paid by the Infill Grant.
- 10) Grantee represents and warrants that each item for which payment is requested is or was necessary in connection with the Brownfield Infill Project.

**CALReUSE REMEDIATION PROGRAM  
INFILL GRANT AGREEMENT**

RICHMOND COMMUNITY REDEVELOPMENT AGENCY

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- 11) Grantee represents and warrants that any payments previously requested and received by Grantee for which proof of payment of associated invoices was not provided, that such proof has since been provided as required in Section 4.2 of the Infill Grant Agreement.
- 12) Every capitalized term has the meaning defined in the Infill Grant Agreement.
- 13) \$ \_\_\_\_\_ of the Eligible Brownfield Infill Project Costs were paid to a certified small business or Disabled Veteran Business Enterprise (DVBE) as identified on the California Department of General Services website (<http://www.pd.dgs.ca.gov/smbus/default.htm>).
- 14) Grantee certifies that the Infill Development Project related to the funding provided by the CALReUSE Remediation Program: [check which box applies]
- Has received a nine percent (9%) tax credit award from the Tax Credit Allocation Committee.
  - May receive a nine percent (9%) tax credit award from the Tax Credit Allocation Committee.
  - Definitely will not receive a nine percent (9%) tax credit award from the Tax Credit Allocation Committee.

**GRANTEE:**  
RICHMOND COMMUNITY REDEVELOPMENT  
AGENCY

**GRANTOR APPROVAL:**  
CALIFORNIA POLLUTION CONTROL FINANCING  
AUTHORITY

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

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

\_\_\_\_\_  
*Contact Name, Contact Title*

\_\_\_\_\_  
*Contact Name, Contact Title*

**STRATEGIC PARTNER RECOMMENDATION**

\_\_\_ Approve \_\_\_ Disapprove

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

\_\_\_\_\_  
*Contact Name, Contact Title*

**CALReUSE REMEDIATION PROGRAM  
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**EXHIBIT B  
SAMPLE INVOICE SPREADSHEET**

**INVOICE PERIOD:**

Description of Activity	Total Amount Awarded	Invoice Amount Requested	Entity that Performed Activity	Small Business/DVBE Reference Number
Line Item 1 [Insert From Term Sheet]	\$400,000			
Sub Activity 1		\$80,000	Oversight Agency	
Sub Activity 2		\$300,000	Jimmy's Dig and Haul	
<b>Subtotal</b>		<b>\$380,000</b>		
Line Item 2 [Insert From Term Sheet]	\$25,000	\$25,000		
<b>Subtotal</b>		<b>\$25,000</b>		
<b>Total</b>	<b>\$425,000</b>	<b>\$405,000</b>		

Attached: Invoices reflecting the Remedial Work conducted  
Expedite Fee (if applicable)

A Grantee may choose to pay \$75 to expedite the disbursement process at the State Controller's Office. The Controller has ten business days to process a disbursement request. A \$75 payment will reduce this time period to two business days. To have your disbursement payment expedited, Grantee should send a \$75 check with the disbursement request, payable to the California Pollution Control Financing Authority. The fee amount is determined by the State Controller's Office (SCO) and may change from time to time. The Authority will notify applicants of any changes in the SCO fee schedule. This expedite fee cannot be paid from Infill Grant award proceeds.

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**EXHIBIT C  
BROWNFIELD REMEDIATION FINAL REPORT CERTIFICATION**

**This certificate must be signed and notarized.**

Pursuant to Section 8102.6(a)(19) of the Regulations, we, the undersigned, hereby certify the following:

- (1) The final remedy has been implemented in accordance with the approved Cleanup Plan, and the work has been done in accordance with all applicable laws and regulations.
- (2) The Brownfield Infill Project has been completed in compliance with the California Environmental Quality Act (CEQA) (Public Resources Code Sections 21000-21177) and the State CEQA guidelines contained in Sections 15000 et seq. of Title 14 of the California Code of Regulations.
- (3) The Grantee has provided to the Strategic Partner, and has attached herewith, a copy of the Brownfield Remediation Final Report within 30 days of completion of the Brownfield Remediation Final Report, that includes but is not limited to:
  - (A) A description of the Remedial Work conducted on the Brownfield Infill Project;
  - (B) Copies of all necessary permits relating to the Brownfield Infill Project;
  - (C) Copies of the original and amended versions of the approved Cleanup Plan; and
  - (D) A description of the public outreach conducted relating to the Brownfield Infill Project.
- (4) The Grantee has provided to the Strategic Partner, and has attached herewith, a copy of the Brownfield Remediation Completion Document the Grantee received from the appropriate Oversight Agency(ies).
- (5) Where the remediation and/or Cleanup Plan includes Ongoing Operation and Maintenance, the Grantee has provided to the Strategic Partner, and has attached herewith, a copy of a plan, approved by the Oversight Agency that ensures that the required mitigation measure will remain in operation for the required time.

<p><b>By:</b> _____</p> <p><b>Date:</b> _____</p> <p><b>Name:</b> _____</p> <p><b>Title:</b> _____</p>	<p><b>By:</b> _____ <b>(Joint applicant, if applicable)</b></p> <p><b>Date:</b> _____</p> <p><b>Name:</b> _____</p> <p><b>Title:</b> _____</p>
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**CALReUSE REMEDIATION PROGRAM  
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**EXHIBIT D  
COMPLETED INFILL DEVELOPMENT PROJECT REPORT CERTIFICATION**

**This certificate must be signed and notarized.**

Pursuant to Section 8102.6(a)(8) of the Regulations, we, the undersigned, hereby certify the following:

- (1) The Infill Development Project is completed, and
- (2) Pursuant to Section 8102(e) of the Regulations, the Grantee has provided to the Strategic Partner, and has attached herewith, a Completed Infill Development Project report which includes, but is not limited to:
  - (A) A description of the Completed Infill Development Project, including a comparison to the Applicant's description pursuant to Section 8102.2 of the Regulations;
  - (B) A certificate of occupancy, or the equivalent building permit or legal document from the appropriate local government agency; and
  - (C) A copy of the Regulatory Agreement, if applicable.

<b>By:</b> _____	<b>By:</b> _____ <b>(Joint applicant, if applicable)</b>
<b>Date:</b> _____	<b>Date:</b> _____
<b>Name:</b> _____	<b>Name:</b> _____
<b>Title:</b> _____	<b>Title:</b> _____

FREE RECORDING IN  
ACCORDANCE WITH CALIFORNIA  
GOVERNMENT CODE SECTION  
27383

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

California Pollution Control Financing  
Authority  
CALReUSE Remediation Program  
915 Capitol Mall, Rm. 457  
Sacramento, CA 95814

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**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**  
**CALIFORNIA RECYCLE UNDERUTILIZED SITES (CALReUSE)**  
**REMEDIATION PROGRAM**

**REGULATORY AGREEMENT**

This Regulatory Agreement (the "Agreement") dated October 18, 2010, for reference purposes only, is made and entered into by and between **Richmond Community Redevelopment Agency**, a , a public body, corporate and politic (the "Grantee"), and the **California Pollution Control Financing Authority**, a public agency of the State of California (the "Authority").

**RECITALS:**

- A. This Regulatory Agreement shall remain in full force and effect until such time as it is superseded by an independent Regulatory Agreement, as defined in Section 8102(u) of the CALReUSE Program Regulations, or Recorded Covenant, as defined in 8102(s), between the Grantee and a separate public agency that is in effect and binds the Grantee to at least the depth and term of affordability specified in the approved application. The Authority shall approve the independent Regulatory Agreement or Recorded Covenant prior to conclusion of the term of this Agreement upon notice of the filing of such document.
- B. Grantee has applied to the Authority for an Infill Grant (the "Grant") for the cleanup of a brownfield and the development of a property located at 128 South 45<sup>th</sup> Street, 99 South 47<sup>th</sup> Street, 4606 Florida Avenue, 223 South 47<sup>th</sup> Street, 130 South 47<sup>th</sup> Street, 4733 Wall Avenue, 4737 Wall Avenue, 4809 Wall Avenue, and 4855 Wall Avenue, Richmond, California 94804 as more completely described in Exhibit A hereto (the "Property"). Grantee's proposed Brownfield Infill Project (the "Project") and Infill Development Project, as submitted in the

## REGULATORY AGREEMENT

application to the Authority (the "Development"), will consist of 280 residential units, of which 109 units are to be occupied by Eligible Households as provided in this Agreement within Exhibit B.

- C. The Authority has agreed to provide the Grant under the California Recycle Underutilized Sites Remediation Program (the "Program") pursuant to section 53545 of the Health and Safety Code and the CALReUSE Program Regulations, California Code of Regulations, Division 11 (commencing with Section 8090) of Title 4 (the "Regulations"). The obligations imposed on the Grantee by the Program, the Regulations, the Infill Grant Agreement and the Authority's policies and procedures are collectively referred to herein as the "Program Requirements."
- D. As required by the Program, the Grantee and the Authority have entered into that Infill Grant Agreement, dated **October 18, 2010**, regarding the Brownfield Infill Project (the "Project"), Infill Development Project (the "Development"), and governing the terms of the Infill Grant (the "Grant Agreement").
- E. Also as required by the Program and in addition to the Grant Agreement, Grantee has executed or will execute such other documents and instruments as the Authority may reasonably require.
- F. The Grant Agreement, this Agreement and such other documents and instruments as are reasonably required by the Authority are collectively referred to herein as the "Grant Documents."
- G. As further consideration for the Grant and in furtherance of the purposes of the Program, Grantee has agreed to enter into this Agreement. The purpose of this Agreement is to regulate and restrict the cleanup, construction, occupancy, rents, operation, ownership and management of the Development in compliance with Grantee's application and the Program Requirements.
- H. Grantee represents that it anticipates executing a Regulatory Agreement that will satisfy the requirements of Section 8102.6(a)(29) of the Regulations and that will be recorded no later than March 31, 2016. In reliance upon that representation, Grantor and Grantee agree that this Regulatory Agreement will not be recorded unless Grantee fails to provide Grantor with a copy of the recorded Regulatory Agreement by August 31, 2016.

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

1. Recitals. The foregoing recitals are a part of this Agreement.
2. Property. Grantee is the owner in fee of the Property and all improvements now and hereafter located thereon.

### REGULATORY AGREEMENT

3. Definitions. Unless the context requires otherwise, or the terms are defined herein, the terms used in this Agreement shall be governed by the definitions set forth in the Program statutes, which include by reference definitions found in Article 1 (commencing with section 44500) of Chapter 1 of Division 27 of the Health and Safety Code (the "Act") and the definitions included in the Regulations.

The following terms shall have the respective meanings assigned to them in this paragraph unless the context in which they are used clearly requires otherwise:

"Affordable, Supportive or Special Needs Housing" shall mean the housing types as described in Section 8102.4 of the Regulations.

4. Compliance with Program Requirements. The Grantee agrees that at all times its actions regarding the Development and the use of funds provided under the Grant Agreement shall be in conformity with all Program Requirements, including the requirements of this Agreement and the other Grant Documents. The Grantee acknowledges that it is familiar with the Program Requirements and has access to professional advice to the extent necessary to enable the Grantee to fully comply with the Program Requirements.

5. Term of Agreement:

- a. As to the dwelling units described in Exhibit B, Part I, this Agreement shall commence on the date set forth above and remain in full force and effect and shall apply to the Development through and including the fifty-fifth (55<sup>th</sup>) anniversary of the date the Grantee's Completed Infill Development Project Report is approved by the Authority, hereof regardless of any sale, assignment, transfer or conveyance of the Development, unless earlier terminated by virtue of the Authority's approval of a recorded independent regulatory agreement between the Grantee and a separate public agency that is in effect and binds the Grantee to at least the depth and term of affordability specified in the approved application, or terminated earlier by the Authority or extended by the mutual consent of the parties.
- b. As to the dwelling units described in Exhibit B, Part II, this Agreement shall commence on the date set forth above and remain in full force and effect and shall apply to the Development through and including the thirtieth (30<sup>th</sup>) anniversary of the date the Grantee's Completed Infill Development Project Report is approved by the Authority, hereof regardless of any sale, assignment, transfer or conveyance of the Development, unless earlier terminated by virtue of the Authority's approval of a recorded independent regulatory agreement between the Grantee and a separate public agency that is in effect and binds the Grantee to at least the depth and term of affordability specified in the approved application, or terminated earlier by the Authority or extended by the mutual consent of the parties.

## REGULATORY AGREEMENT

### 6. Affordable, Supportive or Special Needs Housing Units.

- a. To the extent allowed by law and for the full term of this Agreement, Grantee shall provide within the Development the number, type and size of Affordable Housing Units set forth in Exhibit B, Part I attached hereto and incorporated herein.
- b. To the extent allowed by law and for the full term of this Agreement, Grantee shall provide within the Development the number, type and size of Affordable Housing Units set forth in Exhibit B, Part II attached hereto and incorporated herein.
- c. To the extent allowed by law and for the full term of this Agreement, Grantee shall provide within the Development the number, type and size of Supportive Housing Units set forth in Exhibit B, Part III, attached hereto and incorporated herein.

### 7. Hazard and Liability Insurance and Condemnation.

- a. The Grantee shall at all times keep the Project and Development insured against loss by fire and such other hazards, casualties, liabilities and contingencies, and in such amounts and for such periods as required by the Authority. All insurance policies and renewals thereof shall be issued by a carrier and in form acceptable to the Authority.
- b. The Authority shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and no material breach or default then exists under the Grant Documents. If the casualty or condemnation affects only part of the Development and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the Grant in a manner approved by the Authority.

### 8. Authority Review and Inspections.

- a. At any time during the term of this Agreement, the Authority or its designee may enter and inspect the physical premises and inspect all accounting records pertaining to the Project and the construction, development or operation of the entire Development. Upon request by the Authority, the Grantee shall notify occupants of upcoming inspections of their Units in accordance with state law.
- b. At the Authority's request, the Grantee shall provide, at Grantee's expense, a special audit of the Project and Development certified by an

### REGULATORY AGREEMENT

independent certified public accountant. The Authority may also perform or cause to be performed audits of any and all phases of the Grantee's activities related to the Project and Development.

- c. The Authority may request any other information that it deems necessary to monitor compliance with the Program Requirements and the requirements set forth in this Agreement and the Grant Agreement. The Grantee shall promptly provide such information.

9. Restrictions on Sale, Encumbrance, and Other Acts.

- a. Except with the Authority's prior written approval, Grantee shall not:
- (1) make any sale, encumbrance, hypothecation, assignment, refinancing, pledge, conveyance, or transfer in any other form of the Property or Development or of any of its interest in either of them;
  - (2) substantially add to, remodel, remove, reconstruct, or demolish any part of the Development;
  - (3) permit the use of the Development for any purpose other than that permitted by this Agreement;
  - (4) incur any liability or obligation in connection with the Property or Development, other than for current Operating Expenses, nor incur any liability, charge, assessment, or obligation whatsoever that is secured in whole or in part by any interest in or lien or encumbrance on the Property provided that the Authority may permit refinancing or additional financing secured by the Property to the extent necessary to maintain or improve the Development's fiscal integrity, or to maintain affordable rents as set forth in Exhibit B;
  - (5) enter into any contract relating to rehabilitating or managing the Development;
  - (6) enter into any lease for more than a single rental Unit, a ground lease of the Property or any interest therein, except for the rental of Commercial Space in the Development; or
  - (7) If the Grantee or its successor in interest is a limited partnership, discharge or replace any general partner or amend, modify or add to its partnership agreement, or amend, modify or add to the organizational documents of the general partner; except that it may

### REGULATORY AGREEMENT

transfer limited partner interests without such approval. The withdrawal, removal, and/or replacement of a general partner of the partnership pursuant to the terms of the partnership agreement shall not constitute a default under any of the Grant Documents, and any such actions shall not trigger default under the Grant Agreement provided that any required substitute general partner is reasonably acceptable to the Authority and is selected with reasonable promptness.

- b. The Authority shall approve a sale, transfer or conveyance of the Property or Development provided all of the following conditions are met:
  - (1) The transferor Grantee is in compliance with this Agreement and other Grant Documents or the sale, transfer or conveyance will result in the cure of any existing violations of this Agreement or other Grant Documents.
  - (2) The transferee Grantee agrees to assume all obligations of the transferor Grantee pursuant to this Agreement, the other Grant Documents and the Program Requirements.
  - (3) The transferee Grantee demonstrates to the Authority's satisfaction that it has the ability to complete the Project, Development and own and operate the Development in full compliance with this Agreement, the Grant Documents and the Program Requirements.
  - (4) Any terms of the sale, transfer or conveyance shall not jeopardize the transferee Grantee's ability to comply with all Grant Documents and the Program Requirements.
  
- c. The Authority may grant its approval for a sale, transfer or conveyance of the Property or Development subject to such terms and conditions as may be necessary to preserve or establish the fiscal integrity of the Development or to ensure compliance with this Agreement, the other Grant Documents and the Program Requirements. Such conditions may include, but are not limited to, the deposit of sales proceeds, or a portion thereof with a trustee agreed upon by the transferor Grantee, the transferee Grantee and the Authority, to maintain required reserves or to offset negative cash flow.
  
- d. If Grantee or its successor in interest is a limited partnership, the execution and delivery of the purchase option and right of first refusal agreement described in the partnership agreement shall not constitute a default under the Grant Documents, provided that such purchase option is and remains subordinate to the documents securing the Grant. Any

## REGULATORY AGREEMENT

requisite consent of the Authority to (a) the exercise of said purchase option and right of first refusal agreement by the Development sponsor identified therein, and to (b) the assumption without penalty of Grant obligations by the Development sponsor and the release of Grantee from such obligations shall not be unreasonably withheld, but may be conditioned upon the execution of an operating guaranty from the Grantee in form provided by the Authority. Subject to any such consent requirement, the exercise of rights under such agreement shall not constitute a default under the Grant Documents.

- e. If Grantee or its successor in interest is a limited partnership and the purchase option and right of first refusal agreement described in the partnership agreement is not exercised and the Development is sold subject to low-income housing use restrictions contained in this Agreement, the requisite consent of the Authority to said sale, and to the assumption without penalty of Grant obligations by the purchaser and the release of Grantee from such obligations, shall not be unreasonably withheld, but may be conditioned upon, among other requirements, the execution of an operating guaranty from the Grantee in form provided by the Authority.
- f. The Grantee agrees that if it is organized as a partnership or other legal entity, Grantee shall not dissolve the partnership or other legal entity prior to the expiration of the term of this Agreement, without the prior written approval of the Authority.

### 10. Violation of Agreement by Grantee.

- a. In the event of the Grantee's breach, violation or default in the performance of any covenant, agreement or obligation of the Grantee set forth in this Agreement including, but not limited to, Grantee's covenant to perform its obligations under the Grant Documents, the Authority shall give the Grantee written notice in the manner specified in paragraph 22 of this Agreement, specifying the nature of the violation, breach or default and the action needed to cure. If the default, breach or violation is not cured to the satisfaction of the Authority within the time period specified in the notice, which shall not be less than the applicable time to cure as stated in paragraph 11 of this Agreement, the Authority may declare a default hereunder and may take any one or more of the following actions:
  - (1) Apply to any court, state or federal, for specific performance of this Agreement or for the appointment of a receiver to take over and operate the Development in accordance with the terms of this Agreement, or for such other relief as may be appropriate. It is agreed by the Grantee that the injury to the Authority arising from a

### REGULATORY AGREEMENT

default under any of the terms of this Agreement would be irreparable and that the amount of compensation, which would provide adequate relief to the Authority, in light of the purposes and requirements of the Program, would be impossible to ascertain.

- (2) Accelerate all amounts, including outstanding principal and interest, due under the terms of the Grant Documents and demand immediate repayment thereof.
  - (3) Seek such other appropriate remedies as may be available under the law.
- b. In the event that the breach or violation involves charging tenants rent or other charges in excess of those permitted under this Agreement, the Authority may demand the return of such excess rents or other charges to the affected households. If legal action is necessary to enforce the provisions of this Agreement, the Authority may seek the return of such overcharges to the affected households.
- c. The remedies of the Authority hereunder and under the other Grant Documents are cumulative, and the exercise of one or more of such remedies shall not be deemed an election of remedies and shall not preclude the exercise by the Authority of any one or more of its other remedies.

#### 11. Time to Cure.

- a. If a non-monetary event of default occurs under the terms of any of the Grant Documents, prior to exercising any remedies thereunder, the Authority shall give Grantee written notice of such default. If the default is reasonably capable of being cured within thirty (30) days, as determined by the Authority in its sole discretion, Grantee shall have such period to effect a cure prior to exercise of remedies by the Authority under the Grant Documents, or such longer period of time as may be specified in the Grant Documents. If the default is such that it is not reasonably capable of being cured within thirty (30) days, as determined by the Authority in its sole discretion, or such longer period if so specified, and if Grantee (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then Grantee shall have such additional time as is determined by the Authority, in its sole discretion, to be reasonably necessary to cure the default prior to exercise of any remedies by the Authority. If Grantee or its successor in interest is a limited partnership, if Grantee fails to take corrective action or to cure the default within such a specified time, the Authority shall give Grantee written notice thereof, whereupon the limited partner may remove and

## REGULATORY AGREEMENT

replace the general partner with a substitute general partner who shall effect a cure within a reasonable time thereafter in accordance with the foregoing provisions. In no event shall the Authority be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within ninety (90) days after the first notice of default is given, or such longer period of time as may be specified in the Grant Documents.

12. Controlling Agreement.

- a. Grantee specifically agrees and acknowledges that, notwithstanding any internal accounting procedures or provision pertaining to the use of receipts, payments, reserves and distributions contained in its partnership or other organizational documents or agreements, the terms of this Agreement, the Grant Documents and the Program Requirements shall control as to the use of the funds provided under the Grant Agreement and all Operating Income from the Development.
- b. In the event of any inconsistencies or conflicts between the terms of this Agreement and the terms of the other Grant Documents, the terms of this Agreement shall control.

13. Assignment of Authority Rights. The Authority retains the right at its sole discretion to assign all or part of its rights under this Agreement for the purpose of ensuring compliance and enforcement of Grantee's duties and obligations hereunder. In addition, the Authority may designate an agent to act on its behalf in monitoring compliance and enforcing the provisions hereof.

14. Amendment. This Agreement shall not be altered or amended except in writing, executed between or among all the parties.

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

16. Binding on Successors. This Agreement shall bind, and the benefits hereof shall inure to, the respective parties hereto, their legal representatives, executors, administrators, transfers, successors in interest and assigns, provided, however, that the Grantee may not assign this Agreement or any of its obligations hereunder, voluntarily or by operation of law, without the prior written approval of the Authority. The term "Grantee" as used herein shall include and apply to any person or entity succeeding to the legal, equitable, proprietary or possessory interest of Grantee in the Development.

## REGULATORY AGREEMENT

17. Recording Agreement. This Agreement and all amendments hereto, shall be executed by each of the parties. This Agreement, or, where approved by the Authority in writing, a memorandum thereof, shall be recorded against the Property in the official records of the county in which the Development is situated.
  
18. Indemnification and Waiver.
  - a. Grantee agrees to indemnify the Authority and its agents, employees and officers against, and holds the Authority and its agents, employees and officers harmless from, any losses, damages, liabilities, claims, actions, judgments, court costs and legal or other expenses (including attorneys' fees) of every name, kind and description, which the Authority may incur as a direct or indirect consequence of: (1) the making of the Grant to the Grantee; (2) Grantee's failure to perform any obligations as and when required by this Agreement or any of the other Grant Documents; (3) any failure at any time of any of Grantee's representations or warranties to be true and correct; (4) any act or omission by Grantee, any contractor, subcontractor, material supplier, engineer, architect or other person or entity with respect to the Property or the construction, management, maintenance or operation of the Development; or (5) the presence of any recognized environmental conditions at the Project, Development or on the Property. Grantee shall pay immediately upon the Authority's demand any amounts owing under this indemnity together with interest from the date the indebtedness arises until paid at the rate of ten percent (10%) per annum. Grantee's duty to indemnify and save harmless includes the duties to defend as set forth in section 2778 of the Civil Code. Grantee shall indemnify and hold harmless the Authority and its agents, officers and employees as set forth herein regardless of the existence or degree of fault or negligence whether active or passive, primary or secondary on the part of the Authority, the Grantee or their respective agents, officers, employees, contractors or subcontractor; provided, however, that Grantee's duty to indemnify and hold harmless hereunder shall not extend to liability arising from the gross negligence or willful misconduct of the Authority. Grantee's duty to indemnify the Authority shall survive the term of this Agreement, the release and cancellation of the Note.
  
  - b. The Grantee waives and releases any and all rights to any types of express or implied indemnity against the Authority or its agents, officers or employees.
  
  - c. The Grantee expressly waives the protections of section 1542 of the Civil Code in relation to subparagraphs a. and b. above. Said section 1542 provides as follows: A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the

## REGULATORY AGREEMENT

time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

19. No Waiver. No waiver by the Authority of any breach or violation of or default under this Agreement shall be deemed to be a waiver of any other or subsequent breach or violation thereof or default thereunder.
20. Captions. The captions used in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or the intent of this Agreement.
21. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of California. All code references herein refer to the California Codes, unless specifically indicated otherwise.
22. Notice. Except for any notice required under applicable law to be given in another manner, any notices, demands or communications between the parties hereto shall be sufficiently given if, and shall not be deemed given unless, dispatched by certified mail, postage prepaid, return receipt requested or delivered by express delivery service with delivery receipt, to the address of the respective party as set forth below, or to such other address as the respective party may have designated by written notice given to the other party in the manner provided herein. Such written notices, demands and communications shall be effective on the date shown on the delivery receipt as the date delivered, the date on which delivery was refused, or the date on which delivery was attempted.
23. Attorneys' Fees. The prevailing party in any action to enforce this Agreement, including residents of Affordable Units, shall be entitled to reasonable attorneys' fees as determined by the trier of fact in that forum.
24. Authority's Approval, Etc. Whenever this Agreement or any of the other Grant Documents requires the approval, consent, or other determination by the Authority, the Authority shall act reasonably and in good faith.
25. Special Conditions. The Grantee agrees to comply with and be bound by the special conditions, if any, set forth in Exhibit C hereto.
26. Exhibits. The following exhibits are attached hereto, incorporated herein and made a part of this Agreement:

Exhibit A: Legal Description of the Property;  
Exhibit B: Unit Designations and Rent/Sales Price Schedule and requirements for Supportive Housing Units or Special Needs Population Units; and

**REGULATORY AGREEMENT**

Exhibit C: Special Conditions.

27. Execution of Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument; provided, however, that only the counterpart delivered to the Lender shall be deemed the original.

***[Signatures of the Grantee and the Authority follow on page 13 of this Regulatory Agreement. The remainder of this page is intentionally left blank.]***

**REGULATORY AGREEMENT**

**IN WITNESS WHEREOF**, the parties hereby execute and enter into this Agreement as of the date first set forth above and agree to be bound hereby:

**AUTHORITY:**

**California Pollution Control Financing  
Authority**

**Mailing Address:**

CALReUSE Remediation Program  
915 Capitol Mall, Room 457  
Sacramento, California 95814

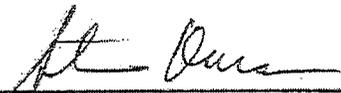
By: \_\_\_\_\_  
Michael Paparian, Executive Director

**GRANTEE:**

**Richmond Community Redevelopment  
Agency**

**Mailing Address:**

440 Civic Center Plaza  
Richmond, California 94804

By:   
[Original Signature]

Name: Steve Duran

Title: Executive Director

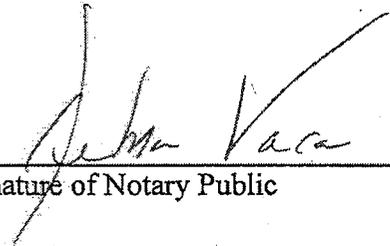
**ALL-PURPOSE ACKNOWLEDGMENT**

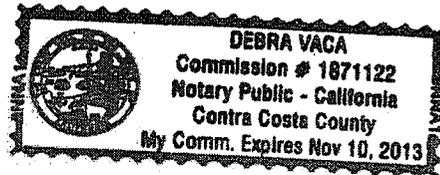
State of California ) ss.  
County of Contra Costa )

On October 18, 2010, before me, **Debra Vaca, Notary Public**, personally appeared Steve Duran, who proved to me on the basis of satisfactory evidence to be the **person(s)** whose **name(s)** is/~~are~~ subscribed to the within instrument and acknowledged to me that ~~he/she/they~~ executed the same in ~~his/her/their~~ authorized **capacity(ies)**, and that by ~~his/her/their~~ **signature(s)** on the instrument the **person(s)**, or the entity upon behalf of which the **person(s)** acted, executed the instrument.

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

WITNESS my hand and official seal.

  
\_\_\_\_\_  
Signature of Notary Public



NAME OF DOCUMENT NOTARIZED: Regulatory Agreement

**REGULATORY AGREEMENT**

**IN WITNESS WHEREOF**, the parties hereby execute and enter into this Agreement as of the date first set forth above and agree to be bound hereby:

**AUTHORITY:**

**California Pollution Control Financing  
Authority**

By:   
\_\_\_\_\_  
Michael Paparian, Executive Director

**Mailing Address:**

CALReUSE Remediation Program  
915 Capitol Mall, Room 457  
Sacramento, California 95814

**GRANTEE:**

**Richmond Community Redevelopment  
Agency**

By: \_\_\_\_\_  
[Original Signature]

Name: Steve Duran

Title: Executive Director

**Mailing Address:**

440 Civic Center Plaza  
Richmond, California 94804

**EXHIBIT A TO REGULATORY AGREEMENT**

**LEGAL DESCRIPTION OF THE PROPERTY**

**128 South 45<sup>th</sup> Street  
 99 South 47<sup>th</sup> Street  
 4606 Florida Avenue  
 223 South 47<sup>th</sup> Street  
 130 South 47<sup>th</sup> Street  
 4733 Wall Avenue  
 4737 Wall Avenue  
 4809 Wall Avenue  
 4855 Wall Avenue  
 Richmond, Contra Costa County, California 94804**

As further described below:

<b>Parcel Number</b>	<b>Address</b>	<b>City</b>	<b>County</b>
513-321-001	128 So. 45 <sup>th</sup> St.	Richmond	Contra Costa
513-321-002	N/A		
513-321-003	99 So. 47 <sup>th</sup> St.		
513-321-018	223 So. 47 <sup>th</sup> St.		
513-322-023	4606 Florida Ave.		
513-322-024	N/A		
513-322-025	N/A		
513-322-037	N/A		
513-322-038	N/A		
513-330-001	130 So. 47 <sup>th</sup> St.		
513-330-002	4733 Wall Ave.		
513-330-003	4737 Wall Ave.		
513-330-006	4809 Wall Ave.		
513-330-007	N/A		
513-330-013	N/A		
513-330-014	N/A		
513-330-005	4855 Wall Ave.		

## EXHIBIT B TO REGULATORY AGREEMENT

### I. UNIT DESIGNATIONS AND RENT SCHEDULE

Grantee shall comply with rent provisions of all regulatory agreements regulating the Property.

The initial Operating Year is expected to begin: **December 2014.**

During the Initial Operating Year:

- A. Grantee shall charge rents for Affordable Units that do not exceed rents applicable to the Area Median Income as identified in the Grantee's Application, and arrived at through the calculation set forth in Section 50053 of the Health & Safety Code.
- B. Grantee shall not charge rents for non-Restricted Units in amounts less than the Rents charged for Affordable Units.

After the initial Operating Year, rents may be increased one time in any twelve months in amounts arrived at through calculations established in the Regulations.

#### Rental Unit Mix:

No. of Bedrooms	Total Units	Income Limit
N/A	79	≤ 50% AMI
N/A	1	Manager Unit
Totals	80	

## EXHIBIT B TO REGULATORY AGREEMENT

### II. UNIT DESIGNATIONS AND SALES PRICE SCHEDULE

Grantee shall comply with sales price provisions of all regulatory agreements regulating the Property.

- A. Grantee and subsequent owners of Affordable Units shall charge sales prices for Affordable Units that do not exceed sales prices applicable to the Area Median Income (AMI) as identified in the Grantee's Application, and arrived at through the calculation set forth in Section 50052.5 of the Health & Safety Code.
- B. Grantee and subsequent owners of Affordable Units shall not charge sales prices for non-Restricted Units in amounts less than the sales prices charged for Affordable Units.
- C. Sale of ownership units shall only be to qualified households.

#### **For-Sale Unit Mix:**

No. of Bedrooms	Total Units	Income Limit
N/A	30	≤ 120% AMI
N/A	170	Unrestricted
Totals	200	

**EXHIBIT B TO REGULATORY AGREEMENT**

III. SUPPORTIVE HOUSING UNITS REQUIREMENTS

- A. For the full term of this Agreement, Grantee shall restrict occupancy of 79 Rental Units within the Development as Supportive Housing Units to be occupied by Eligible Households which are United States Department of Housing and Urban Development Section 202 Supportive Housing for the Elderly.

**EXHIBIT C TO REGULATORY AGREEMENT**

Special Conditions.

There are no special conditions.



### Miraflores - 4% MHP Scenario

<b>Financing Summary</b>			
<b>Total Number of Units</b>		<b>80</b>	
<b>Density Ratio (Units per Acre)</b>		<b>51.25</b>	1.56
Residential Area		45,718	s.f.
Public Areas (Community Room & Circulation)		23,294	s.f.
Childcare Center			s.f.
<b>Total Area</b>		<b>69,012</b>	s.f.
			<b>Net Rent</b>
			<b>1BR</b>
<b>Affordability Mix</b>			
Extremely Low Income Units @ 20% AMI	12		\$275
Very Low Income Units @ 35% AMI	25		\$529
Very Low Income Units @ 40% AMI	25		\$614
Very Low Income Units @ 45% AMI	17		\$699
Manager's Unit (2 BR)	1		
<b>Total</b>	<b>80</b>		
<b>Unit Mix</b>			
1BR/1BA	79		
2BR/1BA	1		
<b>Total</b>	<b>80</b>		
<b>DEVELOPMENT BUDGET</b>		<b>Total</b>	<b>Per Unit</b>
Total Land & Improvements	\$	3,997,975	\$49,975
Total Design & Consulting	\$	1,601,423	\$20,018
Total Construction	\$	20,329,890	\$254,124
Total Indirect Costs	\$	6,448,760	\$80,609
Total Finance & Carry Costs	\$	1,611,075	\$20,138
Total TCAC/Syndication	\$	166,803	\$2,085
<b>TOTAL DEVELOPMENT COSTS</b>		<b>\$34,155,926</b>	<b>\$426,949</b>
<b>SOURCES OF FINANCING</b>			
HOME/CDBG Committed Funds		1,299,258	\$16,241
Successor Agency		1,968,872	\$24,611
Successor Agency - Value of Donated Land		3,600,000	\$45,000
CA HCD Infill Funds		2,702,225	\$33,778
Federal Home Loan Bank - Affordable Housing Program		790,000	\$9,875
LIH Tax Credit-LP Capital Contribution		12,800,263	\$160,003
LIH Tax Credit-GP Capital Contribution		514,112	\$6,426
LIH Energy Business Tax Credit (PV and SHW)		75,000	\$938
Permanent Financing - 2nd Mortgage		2,620,308	\$32,754
Deferred Developer Fee		785,888	\$9,824
HCD - Multifamily Housing Program		7,000,000	\$87,500
Gap / (Surplus)		(0)	(\$0)
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$</b>	<b>34,155,926</b>	<b>\$426,949</b>
Tax Credit Equity Yield (Federal/State)	\$	1.08	\$ 0.70
Project-based vouchers		79	



**Valbridge**  
PROPERTY ADVISORS

## Appraisal Report

Portion of Miraflores Housing Development  
99 S. 47<sup>th</sup> Street  
Richmond, Contra Costa County, California 94804

Report Date: November 10, 2014



FOR:  
Eden Housing, Inc.  
Geoff Martell  
Associated Project Developer  
22645 Grand Street  
Hayward , CA 94541

**Valbridge Property Advisors |  
Hulberg and Associates, Inc.**

3160 Crow Canyon Place, Suite 245  
San Ramon, CA 94583  
925.327.1660 phone  
925.327.1696 fax

*valbridge.com*

Valbridge File Number:  
CA03-14-0614-000



3160 Crow Canyon Place, Suite  
245  
San Ramon, CA 94583  
925.327.1660 phone  
925.327.1696 fax  
valbridge.com

November 10, 2014

Guido Villanueva  
925.327.1660 x 7201  
gvillanueva@valbridge.com

Geoff Martell  
Associated Project Developer  
Eden Housing, Inc.  
22645 Grand Street  
Hayward, CA 94541

RE: Appraisal Report of  
Portion of Miraflores Housing Development  
99 S. 47<sup>th</sup> Street  
Richmond, Contra Costa County, CA 94804  
APN: 513-321-001-2, -002-0 and 003-4

Dear Mr. Martell:

In accordance with your request, we have prepared a real property appraisal of the above-referenced property. This appraisal report sets forth the pertinent data gathered, the techniques employed, and the reasoning leading to our value opinions.

The subject property is a portion of a larger 14-acre development project known as the Miraflores Housing Development. The proposed project has a reported address of 99 South 47<sup>th</sup> Street, Richmond, Contra Costa County, CA, 94804. The subject property was formerly a plant nursery that has been demolished in favor of an affordable housing development project. The property was vacant and being graded at the time of our inspection.

The proposed 14-acre development project will contain a total of 230 residential units with two components: 1) development of 150 single family residences and 2) development of an 80-unit senior apartment complex on a 1.56-acre piece of the overall site.

The 14 acres will be remapped and based on a lot line adjustment presented and discussed in the Site Description section, the subject will be identified as Parcel 1, a 67,995 square foot or 1.56-acre portion. The 67,995-square-foot (or 1.56-acre) subject property portion, situated on the northeast corner of Florida Street and 45<sup>th</sup> Street, will be developed with the-80 unit affordable multi-family development. This project indicates a density of 51.25 dwelling units per acre.

The purpose of this appraisal is to estimate the market value of the subject property as of the date of inspection. We inspected the property on October 27, 2014. We will provide the valuation of the subject property as residential land only, in its "As Is" condition as entitled multi-family high-density residential land. The value opinions reported herein are subject to the definitions, assumptions and limiting conditions, and certification contained in this report.

The client of this appraisal is Eden Housing, Inc. The intended user of the appraisal and report is Eden Housing Inc. and the City of Richmond and/or their assigns. This appraisal and report are not intended for any other use or any other user.

We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA); the Interagency Appraisal and Evaluation Guidelines; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; and the requirements of our client as we understand them.

The acceptance of this appraisal assignment and the completion of the appraisal report submitted herewith are contingent on the following extraordinary assumptions and/or hypothetical conditions:

#### Extraordinary Assumptions:

1. Due to the fact that the subject's proposed improvements have not yet been constructed, our inspection of the existing improvements is limited to an inspection of the mostly vacant existing site, the design specifications, and site and proposed construction plans and information provided to us by the client. We assume that the dimensions incorporated in our appraisal are accurate. If land area and proposed building area sizes differ, the value estimates as concluded in this appraisal report could be impacted.
2. We have relied on publicly-available information as well as information provided by the client in regards to the overall and subject site size, proposed number of units and the proposed density. We assume that the project will be developed consistent with the number of units and density as presented to us, and the submitted information regarding the subject, which we have incorporated in our analysis, is accurate for the purposes of this appraisal. Significant changes to the descriptions utilized in the appraisal could impact the market value estimate.
3. Although no specific document identifying when entitlements were specifically approved or if there is a specific term of such approval, we have reviewed a Notice of Determination of CEQA, an Ordinance No 2-10 N.S. (rezoning subject property to Planned Area (PA)), as well as the Design Review and Conditions of Approval notice by the City of Richmond. Based on these documents and affirmation from our client, the proposed project is considered approved and entitlements for the project are considered to be in place. Thus, we will consider the subject property as approved and entitled for the proposed Miraflores Housing Development project. Should the status of the subject's approvals or entitlements differ, this could have a significant impact on the market value estimate.
4. Despite the subject's history of site contamination, our physical inspection indicated no signs of detrimental site contamination. The client has reported that the City of Richmond will deliver the

site free of any site contamination. Our value estimate is predicated on the assumption that there is no toxic contamination that would have an impact on the subject site

### Hypothetical Conditions:

None.

Based on the analysis contained in the following report, our value conclusions involving the subject property are summarized as follows:

#### VALUE CONCLUSIONS

Value Type	Value Premise	Value Perspective	Interest Appraised	Effective Date	Indicated Value
Market Value	As Is	Current	Fee Simple	10/27/2014	\$3,600,000

This letter of transmittal is not considered valid if separated from this report, and must be accompanied by all sections of this report as outlined in the Table of Contents, in order for the value opinions set forth above to be valid.

Respectfully submitted,  
Valbridge Property Advisors | Hulberg and Associates, Inc.



Guido Villanueva  
Senior Appraiser  
California License #AG010546  
License Expires 2-21-16



Stephen D. Kuhnhoff, MAI, ASA  
Managing Director  
California License #AG001791  
License Expires 2-28-16

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# Summary of Salient Facts

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**Property Name:** Portion of the Miraflores Housing Development project

**Address:** 99 S. 47<sup>th</sup> Street  
 Richmond, Contra Costa County, California 94804

**Assessor's Parcel Number:** Portion of 513-321-001-2, 513-321-003-8 & 513-321-002-0

### SUBJECT PROPERTY

Property Address	Assessor Parcel #	Proposed Units	Site Size (SF)	Site Size (AC)
47th S Street	513-321-001-2	-	174,458	4.01
99 S 47th Street	513-321-003-8	-	65,400	1.50
47th S Street	513-321-002-0	-	7,500	0.17
Total			247,358	5.68
Subject - Parcel 1		80	67,995	1.56

**Census Tract:** 3810.00 / 2

**Property Rights Appraised:** Fee Simple

**Zoning:** SFR-3/EA – Single-Family Low Density Residential & Exclusive Agricultural District

**General Plan:** 917 941 – Residential Density District, Low (5 to 9 DU/Acre)

**Site Size:**

**Overall Site:** The overall Miraflores Housing Development will contain a total of 230 residential dwelling units situated on approximately 14 acres of land.

**Subject Site:** As noted in the table above, of the approximate 14 acre Miraflores development, a 5.8 acre portion located at the NEC of Florida and 45<sup>th</sup> Street will be remapped into three parcels. The subject will be a 67,995-square-foot (1.56-acre) portion that will be developed with an 80 unit senior affordable multi-family project, indicating a density of 51.25 dwelling units per acre.

**Property Type:** Residential Land  
**Property Proposed Use:** Multi-Family Residential Complex  
**Total Proposed Units:** 80 Units  
**Density:** 51.25 units per acre Proposed

**Existing Improvements:** As previously noted, the subject property was formerly a plant nursery that has been demolished in favor of a senior affordable housing development project. The property was vacant and being graded at the time of our inspection.

**Extraordinary Assumptions:** Please refer to the Extraordinary Assumptions section of this report.

**Hypothetical Conditions:** None

**Highest and Best Use**

**As Vacant:** Multi-family residential housing development consistent with the maximum density allowed by the City.

**As Improved:** Multi-family residential housing development consistent with the maximum density allowed by the City.

**Date of Inspection:** October 27, 2014

**Date of Report Preparation:** November 10, 2014

#### VALUE CONCLUSIONS

Value Type	Value Premise	Value Perspective	Interest Appraised	Effective Date	Indicated Value
Market Value	As Is	Current	Fee Simple	10/27/2014	\$3,600,000

# Aerial and Front Views

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**AERIAL VIEW/BIRD'S EYE VIEW-EXISTING IMPROVEMENTS**



**FRONT VIEW-EXISTING IMPROVEMENTS**



# Introduction

## Client and Other Intended Users of the Appraisal

The client of this appraisal is Eden Housing, Inc.

## Intended Use of the Appraisal

The intended user of the appraisal and report is Eden Housing Inc. and the City of Richmond and/or their assigns. This appraisal and report are not intended for any other use or any other user.

## Real Estate Identification

The subject property is a portion of a larger 14-acre development project known as the Miraflores Housing Development. The proposed project has a reported address of 99 South 47<sup>th</sup> Street, Richmond, Contra Costa County, CA, 94804. The proposed 14-acre development project will contain a total of 230 residential units with two components: 1) development of 150 single family residences and 2) development of an 80-unit senior affordable multifamily complex on a 1.56-acre piece of the overall site. Of the 14 acres, there is an approximate 5.68 acre portion, situated at the northeast corner of Florida Avenue and 45<sup>th</sup> Street, identified as follows:

Property Owner	Property Address	Assessor Parcel #	Location, Brentwood, CA
Richmond Redevelopment Agency	47th S Street	513-321-001-2	SEC BART Tracks & S. 45th Street
Richmond Redevelopment Agency	99 S 47th Street	513-321-003-8	NEC Florida Ave. & S. 45th Street
Richmond Redevelopment Agency	47th S Street	513-321-002-0	Interior Parcel, Along S. 47th Street

The three parcels will be remapped based on a lot line adjustment presented and discussed in the Site Description section. The subject will be identified as Parcel 1, a 67,995 square foot or 1.56 acre portion. The 67,995-square-foot (or 1.56-acre) subject property portion is to be developed with a total of 80 senior multi-family residences, indicating a density of 51.25 dwelling units per acre. The subject's portion of the project is as follows:

### SUBJECT PROPERTY

Property Address	Assessor Parcel #	Proposed Units	Site Size (SF)	Site Size (AC)
47th S Street	513-321-001-2	-	174,458	4.01
99 S 47th Street	513-321-003-8	-	65,400	1.50
47th S Street	513-321-002-0	-	7,500	0.17
Total			247,358	5.68
Subject - Parcel 1		80	67,995	1.56

## Legal Description

The legal description of the property, presented in the Preliminary Title Report, is included in the Addenda of this report.

## Real Property Rights Appraised

We have appraised the Fee Simple interest in the subject property. Please see the addenda of this report for a definition of the property interest appraised.

## Type and Definition of Value

The purpose of this appraisal is to develop an opinion of the market value of the subject properties. "Market Value," as used in this appraisal, is defined as "the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus."

Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- *Buyer and seller are typically motivated.*
- *Both parties are well informed or well advised, each acting in what they consider their own best interests;*
- *A reasonable time is allowed for exposure in the open market;*
- *Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- *The price represents the normal consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale."*

The "**as is**" value in the subject property is based on the subject in its present condition under market conditions prevalent on the date of our inspection. No hypothetical conditions, assumptions, or qualifications concerning the physical or legal aspects of the property are to be observed.

As previously noted, the proposed project is approved for a total of 80 senior affordable residential dwelling units. Please refer to the Glossary in the Addenda section for further definitions of value type(s) employed in this report.

## Effective Dates of Value

The effective dates of value are as follows:

Valuation	Effective Date
<b>As Is</b>	October 27, 2014

We inspected the property on October 27, 2014. The Current "As-Is" Market Value of the subject property, as of the date of our inspection, October 27, 2014.

## Date of Report

The date of this report is November 10, 2014, which is the same as the date of the letter of transmittal.

## Scope of Work

The scope of work includes all steps taken in the development of the appraisal. This includes 1) the extent to which the subject property is identified, 2) the extent to which the subject property is inspected, 3) the type and extent of data researched, 4) the type and extent of analysis applied, and the type of appraisal report prepared. These items are discussed as follows:

#### Extent to Which the Property was Identified

- **Legal Characteristics**  
The subject was legally identified via public records and documents provided by ownership. We verified the current proposed project.
- **Economic Characteristics**  
Economic characteristics of the subject property were identified via comparison to properties with similar locational and physical characteristics.
- **Physical Characteristics**  
The subject was physically identified via inspection by the appraiser. We have relied on documents provided by the owner, as well as information provided by city planning and public records for our limited description of the site and proposed improvements.

#### Extent to Which the Property was Inspected

We inspected the subject on October 27, 2014 from the roadways as well as from various locations within the overall project. The dimensions and overall project description for the proposed project is based on the public records tempered with information obtained from the City of Richmond Planning Department.

#### Type and Extent of Data Researched

We researched and analyzed: 1) market area data, 2) property-specific market data, 3) zoning and land-use data, and 4) current data on comparable listings, sales, and rentals in the competitive market area.

#### Type and Extent of Analysis Applied

As previously noted, the subject property was formerly a plant nursery that has been demolished in favor of a housing development project. The property was vacant and being graded at the time of our inspection.

We valued the subject land based on the highest and best use conclusion, relying on the Sales Comparison Approach. Because only the Sales Comparison Approach proves relevant in the valuation of vacant land, we have utilized the Sales Comparison Approach only to develop a market value for the land.

#### Appraisal Report Type

This is an Appraisal Report as defined by the Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2a. Please see the Scope of Work above for a complete description of the level of research.

#### Use of Real Estate as of the Effective Date of Value

As previously noted, the subject property was formerly a plant nursery that has been demolished in favor of a senior housing development project. The property was vacant and being graded at the time of our inspection.

#### Use of Real Estate as of the Date of this Report

Same as above.

## Ownership and Sales History

Our research has indicated that from the early 1900's, the entire 14-acre Miraflores Housing Development was owned by three Japanese-American families who used the site to grow flowers. Despite the World War II internment, the Sakai, Oishi and Endo families maintained the site and their flower-growing and distribution businesses. By 2006, only a carnation distribution business remained on the subject property.

We reviewed the Preliminary Title report prepared by North American Title Company. A copy of this report, dated July 30, 2013 and identified as Order Number 54605-915306-09 is presented in the addenda of this report. According to this report, title to the subject property is vested to:

RICHMOND COMMUNITY REDEVELOPMENT AGENCY, A PUBLIC BODY CORPORATE AND POLITIC

According to Realquest, the last market sale of the subject property occurred on April 21, 2006. Recorded in Document Number 208787, the total sale price in this sale was \$3,431,000. The sale recorded on June 30, 2006. Our research indicates that the buyer in this sale was the Richmond Community Redevelopment Agency, who purchased the property in 2006, despite on-site contamination issues. These contamination issues will be discussed in greater detail in the Site Description section of this report. No further information regarding this sale is known.

In December 2007, the City presented a request for proposals to the real estate market for qualified developers to bid on working in tandem with the city to develop the Miraflores Housing Development Project. Eden Housing was selected to develop the 80 unit affordable multi-family project.

Other than the above, the subject property has not been sold, listed or entertained offers for purchase within the past three years. We have considered and analyzed the known history of the subject in the development of our opinions and conclusions.

## List of Items Requested but Not Provided

We requested, but were not provided with, an Environmental Site Assessment. This appraisal assumes that there are no environmental issues that have a significant impact on value. Should any such issues exist, the value estimates, as concluded in this appraisal report, could be impacted.

## Extraordinary Assumptions

1. Due to the fact that the subject's proposed improvements have not yet been constructed, our inspection of the existing improvements is limited to an inspection of the mostly vacant existing site, the design specifications, and site and proposed construction plans and information provided to us by the client. We assume that the dimensions incorporated in our appraisal are accurate. If land area and proposed building area sizes differ, the value estimates as concluded in this appraisal report could be impacted.
2. We have relied on publicly-available information as well as information provided by the client in regards to the overall and subject site size, proposed number of units and the proposed density. We assume that the project will be developed consistent with the number of units and density as presented to us, and the submitted information regarding the subject, which we have incorporated in our analysis, is accurate for the purposes of this appraisal. Significant changes to the descriptions utilized in the appraisal could impact the market value estimate.

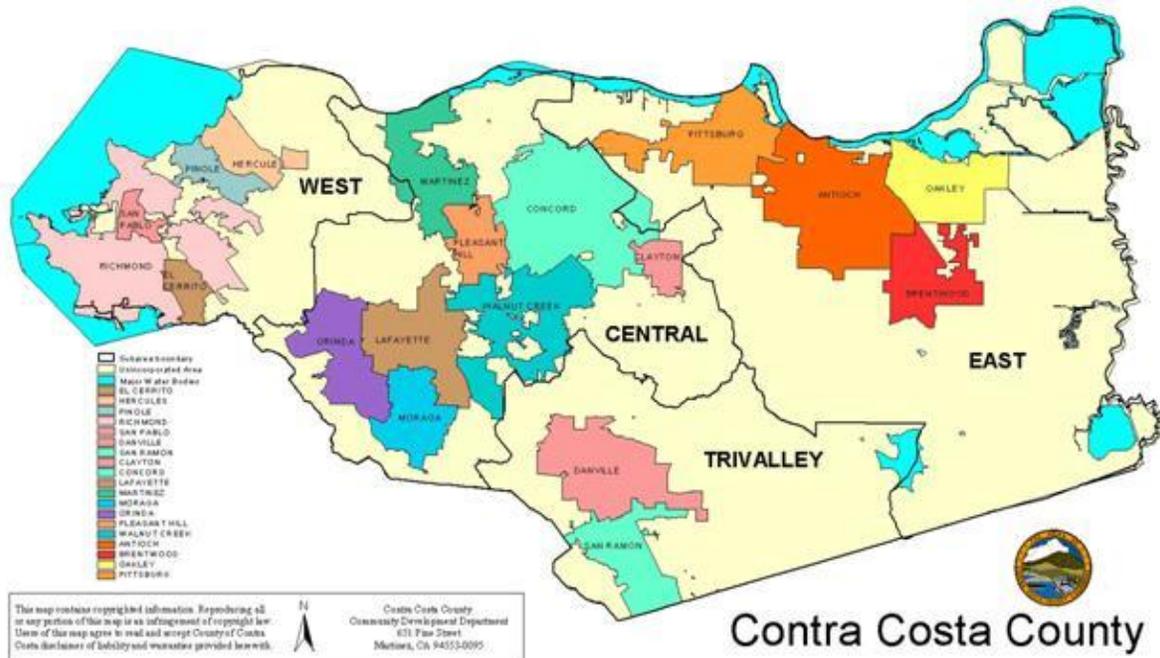
3. Although no specific document identifying when entitlements were specifically approved or if there is a specific term of such approval, we have reviewed a Notice of Determination of CEQA, an Ordinance No 2-10 N.S. (rezoning subject property to Planned Area (PA)), as well as the Design Review and Conditions of Approval notice by the City of Richmond. Based on these documents and affirmation from our client, the proposed project is considered approved and entitlements for the project are considered to be in place. Thus, we will consider the subject property as approved and entitled for the proposed Miraflores Housing Development project. Should the status of the subject's approvals or entitlements differ, this could have a significant impact on the market value estimate.
4. Despite the subject's history of site contamination, our physical inspection indicated no signs of detrimental site contamination. The client has reported that the City of Richmond will deliver the site free of any site contamination. Our value estimate is predicated on the assumption that there is no toxic contamination that would have an impact on the subject site

### Hypothetical Conditions

None.

# Regional & Market Area Analysis

REGIONAL MAP



## Overview

The subject property is located in the San Francisco Bay Region, an area which is comprised of the nine counties bordering the San Francisco Bay. According to the State of California Department of Finance, the area has a combined population of approximately 7.4 million as of January 1, 2014. In addition, the Department of Finance characterizes the San Francisco Bay Area by a moderate climate, diversified economy and one of the highest standards of living in the United States.

## Population

Contra Costa County is the third most populous of the nine counties comprising the San Francisco Bay Region with 1,087,008 residents as of January 1, 2014, an increase of 1.0% over the January 1, 2013 population. Per the 2010 U.S. Census, Contra Costa County grew by more than 100,000 people between 2000 and 2010, making it the fastest growing in the Bay Area on both an absolute and percentage basis. Population growth has primarily taken place in the east county area, primarily in the cities of Antioch and Brentwood, as this is the only area of the county with a significant amount of land available for development.

### POPULATION

Area	2010	2014	2018 Projected	% Change 2010-2018	Annual % Change 2010-2018
<b>Contra Costa County</b>	1,049,025	1,087,008	1,134,088	8.1%	1.0%
<b>California</b>	37,253,956	38,340,074	39,399,456	5.8%	0.7%
<b>United States</b>	308,745,538	314,467,933	325,843,774	5.5%	0.7%

Source: CA Dept of Finance and ABAG\* Projections 2009

## Transportation

With five major highways cutting through the County, the Bay Area Rapid Transit (BART) and Amtrak's Capitol Corridor connections, and the port of Richmond, California's fourth busiest port, Contra Costa County is also a critical regional transportation artery.

Air service in the area is provided by Oakland International Airport, which lies within Alameda County. The Oakland International Airport provides the East Bay Area region with air cargo, mail, and passenger services for businesses and individuals. In 2012 (the most recent statistics available), there were a total of ten million passengers that passed through the Oakland Airport, an increase of 8.4% over the number of passengers in 2011. The San Francisco International Airport (located 13 miles south of San Francisco) is also available to Contra Costa County travelers and had over 44 million total passengers in 2012.

The highway transportation system is well developed and improving. However, the steady growth of jobs in the Silicon Valley over the past few years, coupled with residential growth in the south and east portions of the county, has caused an increasing problem of traffic congestion. Unquestionably, traffic is one of the main negative aspects of the county. Although many routes are at gridlock during peak commute hours, routes are being extended or expanded, and public transportation is being improved. Although the jobs/housing balance is becoming a geographic issue, commute tolerance is at an all-time high, as residents are required to accept longer commute times.

## Employment

California has been one of the bright spots in the U.S. employment picture. California's employment growth has been consistently in the Top 10 of states over the past four years, since the end of the recent recession. While the increase in California jobs has been widespread, the economy's strength lies in the state's technology and knowledge-laden sectors, which use technology and information more heavily, accounting for more than half the job growth in the state. The unemployment rate in California as of September 2014 is 6.9%. The unemployment rate in Contra Costa County as of September 2014 was 5.7%. Unemployment rates in the county also compare favorably to the rest of the state and U.S.

Additionally, the unemployment forecast for California through 2015 remains positive. According to the most recent UCLA Anderson Forecast of April 2014, total employment growth for California is forecasted to be 1.8% in 2014, 2.2% in 2015, and 2.1% in 2016. The unemployment rate for the three forecast years are expected to be 7.8%, 6.9%, and 6.0% respectively, with the rate going as low as 5.7% by the fourth quarter of 2016. Nonfarm payroll is expected to grow at 2.2%, 2.3% and 2.0% in the three forecasted years. Real personal income growth is forecast to be 3.1% in 2014; followed by 3.8% and 3.7% in 2015 and 2016. As the global economy improves with greater investment in the U.S., the state is expected to continue benefiting from a disproportionate share of improvement.

In light of the nation's expected 3% GDP growth there is expected to be an increase in overall job opportunities, creating between 200,000 and 250,000 jobs per month with the unemployment rate dropping to 5.4% by late 2016. Total payroll employment is expected to surpass the prior 2007 peak, but the economy remains below its pre-Great Recession growth path.

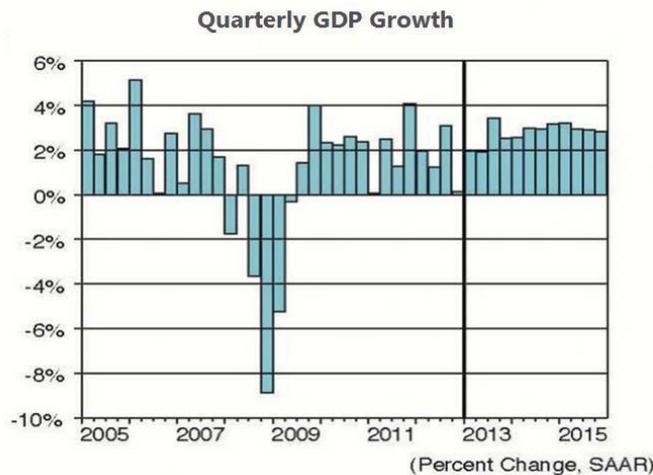
## Economic and Political Forces

For over 60 years, the UCLA Anderson Forecast has provided forecasts for the economies of California and the United States and is the most widely followed and oft-cited in the state. According to the third quarterly report of 2014, the UCLA Anderson Forecast asserts that the national economy is growing, the unemployment rate is dropping, and that defense spending is on the rise. The report indicates that the

real Gross Domestic Product for the United States will grow at about 3 percent over the next two years, following a decline of 2.1 percent in the first quarter of this year and a rebound of 4.2 percent growth in the second. On an annual basis, GDP growth will rebound a full percentage point in 2015 to 3.1 percent and to 3.4 percent in 2016.

Payroll job growth should average 230,000 per month; by the end of 2016 the unemployment rate will drop to 5.3 percent. In California, employment growth is forecast to be 2.4 percent in 2015 and 2.2 percent in 2016, which will drive down the unemployment rate to 5.7 percent by 2016, just 0.3 percent higher than the U.S. rate

Highlights of the September forecast include an expected rise in inflation and core consumer price indices. UCLA Anderson Senior Economist David Shulman forecasts inflation at 2 percent or higher over the next two years, driven primarily by rising residential rents and increasing health care costs. The Federal Reserve Board could raise rates by March 2015, in response to declining unemployment and rising inflation. The sectors expected to fuel the nation's economic growth include housing, nonresidential construction and investment in equipment and software.



"Despite the housing recovery being slower than we anticipated, we forecast that housing starts will rise from this year's estimated 1.025 million units to 1.32 million and 1.47 million units in 2015 and 2016, respectively," Shulman writes. "Because of continuing investment in energy production and a revival in commercial construction, nonresidential construction will start to increase rapidly in mid-2015. In 2016, investment in nonresidential construction is forecast to expand at a robust 8.2 percent. Continued strength in equipment and software spending will continue to buoy the economy.

There is a major change from prior forecasts stemming from anticipation that defense spending will increase, rather than decline. Citing the rise of Islamic State of Iraq and the Levant (ISIL) in the Middle East, and the presence of Russian troops in Ukraine, Shulman writes that there will be a "rethinking" of the U.S.'s defense posture. The forecast models in an additional \$24 billion per year in defense spending by 2016.

"For those with a long memory, we would note that the Reagan defense build-up started under President Carter in 1979 after the Iranian Revolution and the Soviet invasion of Afghanistan," Shulman writes.

In the California forecast for September 2014, UCLA Anderson Senior Economist Jerry Nickelsburg writes, "The California economy is moving forward in an expansion from the depths of the Great Recession. But, even though the number of jobs is now higher than any time in the past, the state remains below its potential in output and employment.

The current forecast accounts for two countervailing forces that will be affecting the California economy: the U.S. economy is growing stronger, while the world economy is expected to be weaker. The result is a forecast that is only slightly stronger than that released in June.

In the housing sector, Nickelsburg notes that prices continue to rise in response to new household formation. "Construction permits have been increasing and our expectation is that this will continue through the forecast horizon," writes Nickelsburg. New home starts are expected to increase by 5 percent in California and nationwide. Job growth for 2016 is forecasted at 3 percent in California, rising more quickly than growth in the nation.

### Median Household Income

According to the Site To Do Business, the median household income in Contra Costa County in 2013 was \$77,871. This compares favorably to the median disposable income of California and the nation.

Total median household income for the region is presented in the following table. Overall, the subject county compares favorably/unfavorably to the state and the country.

#### MEDIAN HOUSEHOLD INCOME – CONTRA COSTA COUNTY

Area	2013	Projected 2018	Projected % Change
<b>Contra Costa County</b>	\$77,871	\$89,283	14.7%
<b>California</b>	\$58,881	\$70,467	19.7%
<b>United States</b>	\$51,314	\$59,580	16.1%

Source: Site to do Business

### Bay Area Residential Market

The Bay Area's median home price peaked at \$665,000 in June and July 2007, and then dropped to a low of \$290,000 in March 2009, which coincides with the timing of the Great Recession. Prices increased in 2010; however, about half of those gains were lost in 2011. Prices increased moderately in 2012, and from 2013 through YTD 2014 have been "white hot" and have been increasing at a fast pace. The table and chart below show median sale prices for the Bay Area and Alameda County in the month of August for each year.

#### BAY AREA AND CONTRA COSTA COUNTY HOME PRICES

Year	Median Price	Median Price	% Change	
	Bay Area	Contra Costa County	Bay Area	Contra Costa County
2007	\$655,000	\$623,000		
2008	\$447,000	\$330,000	-31.8%	-47.0%
2009	\$360,000	\$255,000	-19.5%	-22.7%
2010	\$385,000	\$290,000	6.9%	13.7%
2011	\$370,000	\$275,000	-3.9%	-5.2%
2012	\$410,000	\$317,000	10.8%	15.3%
2013	\$540,000	\$435,000	31.7%	37.2%
2014	\$585,000	\$495,000	8.3%	13.8%

The number of homes sold in the Bay Area last month edged up to its highest level for a September since 2009, the result of some spillover summer activity and sustained demand in a strong regional economy. Prices appear to have flattened out at a level reached this spring, Irvine-based CoreLogic DataQuick reported.

A total of 7,443 new and resale houses and condos sold in the nine-county Bay Area last month. That was down 1.8 percent from 7,578 in August and up 4.2 percent from 7,141 in September last year, according to CoreLogic DataQuick.

A decline in sales from August to September is normal for the season. Last month's sales count was the highest for any September since 7,879 homes were sold in 2009. Sales for the month of September have varied from 5,014 in 2007 to 13,343 in 2003. The average since 1988, when CoreLogic DataQuick's statistics begin, is 8,479.

The median price paid for a home in the nine-county Bay Area was \$604,000 in September. That was down 0.5 percent from \$607,000 in August, and up 14.0 percent from \$530,000 in September last year. The median sale price lurched above \$600,000 this April, when it was \$610,000, and then reached a 2014 high of \$618,000 in June. Since then the median has declined slightly on a month-to-month basis.

The Bay Area's median sale price peaked at \$665,000 in June and July 2007, then dropped to a low of \$290,000 in March 2009.

	Sales Volume			Median Price		
	Sep-13	Sep-14	% Chng	Sep-13	Sep-14	% Chng
<b>All homes</b>						
Alameda	1,468	1,613	9.9%	\$510,500	\$560,000	9.7%
Contra Costa	1,385	1,460	5.4%	\$409,000	\$450,000	10.0%
Marin	300	270	-10.0%	\$750,000	\$880,000	17.3%
Napa	131	108	-17.6%	\$431,500	\$500,000	15.9%
Santa Clara	1,753	1,732	-1.2%	\$640,000	\$694,500	8.5%
San Francisco	511	510	-0.2%	\$820,000	\$938,000	14.4%
San Mateo	561	656	16.9%	\$680,000	\$790,000	16.2%
Solano	495	509	2.8%	\$273,500	\$305,000	11.5%
Sonoma	537	585	8.9%	\$409,500	\$458,250	11.9%
<b>Bay Area</b>	<b>7,141</b>	<b>7,443</b>	<b>4.2%</b>	<b>\$530,000</b>	<b>\$604,000</b>	<b>14.0%</b>

Source: CoreLogic DataQuick, www.DQNews.com

In Contra Costa County, homes sales increased 5.4% from 1,385 units sold in September of 2013 up to 1,460 units sold in September this year. Additionally, price increases have remained white hot, with an increase of 10% in the median sales price from \$409,000 reported in September of 2013 to \$450,000 reported in September this year.

## Conclusion

Desirable physical features and a well-diversified economy have historically attracted both businesses and residents to Contra Costa County. Traffic congestion continues to be a problem in the entire San Francisco Bay Region, including Contra Costa County. Nevertheless, local residents remain among the most affluent in the country.

The economy has been improving with a decrease in unemployment rates and rising housing prices in most markets. New development and economic growth have increased and unemployment remains below the 10% mark throughout the Bay Area. The local economy is stronger than in other areas of California and the country. In the long-term, the local economy is expected to continue to grow at a moderate, well-founded rate. The intrinsic desirability of the region, its foundational economics, projected jobs and population expansion, and a dwindling supply of readily developable land give strong support to real estate values and their potential for long term increases.



## Overview

The City of Richmond is located 16 miles northeast of San Francisco, directly across San Francisco Bay. Richmond is on a peninsula separating San Francisco Bay (on the south) and San Pablo Bay (to the north). Oakland is 20 minutes away by freeway, and Central Marin County is a 15-minute drive across the Richmond-San Rafael Bridge. The population within a 30-mile radius of Richmond is over 3.7 million.

Today, Richmond covers 56 square miles, with a population of approximately 106,138, as of January 1, 2014 a 0.4% increase from the prior year. The economy is undergoing a major transition from its former heavy industrial character, to high-tech and light industrial companies. Richmond is a growing maritime, industrial, and residential community with Point Richmond being designated a historical landmark. Recent redevelopment in downtown Richmond has also been a positive force in transforming the city.

Richmond is a central transportation hub in the San Francisco Bay Area, with two Interstate Highways (Interstates 80 and 580), two railroads (Santa Fe and Southern Pacific), a deep water shipping port, several AC Transit public bus lines, and USA-wide passenger rail service from the combined Bay Area Rapid Transit (BART) local commuter rail system and AMTRAK station located in Richmond. The Port of Richmond contains seven City-owned terminals, 5 dry-docks, and 11 privately owned terminals. Oakland International Airport is located 18 miles away; San Francisco International is located within 28 miles, providing Richmond with air passenger and freight service.

Major employers in Richmond include: Chevron USA, Kaiser Permanente (medical), Berlex Laboratories, Safeway Stores, Macy's Department Store, MSC Pinole Pointe Steel, and Bio-Rad Laboratories. As of August 2014, Richmond had an estimated Labor Force of 54,000 workers of which 46,630 are employed.

Southwest of the subject's neighborhood is the Port of Richmond. A number of shipping companies operate within the port, and include BHP International Marina Transport, STAR Shipping, Tokai Shipping, SK Shipping and Gear Bulk Shipping, as well as the previously mentioned Richmond-San Francisco Ferry Service.

Although the surrounding Marina Bay Area in southern Richmond has historically been used for heavy industry, distribution and port activities, it has been in transition to more intensive, modern uses since the late 1980's. A 362-acre, mixed-use waterfront project has, since that time, been developed by the City of Richmond, Penterra Company, along with other developers. With substantially higher prices in nearby Berkeley, Emeryville and Marin; Richmond has benefitted from being a more affordable alternative for residents and businesses alike.

The City of Richmond can be broken up into four areas, North Richmond, Central Richmond, East Richmond and South Richmond.

North Richmond is the area north of Barrett Avenue and west of Interstate 80. This area is a mixture of residential and commercial.

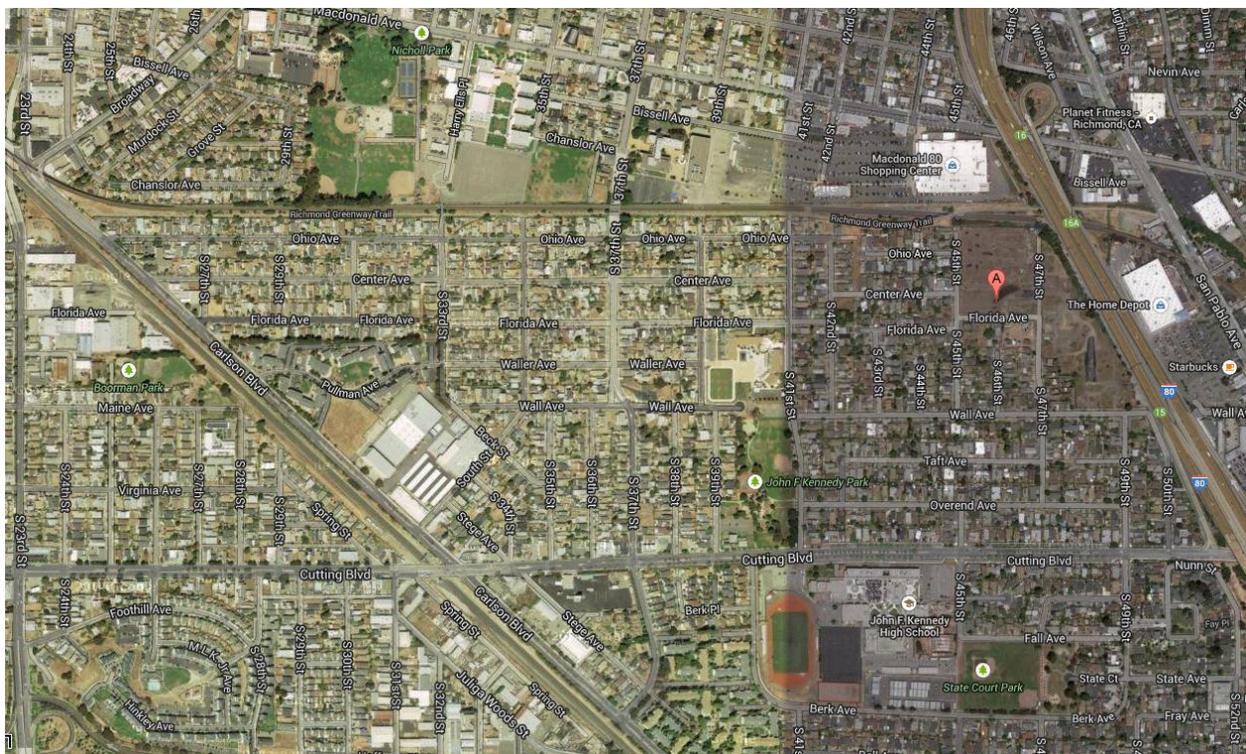
Central Richmond is the area between Barrett Avenue, Highway 580 to the south and Interstate 80 to the east. This area has a combination of older residential, commercial and city central uses. The downtown Richmond area is roughly bordered by Barrett Avenue to the north, and Macdonald Avenue to the south 6th street to the west, 23rd Street to the east. The area once featured major department stores and other chains such as J.C. Penney, S. H. Kress & Co., and Sears before Hilltop Mall was built in the 1970s. The area is currently undergoing a revitalization effort by the city, which has included the Richmond Shopping

Center and the Richmond Transit Village—coined Metro Walk by the developers, which includes the Richmond BART and Amtrak station. The subject is situated in Central Richmond.

South Richmond is the area south of Highway 580. This area includes mostly older residential and industrial uses near the freeway and newer residential and R&D buildings interspersed with older heavy manufacturing near the waterfront. East Richmond is the area east of Interstate 80 and is predominantly residential. This area abuts El Cerrito to the south.

## Neighborhood Location and Boundaries

The subject property is situated in the central portion of the City of Richmond. As previously mentioned, Central Richmond is defined as the area that is between Barrett Avenue, Highway 580 to the south and Interstate 80 to the east. As evidenced in the aerial photograph below, the subject property is located amidst a primarily residential area in the central portion of the City of Richmond.



The subject's immediate neighborhood is bounded by BART rail lines to the north, Carlson Boulevard to the west, Cutting Boulevard to the south and by the elevated Interstate 80 to the east. Within this Central Richmond quadrant, is one primary commercial roadway that extends in an east/west direction: Cutting Boulevard. Most of the land uses are residential in nature, although commercial land uses can be found along primary arterials, such as Cutting Boulevard.

The primary north to south arterials in this immediate area include S. 37<sup>th</sup> Street, Carlson Boulevard and Interstate 80. S. 37<sup>th</sup> Street is a commercial thoroughfare that runs north-south through many of Richmond's central residential neighborhoods. Carlson Boulevard is a primary arterial that generally runs northwest-southeast through the neighborhood and connects to several other major streets, including Cutting Boulevard. As previously mentioned, Interstate 80 is a freeway that runs generally north-south and

connects the City of Richmond with San Francisco and several other Bay Area communities to the north and south of Richmond.

## Transportation Routes

Richmond, with two Interstate freeways and the new Richmond Parkway, has excellent freeway connections. Interstate 80 passes through central Richmond on a north-south direction, leading to Vallejo, Fairfield, and Sacramento to the north and east, and to San Francisco, Oakland, and San Jose to the south. Interstate 580 crosses Richmond's south shoreline area and connects with I-880 on the east and with the Richmond-San Rafael Bridge on the west.

Major travel and commuter routes within the area of the subject include Interstate 580, Cutting Boulevard and Richmond Parkway/Canal Boulevard, Harbour Way and Marina Way. Within the immediate area of the subject transportation access helps define the character of its development. Major transportation, travel and commuter routes within the area of the subject include Interstate 80, Interstate 580, and Highway 4. Within the immediate area of the subject, transportation access helps define the character of its development. The subject has excellent access to both local and regional transportation. Access to Interstate 80 is located within three miles of the subject site, and Interstate 580 is just north of the subject. Overall, the subject is situated in an easily accessible area near Interstate 80.

BART (the Bay Area Rapid Transit system) has a station in downtown Richmond, providing direct fixed rail transit service to Oakland, San Francisco, and numerous other East Bay cities; service has also been extended to include service to/from San Francisco Airport. AMTRAK, from its station within the Richmond BART station, provides passenger train service to all major Northern and Southern California destinations.

In terms of airports, Oakland International Airport (18 miles away) and San Francisco International Airport (28 miles away) provide Richmond with worldwide air passenger and freight service. Overall, the outlook for the immediate area is considered good.

## Demographics

The following table depicts the area demographics in Richmond within a 1, 3, and 5 mile radius from the subject.

### NEIGHBORHOOD DEMOGRAPHICS

Demographic Year:	2010	2013	2018
<b>1-Mile Radius</b>			
Total Population	6508	6707	7132
Total Households	1765	1824	1950
Owner Occupied Housing Units	1079	1071	1182
Renter Occupied Housing Units	686	753	768
Median Household Income	Unk.	\$80,261	\$90,214
Average Household Income	Unk.	\$98,257	\$111,844
Per Capita Income	Unk.	\$29,183	\$32,909
<b>3-Mile Radius</b>			
Total Population	74843	75759	78956
Total Households	25966	25988	27917
Owner Occupied Housing Units	12980	12534	13202
Renter Occupied Housing Units	10938	11595	11877
Median Household Income	Unk.	\$51,803	\$60,657
Average Household Income	Unk.	\$68,316	\$76,937
Per Capita Income	Unk.	\$22,170	\$24,836
<b>5-Mile Radius</b>			
Total Population	180295	182977	190739
Total Households	64966	65163	67869
Owner Occupied Housing Units	34684	33779	35684
Renter Occupied Housing Units	25281	26900	27436
Median Household Income	Unk.	\$55,385	\$65,109
Average Household Income	Unk.	\$73,286	\$82,972
Per Capita Income	Unk.	\$24,575	\$27,727

Source: Site To Do Business

### Neighborhood Land Use

The subject neighborhood is located in an area with primarily residential land uses. An approximate breakdown of the development in the area is as follows:

#### LAND USES

Use	Percent
<b>Developed</b>	95.0%
<b>Residential:</b>	75.0%
<b>Retail:</b>	15.0%
<b>Office:</b>	0.0%
<b>Industrial:</b>	5.0%
<b>Vacant:</b>	5.0%

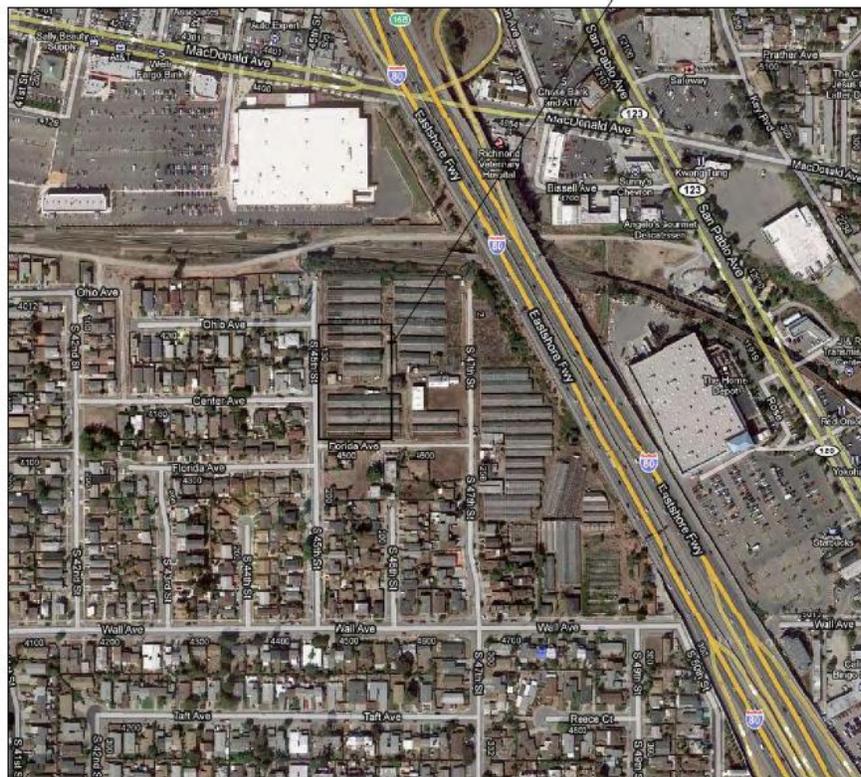
The presence of both easily-accessible transportation and neighborhood retail in the immediate area has increasingly attracted high-density residential land uses to the immediate area. These properties, like the subject, are in various stages of approval or construction.

### Immediate Environs

As noted above, the existing neighborhood is bound to the east by the elevated Interstate 80 and to the north by a BART rail line. The neighborhood is linked to the major commercial corridor Macdonald Avenue by a pedestrian path that crosses over the BART tracks north of the development. This path leads directly to the new Target-anchored regional retail center. The proposed Miraflores greenway will provide a pedestrian and bicycle connection to this pedestrian crossing as well as to the recently completed Richmond Central Greenway, a landscaped biking and walking path which connects with the Ohlone Greenway to the east and with the Bay Trail to the south.

The area between Cutting Boulevard and the BART tracks is generally residential in nature with some supporting commercial uses. John F. Kennedy High School, which serves much of the immediate area, is situated along Cutting Boulevard, immediately outside of the subject's immediate area.

vicinity map PROJECT LOCATION



NOT TO SCALE

Adjacent to the north of the subject property are the BART tracks, with the aforementioned Macdonald 80 Shopping Center to the north of the BART lines. Further north and past Macdonald Avenue, the residential

land uses found in the immediate area continue, with primarily single family residences situated in the area north of the subject.

Older single family bungalows and small multi-unit dwellings in average to below-average condition surrounded the site on the south and west. King Elementary School and a public park are located approximately ½ mile to the west. Kennedy High School is located approximately ½ mile to the south. To the south and east along Cutting Boulevard there are some commercial and retail uses. Major bus lines run down both Cutting and MacDonald Avenues. The Del Norte BART station is located one-quarter mile southeast from the site.

Land uses to the south of the subject and across Florida Avenue are similar to those to the west of the subject in that single-family residential land uses dominate this area. However, some multifamily properties can be found south of the subject and past Wall Avenue. Further south and adjacent to Cutting Boulevard is the aforementioned John F. Kennedy High School.

Immediately east of the subject and abutting is the aforementioned Interstate 80 with another shopping mall to the east of the freeway. Anchored by Home Depot, this shopping center is primarily neighborhood-serving, unlike the Macdonald 80 Shopping Center to the north. Several retailers are clustered around the local shopping center; these retailers include Planet Fitness, Chase Bank, Bank of America, Grocery Outlet and Chevron Richmond.

Overall, the immediate area is a good place for multifamily and residential land uses. The immediate area contains a wide variety of supporting land uses that are conducive to residential land uses.

## Conclusions

The subject neighborhood is located in the central portion of Richmond. The neighborhood is mature and primarily residential in nature. Properties in the immediate area were built from the 1970's to current date, have been well maintained, and are in overall average condition. For an apartment property, the location of the subject is considered very appealing given its proximity to the retail centers to the north and east, as well as its proximity to the Richmond BART station and Interstates 80 and 580. The subject property has very good access to local and regional transportation networks. Overall, no negative observable influences were observed.

# Market Analysis



## Overview

As previously stated, the subject site is currently residential land which is part of larger development project which will consist of a variety of residential uses including apartments and single-family residential units. We will begin our discussion with an overview of the Richmond and overall Contra Costa County multifamily market, followed by a discussion of the land market.

## East Bay Apartment Market Overview

Multi-family vacancy throughout the East Bay currently stands at just 2.8%. This is down from last quarter's reading of 2.9% and reflects the third consecutive quarter of declines. It also is the lowest level of vacancy that Cassidy Turley has tracked in over five years. The current average asking rent throughout the region is \$1,620 per month, but this number is rising quickly. This number has increased by roughly 8% over the past year and Cassidy Turley anticipates it may top the 10% mark over the next twelve months.

Alameda County leads the East Bay in terms of rents. The current average asking rate here of \$1,712 per month has jumped by over 9% in the past year. One bedroom/one bath units (currently averaging \$1,525 per month) have posted the strongest rental rate growth over the past year at 10%, but all unit mixes have seen rents climb by at least 8% over the past year. Alameda County vacancy now stands at just 2.5%.

Rapidly rising rents in San Francisco have helped drive this number down, with in-migration from renters priced out of that market increasingly driving demand. Though the development pipeline is sharply ramping up in Alameda County and the East Bay in general, it will not peak in terms of new deliveries until at least 2015. In the meantime, demand will continue to remain strong, with rents growing aggressively and vacancy levels remaining low.

Though not to the same degree, Contra Costa County is also experiencing this trend— particularly in submarkets along BART lines. Contra Costa County vacancy now stands at just 3.4%. Though this reflects a slight uptick from the 3.3% mark posted three months ago, this metric has fallen from a high of 4.8% at the start of last year. The current average asking rent of \$1,475 per month is up nearly 7% from the \$1,384 rate that was in place one year ago. One bedroom/one bath units here also have led the way in terms of rental rate growth. The current average rent for this unit mix is \$1,322 per month—this reflects an annual increase of over 7%.

All Apartment Properties 100 Units or More									
East Bay	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013
Average	\$1,449	\$1,481	\$1,478	\$1,503	\$1,550	\$1,604	\$1,610	\$1,627	\$1,690
Studio	\$1,034	\$1,086	\$1,109	\$1,125	\$1,136	\$1,183	\$1,207	\$1,232	\$1,265
1+1	\$1,281	\$1,309	\$1,307	\$1,332	\$1,379	\$1,433	\$1,443	\$1,454	\$1,506
2+1	\$1,396	\$1,429	\$1,437	\$1,462	\$1,489	\$1,535	\$1,535	\$1,554	\$1,615
2+2	\$1,691	\$1,720	\$1,712	\$1,740	\$1,801	\$1,865	\$1,860	\$1,878	\$1,969
3+2	\$1,874	\$1,959	\$1,957	\$1,984	\$2,033	\$2,067	\$2,072	\$2,117	\$2,177
Vacancy	3.9%	3.5%	4.3%	4.3%	3.8%	3.8%	4.2%	4.3%	3.1%

The multifamily development boom that has engulfed San Francisco and San Jose is finally coming to the East Bay. Rents that have grown by 35% over the past three years in San Francisco and roughly 30% in San Jose have resulted in a new development frenzy in those markets. San Francisco has added over 1,500 new units so far this year (it added just over 1,600 multifamily units over the entirety of 2012) and has almost 6,000 more currently under construction. In Santa Clara County (San Jose), there are almost 9,000 units under construction and nearly 3,000 had been delivered over the first half of 2013. But while those markets were on fire, development in the East Bay had only seen a slight uptick.

Through the first six months of the year developers added just 194 new units in Alameda County and 180 apartments in Contra Costa County. There are currently just under 1,600 multifamily units under construction in Alameda County and just 2,000 in development in Contra Costa.

While deal volume fell in a number of Bay Area markets, the East Bay saw a considerable uptick. We tracked 84 major deals that closed in Q2, compared to 58 that took place in Q1. But with much of the action focused on Class C product, total deal volume did not grow by much. It surpassed \$294 million, compared to \$229 million of multifamily deals last quarter.

Contra Costa	Q3-2012	Q4-2012	Q1-2013	Q2-2013	Q3-2013
Sales Volume	\$40,275,548	\$105,031,074	\$48,690,834	\$51,894,616	\$29,580,038
Total Units	362	638	421	470	267
Price/Unit	\$111,258	\$164,625	\$115,655	\$110,414	\$110,786
Price/SF	\$140.52	\$183.74	\$151.06	\$146.23	\$132.46
CAP Rate	7.03%	6.00%	6.18%	6.63%	6.87%
GRM	6.20	10.19	10.55	9.07	8.10

Of the deals that closed in Q2, the average price per unit was \$173,000. Alameda County led the way with an average price per unit of \$191,000 per unit. This reflects a significant increase over the average of \$139,000 per unit of Q1 but as much as pricing is generally going up this average was also influenced by a couple of Class A sales that closed.

Contra Costa County averaged \$110,000 per unit, compared to \$116,000 per unit last quarter. This quarter's region-wide average cap rate of 5.7% reflects a slight decrease from the 5.8% rate posted last quarter.

The average cap rate on deals closed in Alameda County was 5.5%-- down from 5.6% three months ago. Contra Costa County posted an average of 6.6%, up from Q1's 6.3% reading. These slight shifts in numbers have less to do with actual pricing trends but with what type of deals closed. Alameda County saw a few institutional grade projects trade hands—boosting average price per unit and lowering cap rate metrics. Meanwhile, a lack of high end sales in Contra Costa County had the opposite effect. In general, Class A product is trading with cap rates of 5% or less and we have seen a few Alameda deals in the 4% range over the past year. Meanwhile, Class B projects are typically moving at 6.5% or less and Class C and value-add capitalization rates are generally starting at 6.0% and moving up from there.

The availability of product remains one of the biggest challenges in the East Bay. Most of the Class A projects that have traded have been in off-market deals simply because most multifamily brokers already have lists of would-be buyers ready to ink deals for higher end product. Meanwhile, even Class B availability has been somewhat limited. Many owners simply aren't willing to trade their properties with fundamentals improving.

All of the East Bay's markets are posting strong rental rate growth and all of the region's trade areas are posting declining vacancy levels. While we see all of these trends favorably impacting pricing, concerns over rising interest rates may temper some of those gains. The brief spike in retail rates in May/June 2013 spooked some investors, but rates are once again declining. The reality, however, is that the economy is on the mend and that within the next year interest rates will start to climb. This is not a bad thing, as this is because of improvement in the economy—which will also mean rising rents and NOI. And remember, the rates that have been in place over the last few years were at historically low levels. So long as rates don't jump too fast too quickly, the impact on pricing should be minimal. However, there will likely be a period of adjustment as this begins to happen—most likely in about one year. As interest rates increase, cap rates will rise as well.

#### [City of Richmond Apartment Market](#)

In addition to the Cassidy Turley/BT Commercial report information discussed above, we have completed a rent survey of competing apartment complexes within the subject's immediate market area. Our rent

survey includes seven apartment projects in the subject's market area. These projects comprise a total of 4,051 units. Our analysis focuses on one-bedroom and two-bedroom apartment units. The rental rates quoted were reflective of asking rates as of October 2014.

The rental range for 1-bedroom apartment units, in the subject's neighborhood, range from a low of \$785 to a high of \$2,768 per month. Unit sizes, of the 1-bedroom apartment units surveyed, range from 360 to 888 square feet.

The rental range for 2-bedroom apartment units, in the subject's neighborhood, range from a low of \$910 to a high of \$1,300. Unit sizes, of the 2-bedroom apartment units surveyed, range from 500 to 1,300 square feet.

We have not considered any view premium in our analysis given that the subject is in Central Richmond and view premiums at this location are not prevalent. A typical tenant does not place much emphasis on a unit's square footage and places its primary emphasis on the floor plan and number of bedrooms.

We note that rental rates have generally held stable since the Second Quarter of 2013, when all apartment units in the subject's neighborhood noted an average asking rate of \$1,690 per unit per month.

According to various property managers in the Contra Costa County apartment rental market, rental rates are trending upward. A 2nd Quarter 2014 (most recent) REIS report for apartment properties in the Oakland/East Bay submarket supports this opinion. A table presenting the asking rent growth rates is as follows:



Prepared By Reis, Inc.

 Apartment - 2nd Quarter 2014  
 Metro: Oakland-East Bay

#### Section 4 - Rent Growth Comparisons

Asking Rent Growth Rates

	Quarterly			Annualized		
	2014Q2	2014Q1	YTD	1 Year	3 Year	5 Year
Comparable Group*	2.4%	5.9%	4.1%	19.3%	8.5%	3.7%
West Contra Costa	0.4%	0.3%	0.3%	4.2%	2.6%	0.8%
Oakland-East Bay	0.6%	0.5%	0.5%	4.8%	3.7%	1.6%

1. Quarter ending 6/30/14 2. Quarter ending 3/31/14 3. Avg over period ending 6/30/14 4. Avg over period ending 12/31/13

\*Historical trends include only properties in the Comp Group that have at least five full years of history; aggregated data on rents and vacancies displayed in other tables may therefore not match precisely.

#### Section 5 - Vacancy Rate Comparisons

	Quarterly			Annualized		
	2014Q2	2014Q1	YTD	1 Year	3 Year	5 Year
Comparable Group*	2.7%	2.9%	2.8%	3.4%	4.0%	4.2%
West Contra Costa	2.5%	2.6%	2.5%	3.0%	3.9%	4.2%
Oakland-East Bay	2.7%	2.6%	2.6%	3.0%	3.5%	4.1%

1. Quarter ending 6/30/14 2. Quarter ending 3/31/14 3. Avg over period ending 6/30/14 4. Avg over period ending 12/31/13

\*Historical trends include only properties in the Comp Group that have at least five full years of history; aggregated data on rents and vacancies displayed in other tables may therefore not match precisely.

Based on the above, we anticipate a leveling of growth rate over the next two to three years to a more consistent growth rate of 2.0 % to 3.0%, consistent with historical CPI growth rate trends.

### Absorption

In addition to historical rental rate growth, the 2nd Quarter 2014 REIS report also discussed historical and forecasted apartment absorption. The table presenting the REIS survey is as follows:



Prepared By Reis, Inc.

## Metro Trend Futures

 Apartment - 2nd Quarter 2014  
 Metro: Oakland-East Bay

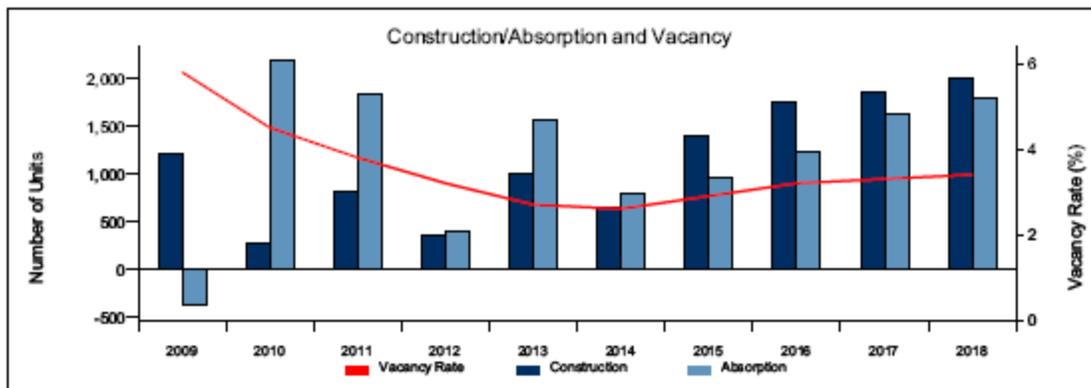
**Section 39 - Construction/Absorption Change**

### Construction and Absorption

	Quarterly								
	2Q14			1Q14			YTD Avg		
	Units Built	Units Absorbed	Con/Abs Ratio	Units Built	Units Absorbed	Con/Abs Ratio	Units Built	Units Absorbed	Con/Abs Ratio
Oakland-East Bay	186	127	1.5	0	190	0.0	93	159	0.6
West	7,236	8,439	0.9	5,483	11,087	0.5	6,360	9,763	0.7
Average over period ending:	06/30/14	06/30/14	06/30/14	03/31/14	03/31/14	03/31/14	06/30/14	06/30/14	06/30/14

	Annualized								
	1 Year History			3 Year History			5 Year History		
	Units Built	Units Absorbed	Con/Abs Ratio	Units Built	Units Absorbed	Con/Abs Ratio	Units Built	Units Absorbed	Con/Abs Ratio
Oakland-East Bay	998	1,566	0.6	728	1,273	0.6	734	1,127	0.7
West	33,978	42,274	0.8	20,192	40,809	0.5	23,642	35,264	0.7
Average over period ending:	12/31/13	12/31/13	12/31/13	12/31/13	12/31/13	12/31/13	12/31/13	12/31/13	12/31/13

	Annualized		
	5 Year Forecast		
	Units Built	Units Absorbed	Con/Abs Ratio
Oakland-East Bay	1,535	1,289	1.2
West	38,158	31,309	1.2
Average over period ending:	12/31/18	12/31/18	12/31/18



Period ending 12/31/18

Over the past 5 years, an average of 1,127 apartment units have been absorbed annually in overall Oakland/East Bay metro, in which the subject is located. This indicates an average absorption rate of 19 units absorbed per month.

Going back over the past 3 years, an average of 1,273 apartment units absorbed per year in overall Oakland/East Bay, indicating an absorption rate of 35 units absorbed per month. The significant absorption trend is primarily driven by the huge absorption rates noted over the past year.

REIS predict that over the next 5 years, absorption will begin to slow but remain positive. As of 2nd Quarter 2014 REIS report forecasts that within 5 years, there will be an average of 1,289 apartment units absorbed, indicating an absorption rate of approximately 22 units per month.

	Annualized		
	5 Year Forecast		
	Units Built	Units Absorbed	Con/Abs Ratio
Oakland-East Bay	1,535	1,289	1.2
West	38,158	31,309	1.2
Average over period ending:	12/31/18	12/31/18	12/31/18

This rate is well bracketed by the annual averages over both the past 5 years (19 units per month) and the past 3 years (35 units per month). Although the 5 year forecasted absorption rate is on the lower end of the absorption range presented over the past 3 and 5 years, the forecasted absorption rate also takes into consideration the amount of new construction projected over the next few years.

Overall, we agree with a more conservative absorption rate estimate for the next three to five years as the amount of new construction and supply of new apartment product is completed and expected to meet demand. For the overall Oakland/East Bay market, we feel that an absorption rate of 20 to 30 units per month can indeed be expected over the next 5 year period. Due to the fact that the market is experiencing some multifamily inventory growth, we feel that a stabilized absorption rate will be around 20 units absorbed each month. For our analysis, based on the above discussion, coupled with our discussions with market participants, we will forecast that absorption can be up to be an average of 20 units per month for development projects over the next five years.

## Apartment Development Trends

Throughout the Bay Area over 10,500 new multifamily units were delivered to the marketplace last year. This set a record, but that record is going to be broken in 2014. Through the first six months of the year, Cassidy Turley has tracked the delivery of more than 3,400 units but there are nearly 17,000 more units in the development pipeline with scheduled deliveries through 2016. Slated completions through the end of this year should result in the market easily surpassing last year's delivery totals. Santa Clara County (6,200+ units) and San Francisco (5,600+ units) lead the region in terms of new development, but proposed projects are multiplying in the East Bay as well.

In the East Bay (which includes both Contra Costa and Alameda Counties), Cassidy Turley is tracking more than 2,200 units under construction. Although this pipeline is anticipated to grow, most of what is being built will not be delivered before late 2015.

## Future Apartment Market Overview

Throughout the five-county Bay Area region (San Francisco, San Mateo, Santa Clara, Alameda and Contra Costa Counties), developers added just under 11,000 new multifamily units to the local inventory last year. This essentially doubled the 5,500 added in 2012 as the market posted the highest levels of new development that we have tracked in at least a decade. But if last year's development pace doubled that of the year before, this year's pace is likely to double what we saw in 2013.

In fact, the big news is that apartment development in the East Bay, following the more urban core market areas of San Jose and San Francisco, is roaring to life. Alameda County saw the addition of a little over 1,200 new units in 2013, while no new inventory was added in Contra Costa County. This quarter, Alameda County added nearly 500 new units while one new project in Contra Costa County added another 50. But the construction pipeline is rapidly expanding in the East Bay, thanks largely to the fact that both trade areas are now leading the marketplace in terms of occupancy and rental rate growth is accelerating here. We are currently tracking just under 5,000 new units under construction in Alameda County and nearly 6,000 more in the proposal stages that are likely to go forward. In Contra Costa County, there are currently just a handful of new projects underway that will add about 300 new units to that market's inventory in the coming months, but there are more than 4,000 in the proposal stage.

While rental rate growth has continued to be robust in every Bay Area marketplace, we have seen signs of it starting to slow in San Francisco, San Mateo and Santa Clara Counties. Vacancy levels in all three trade areas have increased over the past two years and current levels of new development will likely continue this trend. We also see it likely that rental rate growth will likely flatten in the months ahead here. Meanwhile, many renters have been priced out of these trade areas and continue to land in the East Bay—particularly along BART routes. This has driven vacancy for both East Bay markets into the 3% range and is accelerating rental rate growth there. Look for that trend to continue as well and for development levels to climb further on the sunny side of the Bay.

In addition to the rental rate and sales trends mentioned above, we have also reviewed the investment and sales trends over the past year. Both discussions with market participants and our review of historic data have revealed that the apartment property market has followed a general path of steadily increasing sale prices. According to Cassidy Turley, the average sale price per unit in Contra Costa County stood at \$134,144 in the Second Quarter of 2014.

Between 2<sup>nd</sup> quarter 2012 and 2<sup>nd</sup> quarter 2014, average sale price per unit rose until the high of \$164,625 per unit in 4Q 2012. From this high, average sale price per unit has fallen to the average sale price of \$134,144 per unit in the 2<sup>nd</sup> quarter of 2014. We note that the reason for the recent trend of falling sale prices is due to the fact that development is beginning to occur in Contra Costa County and the East Bay. In terms of supply, we note that a total of 218 units traded in the Second Quarter of 2014. This represents a decline in the number of units traded from the 470 units that traded in the Second Quarter of 2013. As both the number of units traded and the aforementioned development continues to add to the East Bay apartment inventory, we will likely see average sale price per unit continue to taper off until a stabilized sale price is reached.

Competing multifamily properties, obtained from a variety of sources including the City of Richmond website, are presented on the following page.

Affordable Rental Housing Richmond Redevelopment Community Agency										Subsidized Units by Size					
Property Name	Address	Assessor's Parcel No.	Total # of Units	Total # of Affordable Units	Date of Occupancy (Fiscal Year)	Date of Affordability Covenant	Expiration Date	Covenant Document No.	Transitional Housing	Bed	Studio	1BR	2BR	3BR	4BR +
Summit @ Hilltop	3600 Sierra Ridge	405-498-013	240	48	1993/1994	9/22/1993	9/15/2023	2010-0141432-00				27	21		
Atchison Village-aka Liberty Village	298 W. Chanslor Ave.	538-012-003	100	100	1998/1999	3/1/2006	8/3/1998 2/23/2031	2007-0021276-00, 98-0190809-00							
Heritage Park @ Hilltop	3801 Lakeside Drive	405-373-022, -008	192	190	1999/2000	7/21/1999	7/13/2029	2001-0047030-00				156	36		
The Tides	3185 Garrity Way	405-290-068	168	34	2004/2005	9/17/2004	9/10/2034	2003-004718-00, 2006-0252026-00, 2006-0338293-00, 2010-0154929-10				21	13		
Baycliff	2300 Lancaster Drive	414-300-001, -004	342	342	2004/2005	7/1/2004	6/18/2059	2004-292444				242	100		
Chesley Mutual Housing	802 Chesley Avenue	561-251-003	30	29	2004/2005	12/1/2003	11/17/2058	2003-0605379-001					8	22	
Easter Hill Rental - I	551 S. 26th Street	549-160-001	117	117	2006/2007	11/1/2004	2/1/2004 10/14/2076	2004-0059100-00				17	53	37	9
Easter Hill Rental - II	551 S. 26th Street	549-170-019, 549-160-001, 549-180-012	123	121	2006/2007	3/1/2005	11/1/2004 2/11/2077	2004-0434-144				14	64	36	8
Macdonald Senior (Trinity)	350-410 Macdonald Ave.	538-200-003, -004, -005 538-210-001, -002, -003, -025, -026	66	65	2008/2009	6/20/2005	10/1/2007 6/6/2060	07-285698				65			
Arbors Preservation Project	5127-5331 Creely Ave.	909-190-004	36	35	2009/2010	9/28/2007	9/15/2006 9/14/2062	2006-0350443-00, 2008-02413029				12	23		
Crescent Park Apts.	5004 Hartnett Avenue	509-241-005, -006, 509-242-003, -004, 508-041-023, 508-042-009	378	376	2009/2010	6/1/2007	5/18/2062	2007-0195012-00							
Carquinez Apts.	1400 Harbour Way	540-420-003, -004, -005	36	35	2010/2011	11/14/2008	11/1/2063	2008-0249788-00				36			

In the table above, we note that the City of Richmond contains a total of 1,020 affordable housing units. However, only the Atchinson Village-aka Liberty Village, the Chesley Mutual Housing, Easter Hill Rental – I, Easter Hill Rental – II, Macdonald Senior (Trinity), Arbors Preservation Project and the Crescent Park Apartments are proximate to the subject and therefore considered a part of the immediate competitive set. Considering only these properties 368 affordable housing units are indicated as the immediate competitive set. Within this set, only one of the affordable housing projects, the Macdonald Senior (Trinity) project is age-restricted. This complex, contains a total of 65 rent-subsidized units, all of which have a 1-bedroom/1-bedroom floor plan.

Put into effect as affordable housing in 1993, Atchinson Village-aka Liberty Village is a 100-unit apartment complex situated at 298 W. Chanslor Avenue in Richmond. This property is fully affordable, although none of its units are subsidized and its affordable housing contract is effective through September 2023.

Built and put into effect as affordable housing in 2003, all 30 of the Chesley Mutual Housing's residential dwelling units consist of affordable housing units. Eight of these affordable units have a 2-bedroom floor plan while the remaining 22 units have a 3-bedroom floor plan. This property's affordable housing contract is set to expire in November 2058.

The Easter Hill Rental Complex, both Phases I and II, were put into effect as affordable housing in 2004/2005. Their contracts are effective through 2076 and 2077 respectively. These two properties contain a total of 240 residential dwelling units and a total of 238 affordable housing units between them. These units have a mix of floor plans, with 28 1-bedroom units, 117 2-bedroom units, 73 3-bedroom units and 17 units containing 4 or more bedrooms each.

The Macdonald Senior (Trinity) apartments, like the subject, is also age- as well as income-restricted. Of the total 66 on-site residential dwelling units, 65 units are income-restricted. All of these units have a 1-bedroom/1-bathroom floor plan.

Finally, the Arbors Preservation Project, situated at 5127-5331 Creely Avenue, is a residential dwelling complex containing a total of 36 residential dwelling units. Of this total, 35 are affordable housing units and 12 of the units have a 1-bedroom floor plan while 23 of the units have a 2-bedroom floor plan.

Unlike the North Richmond area, the subject's immediate area is defined by a lack of affordable multifamily housing projects. Much of the immediate area's land uses consist, instead, of single family residences. Situated along primary commercial arterials are a variety of both regional and neighborhood-supporting retail land uses, which help to make the immediate area a good location for residential land uses. Proximity to freeways as well as to the Richmond BART Station are also positive factors that support residential land uses in the immediate area. Additionally, the aforementioned shortage of affordable and age-restricted properties in the immediate area bodes well for the subject property's proposed developments.

As previously mentioned, there are very few newly built and under construction properties in the immediate area that are for rent. Like much of the East Bay, residential developers have only recently become interested in the East Bay's residential development sites. Prior to 2012, many of these

developers were focused on residential development in the south bay and Peninsula markets in the Bay Area. In fact, much of the development that occurred between 2011 and 2014 has primarily been concentrated in the cities of San Francisco and San Jose. Only recently, as vacant sites are developed and redevelopment has already occurred in San Francisco and San Jose are developers starting to look outside of these core markets for development sites.

According to various market participants, the subject property will appeal to the growing number of renters who are age- and income-restricted. While this demographic is less sensitive to location, their population is growing rapidly, driving up the demand for accommodating housing options. The lower rental price points of the subject area, coupled with its proximity to various transportation alternative such as BART and Interstates 80 and 580, as well as its proximity to the regional retailers immediately north, could prove attractive to this demographic as well.

## Investment Trends

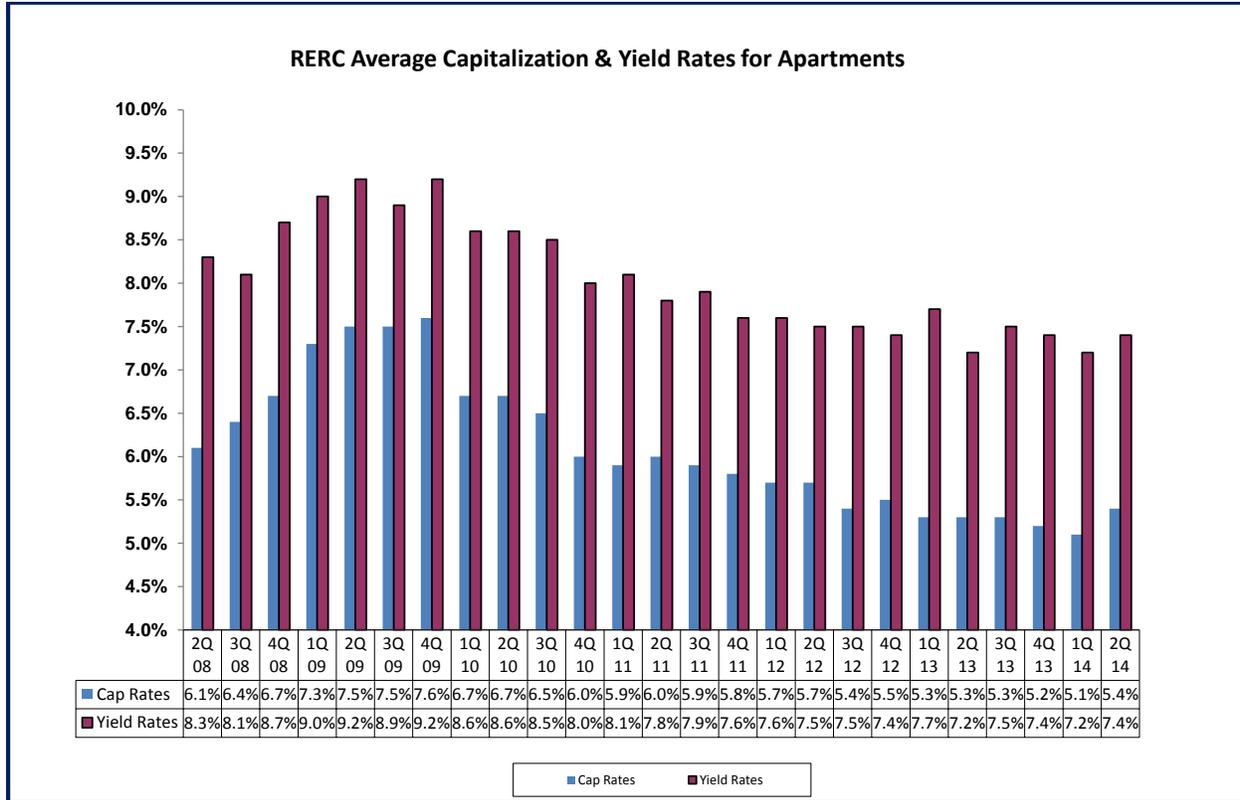
As illustrated in the following table, apartment inventory growth in Contra Costa County has been minimal since 2009. As such, vacancy has declined steadily from 5.8% in 2009 to approximately 2.6% today. REIS forecasts modest inventory growth through 2017 and vacancy is expected to be relatively stable in the range of 0.5% to 1.5%.

### CONTRA COSTA COUNTY APARTMENT SUBMARKET

Year	Qtr	Inventory SF/Units	Completions	Inventory Growth%	Vacant Stock	Vacancy Rate	Vacancy Change(BPS)	Occupied Stock	Net Absorption	Asking Rent	Ask Rent % Chg
2009	Y	145,699	1,210	0.8%	8,412	5.8%	110	137,287	-377	\$1,331	-3.9%
2010	Y	145,976	277	0.2%	6,499	4.5%	-130	139,477	2,190	\$1,345	1.1%
2011	Y	146,879	816	0.6%	5,552	3.8%	-70	141,327	1,850	\$1,378	2.4%
2012	Q3	146,075	0	-0.5%	4,672	3.2%	-10	141,403	-672	\$1,417	0.9%
2012	Q4	146,446	371	0.3%	4,715	3.2%	0	141,731	328	\$1,433	1.1%
2012	Y	146,446	371	-0.3%	4,715	3.2%	-60	141,731	404	\$1,433	4.0%
2013	Q1	146,446	0	0.0%	4,242	2.9%	-30	142,204	473	\$1,439	0.4%
2013	Q2	146,345	0	-0.1%	4,045	2.8%	-10	142,300	96	\$1,450	0.7%
2013	Q3	146,399	54	0.0%	3,901	2.7%	-10	142,498	198	\$1,478	1.9%
2013	Q4	147,343	944	0.6%	4,046	2.7%	0	143,297	799	\$1,501	1.6%
2013	Y	147,343	998	0.6%	4,046	2.7%	-50	143,297	1,566	\$1,501	4.8%
2014	Q1	147,343	0	0.0%	3,856	2.6%	-10	143,487	190	\$1,508	0.5%
2014	Q2	147,529	186	0.1%	3,915	2.7%	10	143,614	127	\$1,517	0.6%
2014	Y	148,004	661	0.4%	3,902	2.6%	-10	144,102	805	\$1,534	2.2%
2015	Y	149,404	1,400	0.9%	4,331	2.9%	30	145,073	971	\$1,588	3.5%
2016	Y	151,156	1,752	1.2%	4,843	3.2%	30	146,313	1,240	\$1,637	3.1%
2017	Y	153,010	1,854	1.2%	5,063	3.3%	10	147,947	1,634	\$1,689	3.2%
2018	Y	155,019	2,009	1.3%	5,278	3.4%	10	149,741	1,794	\$1,740	3.0%

## Apartment Capitalization & Yield Rate Trends

We have also considered the historical average capitalization and yield rates for apartment properties over the last five years, as reported by the Real Estate Research Corp ("RERC"). The historical rates are illustrated in the table below.



As the reader can see, cap rates were around 6.0% in 2008 and the average yield rate was about 8.0%. Rates increased sharply in late 2008 and ultimately peaked in the Fourth Quarter of 2009 with an average cap rate of 7.6% and average yield rate of 9.2%. Since then, rates have decreased substantially. The average cap rate as of the Second Quarter of 2014 was 5.4% and the average yield rate was 7.4%. Notably, cap and yield rates have been relatively stable in 2013 and 2014, after declining by approximately 30 basis points since mid-2012.

We have also considered the national apartment investment statistics as compiled by PwC Investor’s Survey (formerly Korpacz), presented in the following table. Discount rates (synonymous with yield or IRR) are reportedly in the range of 6.0% to 13.0% as of the Second Quarter 2014. This represents a drop of about 5 basis points from one year ago, and a drop of 65 basis points from three years ago.

<b>Table 29 NATIONAL APARTMENT MARKET Second Quarter 2014</b>					
	<b>CURRENT</b>	<b>LAST QUARTER</b>	<b>1 YEAR AGO</b>	<b>3 YEARS AGO</b>	<b>5 YEARS AGO</b>
<b>DISCOUNT RATE (IRR)<sup>a</sup></b>					
Range	6.00% – 13.00%	6.00% – 14.00%	5.00% – 14.00%	5.25% – 14.00%	7.50% – 14.00%
Average	7.98%	8.17%	8.04%	8.63%	9.73%
Change (Basis Points)		-19	-6	-65	-175
<b>OVERALL CAP RATE (OAR)<sup>a</sup></b>					
Range	3.50% – 10.00%	3.50% – 10.00%	3.50% – 10.00%	4.00% – 10.00%	5.50% – 9.50%
Average	5.59%	5.79%	5.70%	6.10%	7.49%
Change (Basis Points)		-20	-11	-51	-190
<b>RESIDUAL CAP RATE</b>					
Range	4.25% – 9.50%	4.25% – 9.50%	4.25% – 9.75%	4.75% – 9.75%	5.75% – 9.50%
Average	6.02%	6.23%	6.18%	6.35%	7.87%
Change (Basis Points)		-21	-16	-33	-185
<b>MARKET RENT CHANGE<sup>b</sup></b>					
Range	0.00% – 8.00%	0.00% – 8.00%	(2.00%) – 7.00%	(2.00%) – 5.00%	(7.00%) – 3.00%
Average	2.75%	2.73%	2.60%	1.70%	0.19%
Change (Basis Points)		+2	+15	+105	+256
<b>EXPENSE CHANGE<sup>b</sup></b>					
Range	1.00% – 4.00%	1.00% – 3.50%	1.00% – 3.50%	0.00% – 4.00%	2.00% – 3.00%
Average	2.76%	2.70%	2.67%	2.49%	2.75%
Change (Basis Points)		+6	+9	+27	+1
<b>MARKETING TIME<sup>c</sup></b>					
Range	0 – 10	0 – 12	0 – 18	0 – 18	3 – 8
Average	4.1	5.0	5.1	5.5	8.25
Change (▼, ▲, =)		▼	▼	▼	▼
<small>a. Rate on unleveraged, all-cash transactions    b. Initial rate of change    c. In months</small>					

Capitalization rates are reported to range from 3.50% to 10.00%, with an average of 5.59%. Residual cap rates are reported to range from 4.25% to 9.50% with an average of 6.02%. We note that residual cap rates are approximately 50 to 75 basis points higher than overall “going-in” rates.

### Apartment Market Forecasts, through 2017

Market fundamentals are expected to favor apartment landlords for another 12 to 18 months before moderating as a wave of new projects are delivered to the market. In our universe of markets, almost 135,000 units are scheduled for delivery in 2014, nearly double the amount completed in 2013.

Additionally, renting is expected to continue to be the cheaper housing option when comparing renting to homeownership in the U.S. coastal markets, such as the San Francisco Bay Area. These markets are most capable of outperforming the national average for sustained rent growth over the long term.

Despite the favorable indicators, opportunities for investment in the apartment sector for 2014 will become limited. Accordingly, investors should take a tactical approach with respect to timing together with market and asset selection. Investors can outperform by acquiring high-quality communities in prime low vacancy districts that enjoy strong demand drivers.

The population of Contra Costa County is projected to grow at an annual average rate of approximately 0.8 percent from 2014 to 2019. From 2014 to 2019, employment growth is expected to average 1.6 percent per year. Real average salaries are forecast to rise by an average of 1.7 percent per year between 2014 and 2019. The leisure and hospitality industry will gain a total of 5,600 jobs, the most growth of any industry in this time period. Meanwhile, the professional services and manufacturing sectors will account for a total of 5,300 new jobs. The healthcare industry will account for 4,700 new jobs and the financial activities sector will account for 4,000 new jobs. Together, these industries will account for 68% of net job creation between 2014 and 2019.

The growth of these sectors will also put upward pressure on the demand for both retail and residential properties and developable retail and residential land, as exemplified on a national level in the graph below. Between 2014 and 2019, real per capita income is forecast to grow by 2.1 percent per year on average. Total taxable sales, adjusted for inflation, are expected to increase by an average of 2.0 percent per year from 2014 to 2019, creating a greater demand for retail and office properties. The increasing population, as well as the increasing income of this population, will put upward pressure on both multifamily property rental rates as well as multifamily property vacancy.

Overall, the apartment market is forecast to produce another year of steady, solid results in 2014 with rent growth forecast to average 3% to 5% - a growth rate that will be well above the 15-year historical average of 1.9%. We anticipate this growth rate to decline over the course of the next three to five years as complete supply begins to balance with demand. The long term projection for multifamily is considered to be growing, and is consistent with the population. We forecast rents to increase at around 3% in the first year, 2% in the second and returning to 1.5% to 2.0% thereafter, following market stabilization. This growth rate equates to approximately 2.5% per year average growth over the next three to five years.

We forecast an expense growth of approximately 1.5% to 2%, consistent with the growth in CPI, as a reasonable growth rate over the next 3 years.

## Residential Land Market

Land values vary depending on location, size, permitted uses, and entitlement status. Based on our discussions with various market participants and coupled with the limited sale data in the marketplace, land values for high-density residential land currently range from about \$35 to over \$300 per square foot throughout the Bay Area. Santa Clara and San Mateo Counties boast the upper end of the range with most residential land selling for \$60 to over \$200 per square foot. Alameda and Contra Costa County is in the lower to middle end of the range with residential land selling for \$40 to \$90 per square foot.

Oftentimes, residential land is valued on the basis of price per unit as opposed to price per square foot, particularly for entitled sites. High density residential land throughout the Bay Area currently range between \$30,000 up to \$100,000+ per unit. The higher end of this range, \$80,000 to over \$100,000 per unit, is indicative of primary markets or "A" locations within Santa Clara and San Mateo County. The B locations, which are usually proximate to employment centers, in San Jose, Oakland, Burlingame and Walnut Creek and San Francisco, generally range from \$50,000 to over \$130,000 per unit.

The C locations, which are secondary residential markets which are proximate to employment

generators but areas that suffer significant traffic congestion patterns, limited retail centers and on the fringe of B locations, which include markets like west Contra Costa County, Dublin, Fremont, Concord, generally range from \$40,000 to \$80,000 per unit. According to our survey of market participants, the subject is considered to be in a C type location.

#### Market Summary/Conclusions

For apartments, the overall Bay Area and Silicon Valley markets have been improving over the past 12 to 18 months. Vacancy levels among most market segments have been declining and rents for high quality and new properties have been increasing. We are beginning to see upward pressure on rents for lower-tier space. We anticipate they will continue to be increasing upward pressure as property values over the short term and a return to relatively stable growth within the next two to four years. Overall, we estimate the long-term stabilized vacancy for the subject at 5% and anticipate a return to modest annual growth of 1% to 3% over the next three years.

Residential land values had flattened and declined from 2007 through early 2010. However, since then, land values began to increase as buyers of land, who have been holding onto significant cash reserves, have begun to entitle land and move forward with high density land development projects. Many municipalities are in favor of such growth to meet the overwhelming demand for housing. Moreover, competition for the limited supply of developable land is increasing as many nonprofit developers are proceeding with entitlements for affordable housing or senior housing. These buyers have put upward pressure on land values as market rate developers continue to acquire land in order to satisfy the strong demand for market rate units.

# Site Description

The following description is based on our property inspection, assessor records, and information provided by the client, owner, property manager, and/or broker.

The proposed Miraflores Housing Development Community is bounded by BART tracks on the north, 1-80 East Shore Freeway on the east, Wall Avenue on the south, and South 45th and South 47th Streets on the west. The entire development will be located on approximately 14 acres. The property was formerly improved with a large number of greenhouses and several single-family residences. Family owned flower businesses, namely the Sakai, Oishi, and Maida- Endo Nurseries, operated on the property for the past 80-100 years. A modem cell tower in the northeast corner of the property will be retained by the Sakai family with no change.

The proposed project has a reported address of 99 South 47<sup>th</sup> Street, Richmond, Contra Costa County, CA, 94804. The property was vacant and being graded at the time of our inspection. The proposed project is presented below.

**CITY OF RICHMOND**  
MIRAFLORES HOUSING DEVELOPMENT FINAL EIR  
PROJECT DESCRIPTION



The proposed 14 acre development project will contain a total of 230 residential units with two components: 1) development of 150 single family residences and 2) development of an 80-unit multifamily complex on a 1.56-acre piece of the overall site. Of the 14 acres, there is an approximate 5.68 acre portion, situated at the northeast corner of Florida Avenue and 45<sup>th</sup> Street, identified as follows:

Property Owner	Property Address	Assessor Parcel #	Location, Brentwood, CA
Richmond Redevelopment Agency	47th S Street	513-321-001-2	SEC BART Tracks & S. 45th Street
Richmond Redevelopment Agency	99 S 47th Street	513-321-003-8	NEC Florida Ave. & S. 45th Street
Richmond Redevelopment Agency	47th S Street	513-321-002-0	Interior Parcel, Along S. 47th Street

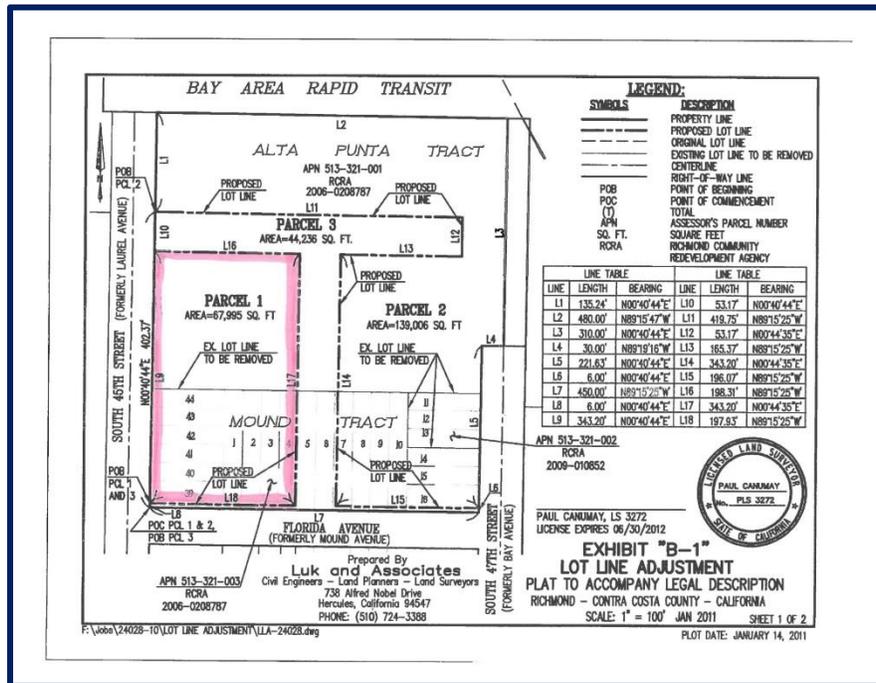


The three parcels will be remapped based on a lot line adjustment presented on the following page. The subject will be identified as Parcel 1, a 67,995 square foot or 1.56 acre portion. The 67,995-square-foot (or 1.56-acre) subject property portion is to be developed with a total of 80 senior multi-family residences, indicating a density of 51.25 dwelling units per acre. The subject's portion of the project is as follows:

#### SUBJECT PROPERTY

Property Address	Assessor Parcel #	Proposed Units	Site Size (SF)	Site Size (AC)
47th S Street	513-321-001-2	-	174,458	4.01
99 S 47th Street	513-321-003-8	-	65,400	1.50
47th S Street	513-321-002-0	-	7,500	0.17
Total			247,358	5.68
Subject - Parcel 1		80	67,995	1.56

### PLAT MAP



### Adjacent Land Uses

- North: BART tracks and the Macdonald 80 Shopping Center.
- South: A single-family residential neighborhood and a high school.
- East: Interstate 80 followed by community and neighborhood retail
- West: Single-family residential land uses and John F. Kennedy Park

### Physical Characteristics

- Site Area: Subject Parcel 1 – 67,995 square feet or 1.56 acres
- Shape: Rectangular site
- Topography: Generally level and at street grade
- Parcel Location: Portion of Miraflores Project – double corner lot  
Subject Parcel 1 – corner location.

### Access

Street Name: Subject Parcel 1: S. 45<sup>th</sup> Street and Florida Avenue

Street Type: South 45<sup>th</sup> Street and Florida Avenue and both tertiary streets that only run through a few city blocks. South 45<sup>th</sup> Street generally runs north-south and connects Wall Avenue in the south to the BART tracks to the north.

Florida Avenue generally runs east-west and connects South 45<sup>th</sup> Street in the west with South 47<sup>th</sup> Street in the east. Florida Avenue and South 45<sup>th</sup> Street both contain two lanes of traffic each, one in each direction, with no median divider or turn lanes.

Frontage Feet:	Subject Parcel 1 - Appx 200 feet along Florida Avenue and about 340 feet along S. 45 <sup>th</sup> Street
Curb Cuts:	Undetermined
Alley Access:	None.
At Signalized Intersection:	The subject is not situated at a signalized intersection.
Freeway:	Access to/from Interstate 80 – less than a half mile east of subject Access to/from Interstate 580 – less than a half mile south of subject
Overall Visibility:	Average. The subject is situated in the corner of two tertiary streets.

### Site Improvements

Off-Site Improvements:	All off-site improvements including curbs, gutters and streetlights are in place and may be modified as part of the overall development project.
Utilities:	All utilities including electricity, sewer, gas, water, and telephone services are available to the site.
On-Site Improvements:	The subject property was formerly improved with a plant nursery/greenhouse and all improvements have been demolished or relocated as of our inspection.

### Flood Zone Data

Flood Map Panel:	06001C0240F dated 06-16-2009
Flood Zone:	X areas of 0.2% annual chance flood; and areas with average depths of less than 1 foot or 1 square mile; and areas protected by levees from floods.

### Other Site Conditions

Soils:	We have reviewed a geotechnical report prepared by Berlogar Geotechnical Consultants dated November 29, 2006 and identified as Job No 2931.100. Based on our review of this document, coupled with our physical inspection, soil conditions appear stable. No particular drainage problems were observed nor disclosed at the time of field inspection. On-site drainage occurs naturally and funnels into the street drain along Piper Drive. This appraisal assumes that the surface water collection incorporated on-site and in the city streets are adequate.
Environmental Issues:	We have not been provided a Phase I Site Assessment on the subject property. The property on which Miraflores will be constructed is considered a contaminated brownfield. Existing soils and groundwater contamination includes pesticides, lead and petroleum-related products related to historical nursery operations as well as volatile

Organic compounds from an off-site source. The City is responsible for remediation according to an approved Voluntary Cleanup Agreement with the State of California Department of Toxic Substances Control (DTSC) and a Remedial Action Plan (RAP) to be approved upon completion of the CEQA process.

In 2006, the United States Environmental Protection Agency (EPA) provided the Richmond Redevelopment Agency with three Brownfield Clean up Grants totaling \$600,000.

In 2011, the State of California's Pollution Control Finance Agency awarded the Redevelopment Agency another \$2.6 million in clean up funds and the Strategic Growth Council (SCG) awarded a \$1.66 million grant to the Redevelopment Agency. These funds were used to remediate the subject's on-site contaminants as well as for urban greening.

Based on the above and on other articles provided by the City of Richmond, the City engaged in remediation activities, including hazardous building abatement, historic structures relocation and demolition and soil remediation to support the building of the Miraflores Affordable Senior Housing Development Project.

On December 15, 2009, a Final Environmental Impact Report (EIR) was approved. The 2009 EIR included a Remedial Action Plan (RAP) to clean up lead- and other-affected soil. Since publication of the 2009 EIR, changes to the RAP soil remediation methods have been proposed and on July 14, 2011, the amendment to the 2009 EIR was approved. This amendment modified the original remediation proposal to include 2,300 cubic yards of lead-affected soil that would be excavated from the affected areas of the project. Instead of relocating the soil within the project site, all lead-affected soil would be transported to an appropriately-permitted off-site disposal facility. Approximately 2,547 cubic yards of backfill material would then be transported to the project site, as part of the change to the RAP.

Both the CEQA and the NEPA have been completed for the project. The site has NOT yet received a No Further Action letter from the Department of Toxic Substances Control. But, the client has reported that the City will deliver the site to Eden Housing with warranties that the property is free and clear of any site contamination

Despite the subject's history of site contamination, our physical inspection indicated no signs of detrimental site contamination. Our value estimate is predicated on the assumption that there is no toxic contamination that would have an impact on the subject site.

Easements & Encroachments: We have reviewed a preliminary title report for the subject property.

The report did not identify any adverse easements or encroachments. Our value estimate is predicated on the assumption that there are no easements or encroachments that would have an adverse impact on the subject site.

**Historic Resources:** The entire Site has been studied for historical significance, and portions have been found to be potentially eligible for the National Register under Criterion A and the California Register under Criterion 1 due to its association with Japanese-American history and the Bay Area nursery business. The City has worked with the State Historic Preservation Officer to find ways to acknowledge the significance of the property in California and US History. Specific historic preservation mitigations were required and implemented as part of the development and will be identified as part of the CEQA process.

**Earthquake Zone:** The subject site is not located within the Alquist-Priolo Special Study Earthquake Hazard Zone. Nevertheless, earthquakes are common in the area and there are a number of faults located within one hundred miles of the subject property.

## Site Ratings

**Location:** Average  
**Access:** Average  
**Exposure:** Average to Good (due to corner exposure)  
**Site Improvements:** None

## Zoning Designation

**Zoning Code:** SFR-3/EA – Single-Family Low Density Residential & Exclusive Agricultural District  
**Zoning Jurisdiction:** City of Richmond  
**General Plan Designation:** 917 941 – Residential Density District, Low (5 to 9 DU/Acre)

**Zoning Comments:** The subject site is under the jurisdiction of the City of Richmond. Under the current zoning classification, the subject property is zoned Single-Family Low Density Residential and Exclusive Agricultural District. The subject also has a General Plan Land Use designation of Residential Density District, Low (5 to 9 DU/Acre), and a General Plan Land Use designation that is generally compatible with the subject's zoning designation. The subject's zoning and General Plan Land Use designation allow for a multiple low-density residential land uses at the subject site.

The EA district is intended to create, preserve and enhance agricultural uses and activities in areas which are capable of and generally used for livestock and/or the production of food, fiber and plant materials.

However, the subject site is currently owned by the City of Richmond. The city has determined that the subject property would be developed

with the Miraflores Development and an extensive request for proposals was orchestrated in early 2012, following extensive city resident input.

The City of Richmond Oversight Board, which is a successor agency to the Richmond Community Redevelopment Agency, is working under an agreement with the Miraflores Community Devco., LLC, the Community Housing Development Corporation of North Richmond and Eden Housing Inc. for the disposition and development of the affordable senior rental units at the Miraflores Housing Development site.

According to City Council Resolution no 78-13, the Successor Agency to the Redevelopment Agency owns the property commonly known as the Miraflores Housing Development site, a 14 acre parcel bounded on the north by a portion of the BART rail line, to the east by Highway 80, to the south by Florida and Wall Avenues and to the west by South 45th and South 47th Streets (the "Property"). Eden Housing, a nonprofit developer, Community Housing Development Corporation of North Richmond, a nonprofit developer ("CHDC") and the City of Richmond ("City") are collaborating on the development of the Miraflores Affordable Senior Housing Development Project, 80 units of transit-oriented, affordable senior housing located at the Property.

Although no specific document identifying when entitlements were specifically approved or if there is a specific term of such approval, we have reviewed a Notice of Determination of CEQA, an Ordinance No 2-10 N.S. (rezoning subject property to Planned Area (PA), as well as the Design Review and Conditions of Approval notice by the City of Richmond. Based on these documents and affirmation from our client, the proposed project is considered approved and entitlements for the project are considered to be in place. Thus, we will consider the subject property as approved and entitled for the proposed Miraflores Housing Development project. Should the status of the subject's approvals or entitlements differ, this could have a significant impact on the market value estimate.

For additional information, please contact the City of Richmond Planning Division at (510) 620-6706.

### Analysis/Comments on Site:

The subject property is a portion of a larger 14 acre development project known as the Miraflores Housing Development. The 14 acre proposed project will contain a total 230 units broken out as 150 single family residences and an 80-unit affordable multifamily project.

The subject will be a 67,995 square foot, or 1.56 acre, portion of the overall project. The subject portion is to be developed with a total of 80 multi-family residences, indicating a density of 51.25 dwelling units per acre. The former improvements have been demolished and the site was being graded at the time of inspection.

The subject site will be located in the central area of the City of Richmond, at the northeast corner of S. 45<sup>th</sup> Street and Florida Avenue. S. 45<sup>th</sup> Street and Florida Avenue are both tertiary streets. Access to major freeways includes Interstate 80, less than half mile to the east of the subject, and Interstate 580, approximately less than half mile to the south.

Overall, the subject site is considered to be a good site for residential land uses, due to its proximity to both regional- and neighborhood-serving retail as well as its proximity to a variety of transportation options. Given a variety of surrounding retail land uses, as well as the subject's proximity to Interstate 80 and Interstate 580, the subject location is considered to be a good location for residential land use.

## Existing Improvements Description

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The aforementioned 14 acre Miraflores Housing Development was formerly improved with a variety of structures that formerly served as a plant nursery and greenhouse facility. Operations at the Sakai, Oishi, and Endo flower nurseries ceased in the late 1990's and early 2000's and the properties have been vacant for at least 8 years. The properties have become a source of blight in the neighborhood attracting dumped furniture, junked cars, and an increase of illicit activity. The reclamation of this property will enhance the existing neighborhood and eliminate the public safety issues associated with vacant abandoned property

We also noted that certain elements of the former improvements are considered historic in nature and cannot be demolished or significantly modified without approval. These improvements include the Sakai home, which was built in 1942, as well as several greenhouse improvements.

As reported in the Final EIR Miraflores Site Plan, many of the historic elements of the subject site were preserved and incorporated into the site plan of the proposed improvements without significant changes. These improvements have been relocated off-site and the remaining former improvements have been demolished and the site was being graded upon our inspection of the property.

# Proposed Improvements Description

## FINAL EIR OVERALL MIRAFLORES SITE PLAN



**ARTIST'S RENDITION OF PROPOSED MIRAFLORES PROJECT IMPROVEMENTS**



**PROPOSED SUBJECT PORTION OF OVERALL MIRAFLORES SITE PLAN**



The following proposed improvement description is based on information provided to us by the client and owner.

### General Data

Property Type:	Multifamily
Property Subtype:	Single-Family Residential/Multifamily Age- and Income-Restricted Housing
Number of Buildings:	Undisclosed
Number of Stories:	Undisclosed
Number of Units:	230 total; 80 on subject site (see below)
Number of Parking Spaces	Undisclosed
Parking Ratio (spaces/GBA)	Undisclosed

#### SUBJECT PROPERTY

Property Address	Assessor Parcel #	Proposed Units	Site Size (SF)	Site Size (AC)	Zoning	Density
47th S Street	513-321-001-2	-	174,458	4.01	SFR-3/EA	-
99 S 47th Street	513-321-003-8	-	65,400	1.50	SFR-3/EA	-
47th S Street	513-321-002-0	-	7,500	0.17	SFR-3/EA	-
Total			247,358	5.68		
Subject - Parcel 1		80	67,995	1.56	SFR-3/EA	51.25

### Comments on Proposed Improvements

The above information has been obtained from a variety of sources, including the information from the client, public information and Eden Housing’s Miraflores project website. Many aspects of the proposed Miraflores Housing Development project are still being considered and finalized, thus the information presented above is subject to change. However, as of the date of appraisal, the information presented above is the most updated information we were able to obtain.

As noted in various sections of this report, the proposed 80 senior affordable units will be developed on a 1.56 acre portion of the overall 14 acre project by Eden Housing as an affordable and age-restricted housing project. Only this 67,995 square foot, or 1.56-acre, portion of the overall Miraflores Housing Development project is the subject of our appraisal.

Miraflores Senior Housing will provide 80 well-managed senior apartments in a two-story H-shaped building that will be located on a new block bounded by S. 45th Street, Florida Avenue and two new streets. The development will include a protected central courtyard with seating areas and raised planter beds for gardening. It will also include off-street parking, a protected pick up and drop off area, new sidewalks, curbs and gutters and attractively landscaped exterior façade. Rents will be affordable to seniors earning less than \$32,750 and resident services will be provided in conjunction with the existing network of Richmond service agencies. The development and its senior residents will integrate with the existing community and will be active stewards and users of the planned greenway.

The proposed Miraflores Senior Housing will serve seniors aged 55 and over. Eight units are targeted at 30% of AMI, thirty-one of the units are targeted to 40% AMI and 40 to 45%AMI. Project-based vouchers will allow the development to serve households with much lower incomes, and residents will pay no more than 30% of their actual income in rent.

The development will provide more than below market rents to its residents. The building and its operations are designed to promote aging in place, to support seniors' desire to live independently even as their health and physical abilities decline. Accessibility is a priority.

The proposed Miraflores Senior Housing will have an elevator, all kitchens and bathrooms will be fully adaptable or accessible and roll-in showers will be provided to the extent feasible. Its physical spaces will support community interactions and provide places for educational, social, and cultural programming. These spaces include an inviting lobby, central community room, computer room, and offices for property management and social service staff.

The above information pertaining to the proposed project is preliminary and informational only as they may be subject to change. For the purpose of our appraisal, we have not analyzed the proposed project other than to identify that the subject only consists of an 80-unit project situated on a 1.56-acre portion of the overall Miraflores Housing Development project.

### Analysis/Comments on Improvements

Within the existing zoning and General Plan Land Use guidelines, the developer has proposed the development of a residential project in cooperation with the City of Richmond Housing Development. The proposed Miraflores project will contain a total of 230 units situated on approximately 14 acres. The subject of our appraisal is a 1.56-acre portion of the overall project that will be developed with an 80 unit affordable housing project.

# Assessment & Tax Data

## Assessment Methodology

The State of California has provided for a unified system to assess real estate for property taxes. Assessment Districts are established on a county basis to assess real estate within the county. The appraised property falls under the taxing jurisdiction of Contra Costa County and is subject to both general taxes and direct assessments.

## Assessed Values and Property Taxes

As previously mentioned, of the total 14 acres proposed for the Miraflores Housing Development project, there is an approximate 5.68 acre portion, situated at the northeast corner of Florida Avenue and 45<sup>th</sup> Street, identified as follows:

Property Owner	Property Address	Assessor Parcel #	Location, Brentwood, CA
Richmond Redevelopment Agency	47th S Street	513-321-001-2	SEC BART Tracks & S. 45th Street
Richmond Redevelopment Agency	99 S 47th Street	513-321-003-8	NEC Florida Ave. & S. 45th Street
Richmond Redevelopment Agency	47th S Street	513-321-002-0	Interior Parcel, Along S. 47th Street

The three parcels will be remapped based on a lot line adjustment presented on the following page. The subject will be identified as Parcel 1, a 67,995 square foot or 1.56 acre portion. The 67,995-square-foot (or 1.56-acre) subject property portion is to be developed with a total of 80 multi-family residences, indicating a density of 51.25 dwelling units per acre.

The subject's assessed values, applicable tax rates and total taxes including direct assessments, pertaining to the three above parcels are shown in the following table:

2014-2015 TAXES				
APN(s)	513-321-001-2	513-321-003-8	513-321-002-0	Total
<b>Assessed Value:</b>				
Land:	\$2,509,033	\$837,110	\$95,961	\$3,442,104
Improvements:	\$0	\$0	\$0	\$0
Personal property	\$0	\$0	\$0	\$0
<b>Total Assessed Value:</b>	<b>\$2,509,033</b>	<b>\$837,110</b>	<b>\$95,961</b>	<b>\$3,442,104</b>
<b>Exemption:</b>				
<b>Total Assessed Value:</b>	<b>\$2,509,033</b>	<b>\$837,110</b>	<b>\$95,961</b>	<b>\$3,442,104</b>
<b>Total Assessed Value:</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Direct Assessments</b>				
Richmond Sewer	\$0.00	\$0.00	\$379.00	\$379
Richmond Storm Drn	\$0.00	\$0.00	\$32.00	\$32
Direct Assessments:	\$0.00	\$0.00	\$411.00	\$411.00
Annual Tax:	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total Taxes Due:</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$411.00</b>	<b>\$411.00</b>
Tax Area Code	08133	08133	08133	
Tax Rate:	1.4585%	1.4585%	1.4585%	

### General Taxes

The amount of General Taxes due is quantified by multiplying the assessed value by the tax rate. In the State of California, real estate is assessed at 100% of market value as determined by the County Assessor's Office. The tax rate consists of a base rate of 1% plus any bonds or fees approved by the voters. The County Tax Rate for the subject property is 1.4585%.

### Direct Assessments

Direct assessments are tax levies that are not dependent upon the assessed value of the property. They are levied regardless of assessment. According to the Contra Costa County Tax Collector's Office, the direct assessments for the subject property total \$411.00 in the 2014-2015 tax year.

### Current and Future Taxes

Proposition 13 was passed by voters in June 1978 and substantially changed the taxation of real estate in California. This constitutional amendment rolled back the base year for assessment purposes to the tax year 1975-1976. Annual increases in assessed value are limited to 2 percent per year, regardless of the rate of inflation. Real estate is subject to re-appraisal to current market value upon a change in ownership or new construction. Property assessments in years subsequent to a change of ownership or new construction are referred to as factored base values.

Proposition 8, which passed in 1979, states that the Assessor shall lower tax roll values to fair market value whenever the assessed value exceeds fair market value. It mandates that the lower of fair market value or factored base value be placed on the assessment roll. When fair market values are enrolled, the Assessor reassesses the property annually until such time as fair market value again equals or exceeds the factored base year value. For properties that have been owned for several years, the assessed value may not reflect the current fair market value. Furthermore, due to adjustments following a Prop 8 reduction, increases in assessed value can increase substantially more than 2% per year until the assessment again matches the factored base year value.

### Conclusions

According to the Contra Costa County Tax Assessors Office the subject's property taxes are current as of the date of value.

## Highest & Best Use

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The Highest and Best Use of a property is the reasonably probable and legal use of vacant land or an improved property that is: physically possible, appropriately supported, financially feasible, and that results in the highest value.

It is necessary to determine the highest and best use of a subject property both As If Vacant, and As Improved. Improved properties may have a highest and best use that is different than the existing use. The existing use will generally continue however, until land value exceeds the total value of the property in its existing use plus demolition costs.

### Analysis of Highest and Best Use

In determining the highest and best use of the property as though vacant, we focus on: 1) the existing use, 2) a projected development, 3) a subdivision, 4) an assemblage, or 5) holding the land as an investment.

#### Legally Permissible

A threshold of highest and best use is what is legally permissible. This analysis considers private restrictions, existing zoning, likely zoning, building codes, historic district controls, urban renewal ordinances, and other encumbrances because they may preclude many potential uses.

Although no specific document identifying when entitlements were specifically approved or if there is a specific term of such approval, we have reviewed a Notice of Determination of CEQA, an Ordinance No 2-10 N.S. (rezoning subject property to Planned Area (PA), as well as the Design Review and Conditions of Approval notice by the City of Richmond. Based on these documents and affirmation from our client, the proposed project is considered approved and entitlements for the project are considered to be in place. Thus, we will consider the subject property as approved and entitled for the proposed Miraflores Housing Development project. Should the status of the subject's approvals or entitlements differ, this could have a significant impact on the market value estimate.

Permitted uses under the existing zoning regulation include low density residential and mixed-use development. However, the subject's allowable use will likely change in the future to accommodate its proposed medium to high-density affordable residential development project. When the improvements are constructed, they will be utilized as a multifamily residential complex with on-site amenities.

#### Physically Possible

The appraised site, as proposed after lot line adjustment, will be a 67,995 square foot site within the larger 14 acre Miraflores Housing Development project. The site will be rectangular in shape and situated at the northeast corner of Florida and 45<sup>th</sup> Streets.

Utilities available to the site include all typical utilities, including electricity, sewer, gas, water, and telephone services. The site has average visibility. The subject site is proximate to a variety of neighborhood-serving retail land uses, as well as transportation options, which include Interstate 80, Interstate 580 and the BART.

According to flood plain maps, the property is not in the flood plain and no mandatory flood insurance is required. We have not been provided a geotechnical report for the subject property. We have also not been provided a Phase I Site Assessment on the subject property. However, a physical inspection

indicated no signs of detrimental site contamination. As discussed in the Site Description section, the client has reported that the City of Richmond has remediated the brownfield conditions on the subject property and will deliver the site to Eden Housing with warranties that the property is free and clear of any site contamination. Our value estimate is predicated on the assumption that there is no toxic contamination that would have an impact on the subject site.

Multiple factors affect the uses with which the land may be developed. The subject has an adequate overall size, shape, accessibility for a number of potential uses. Overall, the subject is well-suited for any of the legally-permitted uses. Physically possible uses of the site include various residential land uses.

#### Financially Feasible

After determining the uses that are physically possible and legally permissible, an appraiser considers the uses that are likely to produce an adequate return on investment based on a cost/benefit analysis or through direct market observation.

The apartment market is strong at the present time, as exhibited by the overall high apartment sale prices as well as the overall low vacancy rates. However, the subject's 80 affordable housing units are all proposed to be income- and age-restricted units, which would compete with other age- and income-restricted for-rent properties. In the immediate vicinity of the subject, there are very few age- or income-restricted properties that would directly compete with the subject.

The market demand for the development of the appraised site as a multi-family residential complex is considered strong. Therefore, feasibility of developing the site in current market conditions is strong. Residential market conditions have improved in the last year. Lastly, the proposed project is fully approved and is ready for development. Given the state of the apartment market, we believe it is feasible to construct apartments, at this time.

#### Maximally Productive

Among the financially feasible uses, the use that results in the highest value (the maximally productive use) is the highest and best use. The subject portion of the overall site is proposed for 80 affordable housing units and presents a density of approximately 51 dwelling units per acre (based on its aggregate land area of 1.56 acres). This use is considered to be the maximally productive use of the property. Considering these factors, the maximally productive use as though vacant is for a high density residential land development in the form of an apartment complex.

#### Conclusion of Highest and Best Use as though Vacant

The conclusion of the highest and best use as though vacant, as analyzed in the previous sections, is for a high density residential land development in the form of an apartment complex.

### **Most Probable Buyer/User**

As of the date of value, the most probable buyer of the subject property is an investor or developer.

# Appraisal Methodology

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## Three Approaches to Value

There are three traditional approaches typically available to develop indications of real property value: the cost, sales comparison, and income capitalization approaches.

### Cost Approach

The cost approach is based upon the principle of substitution, which states that a prudent purchaser would not pay more for a property than the amount required to purchase a similar site and construct similar improvements without undue delay, producing a property of equal desirability and utility. This approach is particularly applicable when the improvements being appraised are relatively new or proposed, or when the improvements are so specialized that there is little or no sales data from comparable properties.

### Sales Comparison Approach

The sales comparison approach involves the direct comparison of sales and listings of similar properties, adjusting for differences between the subject property and the comparable properties. This method can be useful for valuing general purpose properties or vacant land. For improved properties, it is particularly applicable when there is an active sales market for the property type being appraised – either by owner-users or investors.

### Income Capitalization Approach

The income capitalization approach is based on the principle of anticipation, or the assumption that value is created by the expectation of benefits to be derived in the future, such as expected future income flows including the reversion, or future re-sale of the property appraised. Its premise is that a prudent investor will pay no more for the property than he or she would for another investment of similar risk and cash flow characteristics. The income capitalization approach is widely used and relied upon in appraising income-producing properties, especially those for which there is an active investment sales market.

## Subject Valuation

We valued the subject land based on the highest and best use conclusion, relying on the Sales Comparison Approach. Because only the Sales Comparison Approach proves relevant in the valuation of vacant land, we have utilized the Sales Comparison Approach only to develop a market value for the land.

# Sales Comparison Approach

As previously noted, the highest and best use of the land is to develop the land as a high density residential site to the maximum density as allowed under the current zoning classification. As previously mentioned in the zoning section of this report, the proposed improvements for the subject parcel indicate a density of 51.25 dwelling units per acre, as presented on the following table.

SUBJECT PROPERTY						
Property Address	Assessor Parcel #	Proposed Units	Site Size (SF)	Site Size (AC)	Zoning	Density
47th S Street	513-321-001-2	-	174,458	4.01	SFR-3/EA	-
99 S 47th Street	513-321-003-8	-	65,400	1.50	SFR-3/EA	-
47th S Street	513-321-002-0	-	7,500	0.17	SFR-3/EA	-
Total			247,358	5.68		
Subject - Parcel 1		80	67,995	1.56	SFR-3/EA	51.25

As such, we will determine the as is market value of the property to be high density residential land. The value conclusion will be based on one of the three typical approaches to value (Sales Comparison Approach) as it is the only pertinent approach to valuing vacant land.

## Methodology

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same utility. In the sales comparison approach, the opinion of market value is based on closed sales, listings and pending sales of properties similar to the subject property, using the most relevant units of comparison. The comparative analysis focuses on the difference between the comparable sales and the subject property using all appropriate elements of comparison.

A systematic procedure for applying the sales comparison approach includes the following steps: (1) researching and verifying transactional data, (2) selecting relevant units of comparison, (3) analyzing and adjusting the comparable sales for differences in various elements of comparison, and (4) reconciling the adjusted sales into a value indication for the subject site.

### Unit of Comparison

The unit of comparison depends on land use economics and how buyers and sellers use the property. The unit of comparison in this analysis is price per unit. We will also do a check using a price per square foot analysis.

### Elements of Comparison

Elements of comparison are the characteristics of properties and transactions that cause the prices of real estate to vary. The main elements of comparison in sales comparison analysis are as follows: (1) real property rights conveyed; (2) financing terms; (3) conditions of sale; (4) expenditures made immediately after purchase; (5) market conditions; (6) location; (7) physical characteristics; (8) economic characteristics; (9) zoning/use; and (10) non-realty components of value.

### Comparable Sales Data

The land sales data was derived from a search of data sources and public records, a field survey, and interviews with knowledgeable real estate professionals. In estimating the value of the subject site, we have investigated recent land sales and listings that have similar characteristics to the subject.

Our search focused on similar high density residential land sales in the Richmond market area. Due to a dearth of comparables high density residential land sales, we have expanded our scope to include high density land sales throughout the East Bay region within Alameda and Contra Costa counties. Additionally, we focused on sales with relatively similar sizes of less than 5 acres of land. Summarized on the following page are sales and listings which we believe are most relevant to the valuation of the subject property followed by a Location Map and individual sale detail sheets.

As shown on the following table, the sales indicate a price per unit range from \$17,670 to \$100,000 and a price per square foot range from \$18.02 to \$65.72. The sales feature development density ranging from 24 to 107 dwelling units per acre adequately bracketing the subject's proposed density of approximately 51 dwelling units per acre.

The sales sold from May 2012 through July 2014 and we have also included one pending sale as well as one listing. We have analyzed the comparables on a price per unit basis, although we will also use the price per square foot method as a way of checking our values.

Because of the difficulty in adjusting the comparables to the subject property, we have included an Adjustment Grid following the Location Map. The grid is not a scientific method in adjusting the comparable sales in comparison to the subject property. It is merely presented as an explanation to help the reader follow the appraiser's judgment in the adjustment process. While the amounts of individual adjustments can be argued, they do help provide an order of magnitude and an adjustment direction based on the market data presented. Primarily, consideration was given to conditions of sale, time, location, size, topography, configuration, approvals, and allowable density of the comparable properties as they relate to the subject.

**AS PROPOSED - LAND SALES SUMMARY**

Comp. No.	Location/APN	Parcel Size (S.F.) Acres	Sales Date	Zoning	No of Units	Density Units/Acre	Sale Price	Price/Unit	Price/SF Price/Acre	Comments
1	2800 Ygnacio Valley Blvd Walnut Creek APN: 143-040-087-7 Por	165,528 3.80	Nov-14 Pending	PD (assume Rezone)	200	52.63	\$10,240,000	<b>\$51,200</b>	<b>\$61.86</b> <b>\$2,694,737</b>	Entitled multifamily site Similar Location
2	3150 Bernal Avenue Pleasanton APN: 946-4542-045-03	693,134 15.91	Sep-14	PUD-87	390 (incl comm)	24.51	\$29,000,000	<b>\$74,359</b>	<b>\$41.84</b> <b>\$1,822,505</b>	Entitled mixed-use site Similar Location
3	34826 Fremont Boulevard Fremont APN: 543-0300-013-02	42,608 0.98	Jul-14	MDR	28	28.63	\$2,000,000	<b>\$71,429</b>	<b>\$46.94</b> <b>\$2,044,686</b>	Entitled mixed-use site Similar Location
4	1200 Ashby Avenue Berkeley APN: 941-2778-013	34,412 0.79	May-13	C-W	98	124.05	\$5,105,000	<b>\$52,092</b>	<b>\$148.35</b> <b>\$6,462,100</b>	Entitled mixed-use site Similar Location
5	4863 Willow (SEC Owens and Willow Rd) Pleasanton APN: 941-2778-013	366,340 8.41	Jun-12	PUD-ICO	255	30.32	\$11,100,000	<b>\$43,529</b>	<b>\$30.30</b> <b>\$1,319,856</b>	Entitled multifamily site Similar Location
6	1385 Galindo Street Concord APN: 126-133-009, 013 and 126-164-052	46,609 1.07	Pending	R-10	107	100.00	\$2,175,000	<b>\$20,327</b>	<b>\$46.66</b> <b>\$2,032,719</b>	Entitled multifamily site Similar Location
7	1260 York Street Richmond APN: 561-151-021 and 027 through 031	15,000 0.34	Listing	MF	6	17.42	\$325,000	<b>\$54,167</b>	<b>\$21.67</b> <b>\$943,800</b>	Entitled multifamily site Similar Location
	<b>Subject as Proposed</b> 99 S 47th Street Richmond APN: 513-321-001-2, -002-0 & -003-8 portion	67,995 1.56		SFR-3/EA	80	51.25				

### Land Sale Location Map



## RESIDENTIAL LAND SALE 2

**Sale ID** 424948

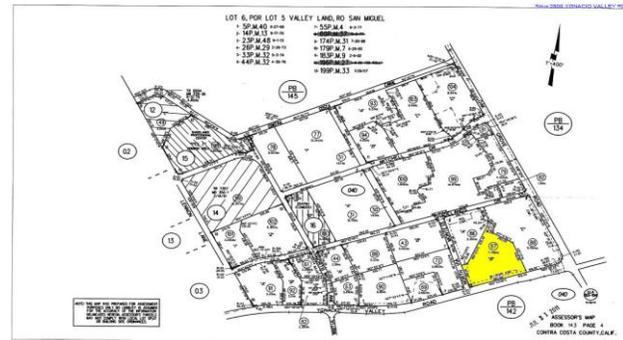
**Property Name** Mixed-Use Land  
**Address** 2800 Ygnacio Valley Boulevard, Walnut Creek, Contra Costa County, California 94598

**TaxID/APN** portion of 143-040-087-7

### Sales Data

**Sale Date** November 11, 2014  
**Sale Status** Pending  
**Grantor** Safeway Stores 71 Inc.  
**Grantee** Northern California Presbyterian Homes & Services, Inc.

**Document Number** Pending  
**Sale Price** \$10,240,000  
**Price/SF** \$61.86  
**Price/Unit** \$51,200



### Property Description

<b>Land Sq Ft</b>	165,528	<b>Proposed Use</b>	Mixed-use
<b>Land Acres</b>	3.80	<b>Proposed No. of Units</b>	200
<b>Zoning</b>	PD	<b>Proposed Density</b>	52.63

### Comments

The property involved in this transaction consists of a portion of a parcel situated in the northeastern corner of N Via Monte and Ygnacio Valley Road in Walnut Creek, CA. The portion of the parcel contains a total of 165,528 square feet or 3.8 acres. It is generally rectangular in shape and generally level and at street grade. Portions of the site are improved with an older office building while other portions of the site consist of raw land with no improvements. All utilities, including water, sewer, gas and electricity are available to the site.

The site is zoned 'PD,' Planned Development. Entitlements for a mixed-use project on this site have been finalized. The entitlements propose a 200-unit senior housing facility on the 3.8-acre portion of the overall site. This indicates a density of 52.63 dwelling units per acre.

The sale of this property is contingent upon approval of entitlements for this site. The pending sale price is \$10,240,000. According to the buyer, the sale will close on November 11, 2014. .

## RESIDENTIAL LAND SALE 2

**Sale ID** 424944  
**Property Name** Mixed-Use Land  
**Address** 3150 Bernal Avenue, Pleasanton, Alameda County, California 94566  
**TaxID/APN** 946-4542-045-03



### Sales Data

**Sale Date** September 30, 2014  
**Sale Status** Recorded  
**Grantor** Ring Finl  
**Grantee** CP IV Vintage LLC  
**Document Number** 238877  
**Sale Price** \$29,000,000  
**Price/SF** \$41.84  
**Price/Unit** \$74,359

### Property Description

<b>Land Sq Ft</b>	693,134	<b>Proposed Use</b>	Mixed-Use
<b>Land Acres</b>	15.91	<b>Proposed No. of Units</b>	390 (*)
<b>Zoning</b>	PUD-87	<b>Proposed Density</b>	24.51

### Comments

The property involved in this transaction consists of a single parcel of land situated in the southwest corner of Stanley Boulevard and Bernal Avenue in Pleasanton, CA. The irregularly-shaped parcel contains a total of 693,134 square feet, or 15.91 acres. The site is generally level and at street grade. It contains no improvements. However, all utilities, including water, sewer, gas and electricity are available to the site.

The property is zoned 'PUD-87,' Planned Unit Development 87. The PUD zoning designation requires City approval prior to construction. Specific to the PUD-87, this PUD allows for the construction of a mixed-use project containing 345 units of high-density residential component as well as 38,781 square feet of commercial component.

\*According to the buyer representative, the commercial component equates to approximately 45 units (based on an average of 850 square feet per unit). As such, their acquisition proforma reflects a total proposed unit count of 390 units. The subject is fully entitled as a mixed-use site with the aforementioned land uses.

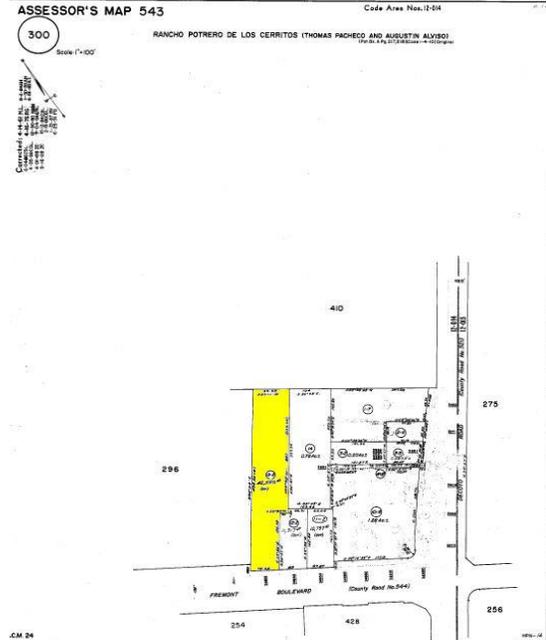
The property sold on September 30, 2014 with a total sale price of \$29,000,000. The developer for this site had the option to pay \$4.5 million or provide below market rate (BMR) unit at his property.

## RESIDENTIAL LAND SALE 3

**Sale ID** 424945

**Address** 34826 Fremont Boulevard, Fremont,  
Alameda County, California 94555

**TaxID/APN** 543-0300-013-02



### Sales Data

**Sale Date** July 18, 2014  
**Sale Status** Recorded  
**Grantor** Huang Ta Y  
**Grantee** Tri Pointe Homes Inc  
**Document Number** 193233  
**Sale Price** \$2,800,000  
**Price/SF** \$65.72  
**Price/Unit** \$100,000

### Property Description

<b>Land Sq Ft</b>	42,608	<b>Proposed Use</b>	Mixed-Use
<b>Land Acres</b>	0.98	<b>Proposed No. of Units</b>	28
<b>Zoning</b>	MDR	<b>Proposed Density</b>	28.63

### Comments

The property involved in this transaction consists of a single parcel of land situated along Fremont Boulevard in Fremont, CA. The irregularly-shaped parcel contains a total of 42,608 square feet, or 0.98 acres. It is generally level and at street grade. The parcel contains no improvements. However, all utilities, including water, gas, sewer and electricity are available to this site.

The property has a zoning designation of 'MDR,' Medium Density Residential. This site is entitled for a mixed-use project that contains 28 residential dwelling units, indicating an overall density of 28.63 dwelling units per acre.

According to the listing broker, Jamie Chan, the vacant multifamily parcel was originally listed for sale at \$1,800,000 in May 2013. Within 20 days, an offer was presented for the subject property as well as the adjoining single family home situated on parcel 543-0300-012-02. This adjacent parcel contained 10,911 square feet of land area and was improved with a 978 square foot, two bedroom one bath single family building built in 1912. Both properties sold together with a total sale price of \$2,800,000 on July 18, 2014.

According to the broker, an allocation of \$2,000,000 was given for the above subject property and the adjacent single family home and corresponding land area was allocated \$800,000. We have utilized these allocations as reported and have presented the land value based only for the vacant multifamily parcel.

## RESIDENTIAL LAND SALE 4

**Sale ID** 422517

**Address** 1200 Ashby Avenue, Berkeley,  
Alameda County, California 94702

**TaxID/APN** 053-1627-022, 036 & 037

### Sales Data

**Sale Date** May 31, 2013

**Sale Status** Recorded

**Grantor** RB Tech Center

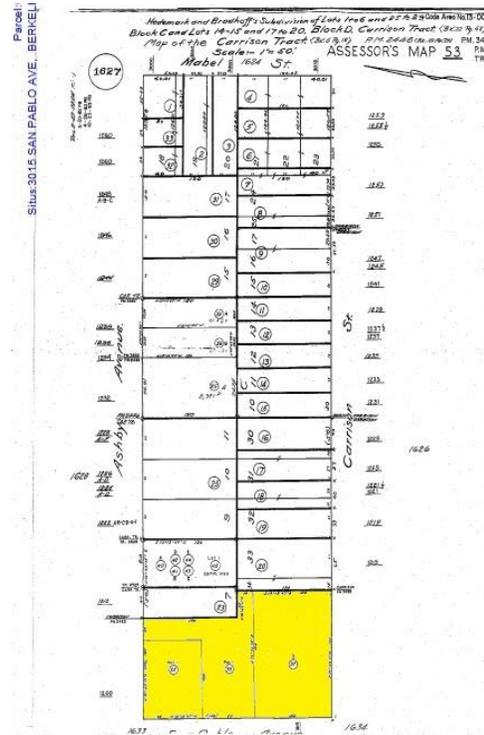
**Grantee** 1200 Ashby LLC

**Document Number** 193379

**Sale Price** \$5,105,000

**Price/SF** \$148.35

**Price/Unit** \$52,092



### Property Description

<b>Land Sq Ft</b>	34,412	<b>Proposed Use</b>	Residential
<b>Land Acres</b>	0.79	<b>Proposed Units</b>	98
<b>Zoning</b>	C-W	<b>Proposed Density</b>	124.05

### Comments

This is the sale of a 0.79-acre site located in Berkeley. This is a rectangular shaped corner site with frontage along Ashby and San Pablo Avenues, two busy arterials within the area. The broker indicated that this is an excellent location with high traffic. The site is level and at street grade with all utilities and off-sites in place. The site was vacant at the time of sale.

The site is zoned C-W, West Berkeley Commercial District which is intended to provide locations for commercial services which primarily serve area residents and/or businesses. The property has been approved for 98 residential units (approximately 66,300 square feet) indicating a density of 124 units per acre. Additionally, the property will have 9,392 square feet of ground floor retail space. The building will be four stories of wood frame over one story concrete podium and contain approximately 102,545 square feet. The indicated price per unit is approximately \$52,000.

Marketing time was approximately 2 years. The property was originally in contract to be purchased by Bridge Housing but fell through.

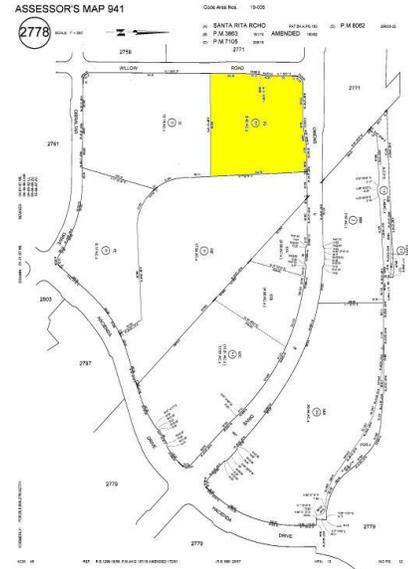
The property sold on May 31, 2013, with a final sale price of \$5,105,000. The closing was contingent on receipt of entitlements.

## RESIDENTIAL LAND SALE 5

**Sale ID** 424947

**Property Name** Mixed-Use Land  
**Address** 4863 Willow Road (SEC Owens and Willow), Pleasanton, Alameda County, California 94588

**TaxID/APN** 941-2778-013



### Sales Data

**Sale Date** June 14, 2012  
**Sale Status** Recorded  
**Grantor** El Purchaser CA Qrs 15-85 Inc  
**Grantee** BRE Properties Inc.  
**Document Number** 193238  
**Sale Price** \$11,100,000  
**Price/SF** \$30.30  
**Price/Unit** \$43,529

### Property Description

<b>Land Sq Ft</b>	366,340	<b>Proposed Use</b>	Mixed-Use
<b>Land Acres</b>	8.41	<b>Proposed No. of Units</b>	255
<b>Zoning</b>	PUD-ICO	<b>Proposed Density</b>	30.32

### Comments

The property involved in this transaction consists of a single parcel of land situated in the southeastern corner of Owens Drive and Willow Road. The rectangular parcel of land contains 366,340 square feet or 8.41 acres. The parcel is generally level and at street grade. It has a corner location and contains no improvements. However, all utilities, including water, electricity, gas and sewer are available to the site.

The property is zoned 'PUD-ICO,' Planned Unit Development. The site was originally zoned PUD-ICO with an approved office development of 183,100 square feet. In 2011 this site was rezoned to Mixed Use which allows high density residential and in 2012 a PUD development plan for 251 residential units, 4 live/work units and 5,700 square feet retail space was approved.

The property sold on June 14, 2012, with a total sale price of \$11,100,000.

## RESIDENTIAL LAND SALE 6

**Sale ID** 423117

**Address** 1385 Galindo Street , Concord, Contra Costa County, California 94520

**TaxID/APN** 126-133-009 & 013; 126-164-052

### Sales Data

**Sale Date** January 13, 2014

**Sale Status** In-Contract

**Grantor** Owen & Sandra O'Neil

**Grantee** Pending

**Document Number** Pending

**Sale Price** \$2,175,000

**Price/SF** \$46.66

**Price/Unit** \$20,327



### Property Description

<b>Land Sq Ft</b>	46,609	<b>Proposed Use</b>	Multifamily Residential
<b>Land Acres</b>	1.07	<b>Proposed No. of Units</b>	107
<b>Zoning</b>	DB	<b>Proposed Density</b>	100.00

### Comments

The property in this transaction is an irregularly-shaped site with frontage along Galindo Street and Amador Avenue in Concord. It consists of three parcels that total 43,560 square feet, or 1.00 acre, site. The site is located close to BART and is accessible from Galindo Street. The site is level and is improved with a funeral home. However, the majority of the value of this property lies in its site and the improvements contribute minimal value to the overall property.

The zoning for this property is DB (Downtown Business.) The General Plan is Downtown Mixed-Use. These designations not only allow for commercial land uses, but also allow for residential development with a density of 100 dwelling units per acre and a height limit of 70 feet.

As of January 13, 2014, the sale of this property was still pending.

## RESIDENTIAL LAND LISTING 7

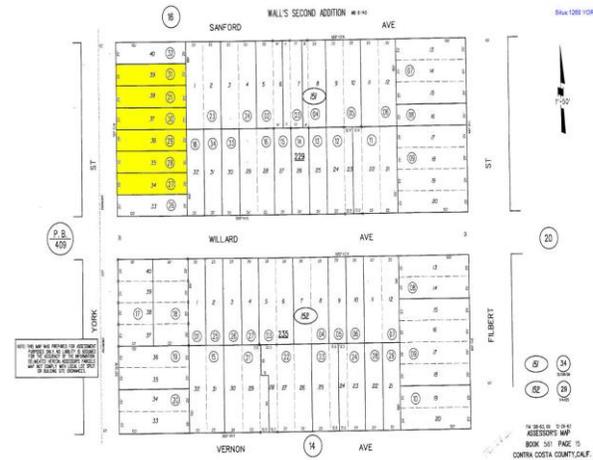
**Sale ID** 424974

**Address** 1260 York Street, Richmond, Contra  
 Costa County, California 94801

**TaxID/APN** 561-151-021-4, -026-3, -027-1, -028-9, -  
 029-7, -030-5 & -031-3

### Sales Data

**Sale Date** November 4, 2014  
**Sale Status** Listing  
**Grantor** Ron Ikebe & DTM LLC  
**Grantee** Listing  
**Document Number** Listing  
**Sale Price** \$325,000  
**Price/SF** \$21.67  
**Price/Unit** \$54,167



### Property Description

<b>Land Sq Ft</b>	15,000	<b>Proposed Use</b>	Multifamily Residential
<b>Land Acres</b>	0.34	<b>Proposed No. of Units</b>	6
<b>Zoning</b>	SFR-3	<b>Proposed Density</b>	17.42

### Comments

The property involved in this transaction consists of a total of six legal parcels of land situated in the northeastern corner of York and Sanford Streets in Richmond, CA. In total, the parcels contain 15,000 square feet, or 0.34 acres, with each 25 x 100 foot rectangular parcel containing 2,500 square feet of land. Overall, the six parcels form a rectangular shape. Additionally, all six parcels are generally level and at street grade. All utilities, including electricity, gas, sewer and water are available to the site. Additionally, the property is finished with sidewalks, curbs, gutters and other typical street improvements.

At the time this property was listed for sale, the property had an overall zoning designation of 'SFR-3', Single-Family Low Density Residential District. This zoning designation only allows for residential land uses. Single-family land uses as well as two-family dwellings on lots containing 7,500 square feet or more are permitted. Other duplexes and planned residential groups require conditional use permit (CUP); however, with a CUP a higher density may be allowed.

According to the listing information, a total of 6 new townhome-style homes can be built on the site. The total of six permitted townhomes indicates an overall density of 17.65 dwelling units per acre.

As of November 4, 2014, the property was still listed for sale. The listing broker is willing to sell as few as two of the six overall parcels (which indicates a site size of 5,000 square feet) or as many as six of the six overall parcels (which indicates a site size of 15,000 square feet). However, he indicated that a lower price per lot could be offered with the purchase of more lots. The asking price for all of the six parcels is \$325,000 for a total of 15,000 square feet or 0.34 acres. Based on a total of six allowed homes, the asking price is approximately \$54,167 per allowable unit.

## Land Sales Comparison Analysis

All of the sales are analyzed, and adjustments are made for differences in the various elements of comparison, including real property rights, financing terms, conditions of sale, expenditures made immediately after purchase, market conditions, location, size, and other relevant factors. If the comparable sale is considered superior to the subject, we applied a negative adjustment to the comparable. A positive adjustment to the comparable is applied if it is considered inferior to the subject. A summary of the elements of comparison follows.

## Transaction Adjustments

Transaction adjustments include 1) real property rights conveyed, 2) financing terms, 3) conditions of sale and 4) expenditures made immediately after purchase. These items are applied prior to the application of the market conditions and property adjustments, and are discussed as follows:

1. Real Property Rights Conveyed
2. Financing Terms
3. Conditions of Sale
4. Market Conditions

The adjustments are discussed as follows:

### Real Property Rights Conveyed

Before a comparable sale property can be used in the Sales Comparison Approach, we must first ensure that the sale price of the comparable property applies to property rights that are similar to those being appraised. In the case of the subject property, a fee simple interest is being appraised. The sale comparables all reflect the fee simple interest as well, with no adjustments required.

### Financing Terms

The transaction price of one property may differ from that of an identical property due to different financial arrangements. Sales involving financing terms that are not at or near market terms require adjustments for cash equivalency to reflect typical market terms. A cash equivalency procedure discounts the atypical mortgage terms to provide an indication of value at cash equivalent terms. No adjustments for financing terms were warranted.

### Conditions of Sale

When the conditions of sale are atypical, the result may be a price that is higher or lower than that of a normal transaction. Adjustments for conditions of sale usually reflect the motivations of either a buyer or a seller who is under duress to complete the transaction. Another more typical condition of sale involves the downward adjustment required to a comparable property's for-sale listing price, which usually reflects the upper limit of value.

Comparable 1 and 6 are pending sales and Comparable 7 is a listing. Because final closing prices are typically lower than the listing price, we have made downward adjustments to these comparables for conditions of sale. However, the price reported for Comparable 1 is the price expected at closing, thus meriting no adjustment. We have considered downward adjustments for Pending Sale 6 and Listing 7. We have utilized the value estimate adjustments as provided by the brokers to adjust for these conditions of sale. No other sale condition adjustments are warranted.

### Market Conditions

Market conditions may change between the time of sale of a comparable property and the date of the appraisal of the subject property. Changes in market conditions may be caused by inflation, deflation, fluctuations in supply and demand, or other factors. Market conditions that change over time create the need for an adjustment. If market conditions have changed, an adjustment would be required for this element of comparison.

In terms of market conditions, as noted in the market overview section of this report, most brokers indicate that land values have been increasing, along with deal velocity, since mid-2010. Over the past two years, land values have escalated from 5% to 20% with variances based on location. Overall, these same market participants have reported land value increases of 10% to 20% from 2012 and up to 10% over the past year and a half. According to the various brokers surveyed, land values have remained relatively flat for the past 12 months and we have only considered upward adjustment for sales that have occurred more than 12 months ago to account for the improving market conditions. We have relied on the adjustments noted by the brokers for our adjustments of market conditions.

### Property Adjustments

The following is a narration of the property adjustments made to each of the sale comparables. The discussion will analyze each adjustment category deemed applicable to the subject property.

#### Location

Location adjustments may be required when the locational characteristics of a comparable property are different from those of the subject property. These include, but are not limited to, general neighborhood characteristics, freeway accessibility, street exposure, corner versus interior lot location, neighboring properties, view amenities, and other factors.

The subject property is located in the Richmond market area. Despite the subject's positioning, with good proximity to freeways, BART and other transportation alternatives as well as neighborhood-serving commercial land uses, the subject is situated in a secondary market within the overall Bay Area. Land values tend to be lower in secondary markets, despite the presence of transportation alternatives and/or local retail amenities. Sales 1, 2, 3 and 4 are located in Walnut Creek, Fremont and Pleasanton. These markets are considered superior to the subject's location in Richmond and merit, downward adjustments for location. Sales 4 and 7 are located in West Contra Costa County in Berkeley and Richmond which are considered relatively similar locations as the subject and merit no adjustment. Sale 6 is located in Concord, which is considered to be an inferior location due to its distance from the core market areas and merits and upward adjustment.

#### Site Utility

In terms of site utility and exposure, the subject is considered have average to good visibility benefitting from its corner exposure. Sales 1 and 3 are interior locations and merit upward adjustments for their inferior site utility and lack of exposure. Sales 2, 5, 6 and 7 feature similar corner locations and merit no adjustments. Sale 4 is a double corner location and merits a downward adjustment for its superior exposure.

#### Topography

In terms of topography, the comparables have generally similar in topography as compared to the subject and no adjustments for this factor were required.

### Size

The subject property consists of a 67,995 square feet or 1.56 acre portion of the larger 14 acre Miraflores Housing Development Project. The sales range in size from 15,000 (0.34 acres) to 693,134 square feet (15.91 acres) of land area adequately bracketing the subject size. Excluding Sales 2, 5 and 7, the sales feature relatively similar land areas and no adjustments for size are merited. Sales 2 and 5 are much larger parcels and merit upward adjustments for land area. Sale 7 is a much smaller site than the subject and merit downward adjustments for size.

### Zoning Approvals

The highest and best use of comparable sale properties should be very similar as that of the subject property. When comparable properties with the same zoning as the subject are lacking or scarce, parcels with slightly different zoning but a highest and use similar to that of the subject may be used as comparable sales. The subject site allows for high density mixed use development. The sales are all medium to high density residential land sales and no adjustment for zoning was merited.

As discussed in the Site Description section of this report, the subject property is entitled for the proposed 80 unit multifamily portion of the Miraflores Housing Development project. Thus, we will apply an upward adjustment to any comparable sale that is either not yet entitled or in the very early stages of entitlement. All of the comparable sales closed, or will close, without entitlements and no adjustments are merited.

### Demolition

We are appraising the land as vacant land. The sales are vacant land or have nominal improvements and merit no adjustments for demolition.

### Density

Lastly, the subject has a density of approximately 51 dwelling units per acre. Properties with lower densities are considered superior on a per unit basis and are adjusted downward. Sale 1 has a similar density and merits no adjustment for density. Sales 2, 3, 5 and 7 have lower densities and merits downward adjustments. Sales 4 and 7 have higher densities and merit upward adjustments.

An adjustment grid is presented on the following table.

**AS PROPOSED - LAND SALES SUMMARY**

<b>COMPARABLE SALES</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
DATE OF SALE	Nov-14	Sep-14	Jul-14	May-13	Jun-12	Pending	Listing
CITY	Walnut Creek	Pleasanton	Fremont	Berkeley	Pleasanton	Concord	Richmond
SALE PRICE	\$10,240,000	\$29,000,000	\$2,000,000	\$5,105,000	\$11,100,000	\$2,175,000	\$325,000
LAND (SF)	165,528	693,134	42,608	34,412	366,340	46,609	15,000
# OF UNITS	200	390	28	98	255	107	6
AVERAGE UNIT SIZE	828	1,777	1,522	351	1,437	436	2,500
DENSITY (Units/Acre)	52.63	24.51	28.63	124.05	30.32	100.00	17.42
PRICE/LOT	<b>\$51,200</b>	<b>\$74,359</b>	<b>\$71,429</b>	<b>\$52,092</b>	<b>\$43,529</b>	<b>\$20,327</b>	<b>\$54,167</b>
<b>ADJUSTMENTS</b>							
Property Rights Conveyed	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financing Terms	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Conditions of Sale	0.0%	0.0%	0.0%	0.0%	0.0%	-5.0%	-10.0%
Dollar Adjustment	\$0	\$0	\$0	\$0	\$0	(\$108,750)	(\$32,500)
<b>Adjusted Price:</b>	<b>\$10,240,000</b>	<b>\$29,000,000</b>	<b>\$2,000,000</b>	<b>\$5,105,000</b>	<b>\$11,100,000</b>	<b>\$2,066,250</b>	<b>\$292,500</b>
<b>TIME ADJUSTMENTS</b>							
Months Since Sale	-1	1	3	17	0	0	0
Market Conditions	0.0%	0.0%	0.0%	10.0%	0.0%	0.0%	0.0%
Dollar Adjustment	\$0	\$0	\$0	\$510,500	\$0	\$0	\$0
<b>Adjusted Price:</b>	<b>\$10,240,000</b>	<b>\$29,000,000</b>	<b>\$2,000,000</b>	<b>\$5,615,500</b>	<b>\$11,100,000</b>	<b>\$2,066,250</b>	<b>\$292,500</b>
<b>PHYSICAL ADJUSTMENTS</b>							
Location	-20.0%	-20.0%	-10.0%	0.0%	-20.0%	5.0%	0.0%
Site Utility	5.0%	0.0%	5.0%	-5.0%	0.0%	0.0%	0.0%
Topography	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Size	0.0%	5.0%	0.0%	0.0%	2.5%	0.0%	-5.0%
Zoning/Intended Use	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Demolition Costs	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Density	0.0%	-10.0%	-10.0%	10.0%	-5.0%	10.0%	-15.0%
Total % Adjustment	-15.0%	-25.0%	-15.0%	5.0%	-22.5%	15.0%	-20.0%
Dollar Adjustment	(\$1,536,000)	(\$7,250,000)	(\$300,000)	\$280,775	(\$2,497,500)	\$309,938	(\$58,500)
<b>INDICATED - ADJUSTED PRICE</b>	<b>\$8,704,000</b>	<b>\$21,750,000</b>	<b>\$1,700,000</b>	<b>\$5,896,275</b>	<b>\$8,602,500</b>	<b>\$2,376,188</b>	<b>\$234,000</b>
<b>IND PRICE PER UNIT VALUE</b>	<b>\$43,520</b>	<b>\$55,769</b>	<b>\$60,714</b>	<b>\$60,166</b>	<b>\$33,735</b>	<b>\$22,207</b>	<b>\$39,000</b>
<b>CONCLUDED VALUE</b>	<b>\$45,000</b>	<b>Per unit</b>	<b>\$3,600,000</b>	<b>or Rounded</b>	<b>\$3,600,000</b>		

After adjusting the comparables for various differences with the subject, a rounded per unit value range from \$22,207 to \$60,714 per unit is noted. An average of \$45,016 per unit is also evidenced.

The most recent and pending sales, presented by Sales 1, 2, 3 and 6, indicate an average of \$45,553 per unit. All of the executed sales present an average of \$50,781 per unit. The sales with the most similar densities, Sales 1, 2, 3 and 5, present an average of \$48,435 per unit. The most proximate sales, presented by Sales 1, 4, 6 and 7, present an average of \$41,223 per unit.

Based on the above, with consideration given to the average of all the sales and the most recent and pending sales, we feel that a market value of the land is \$45,000 per unit.

### VALUE CONCLUSIONS

<b>Date of Value</b>		<b>27-Oct-14</b>
<b>Land Value - Sales Comparison Approach</b>		
Value Per Unit		\$45,000
Total Number of Proposed Units		80
<b>Market Value of Land</b>		<b>\$3,600,000</b>

The concluded value via the Sales Comparison Approach is concluded to be \$3,600,000.

### Cross Check - Land Value Conclusion – Per Square Foot

As previously mentioned, we concluded to a land value as vacant of \$3,600,000. Based on the total land area of 67,995 square feet, this concluded value equates to \$52.95 per square foot.

Prior to adjustment, the comparables present a value range from \$21.76 to \$148.35 per square foot. An average of \$56.80 per square foot is also evidenced. Excluding Sales 4 and 6, which are significantly high density sales, a much tighter range from \$21.67 to \$61.86 per square foot is indicated. The most recent and pending comparables, Sales 1, 2, 3, 4 and 6, present an unadjusted range from \$41.84 to \$61.86 with an average of \$49.33. Based on the above, we feel that our concluded value of \$3,600,000 or \$52.95 per square foot to be appropriate and reasonable for the subject.

### VALUE CONCLUSIONS

Value Type	Value Premise	Value Perspective	Interest Appraised	Effective Date	Indicated Value
Market Value	As Is	Current	Fee Simple	10/27/2014	\$3,600,000

### Exposure and Marketing Periods

Exposure time may be defined as: the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market.

The reasonable marketing time is an opinion of the amount of time it might take to sell a real property interest at the concluded market value level during the period immediately after the effective date of an appraisal.

The marketing time is a function of price, time, use, and anticipated market conditions, such as changes in the cost and availability of funds, and is not an isolated opinion of time alone. It is appropriate to discuss the impact of price/value relationships on marketing time and to contrast different potential prices and their associated marketing times with an appraiser's market value opinion for the subject property.

Based on statistical information about time on market, escrow length, and marketing times gathered through national investor surveys, sales verification, and interviews of market participants, marketing and exposure time estimates of 9 months and 9 months, respectively, are considered reasonable and appropriate for the subject property.

## General Assumptions & Limiting Conditions

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This appraisal is subject to the following limiting conditions:

1. The legal description – if furnished to us – is assumed to be correct.
2. No responsibility is assumed for legal matters, questions of survey or title, soil or subsoil conditions, engineering, availability or capacity of utilities, or other similar technical matters. The appraisal does not constitute a survey of the property appraised. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management unless otherwise noted.
3. Unless otherwise noted, the appraisal will value the property as though free of contamination. Valbridge Property Advisors | Hulberg and Associates, Inc. will conduct no hazardous materials or contamination inspection of any kind. It is recommended that the client hire an expert if the presence of hazardous materials or contamination poses any concern.
4. The stamps and/or consideration placed on deeds used to indicate sales are in correct relationship to the actual dollar amount of the transaction.
5. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.
6. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless previous arrangements have been made.
7. Unless expressly specified in the engagement letter, the fee for this appraisal does not include the attendance or giving of testimony by Appraiser at any court, regulatory, or other proceedings, or any conferences or other work in preparation for such proceeding. If any partner or employee of Valbridge Property Advisors | Hulberg and Associates, Inc. is asked or required to appear and/or testify at any deposition, trial, or other proceeding about the preparation, conclusions or any other aspect of this assignment, client shall compensate Appraiser for the time spent by the partner or employee in appearing and/or testifying and in preparing to testify according to the Appraiser's then current hourly rate plus reimbursement of expenses.
8. The values for land and/or improvements, as contained in this report, are constituent parts of the total value reported and neither is (or are) to be used in making a summation appraisal of a combination of values created by another appraiser. Either is invalidated if so used.
9. The dates of value to which the opinions expressed in this report apply are set forth in this report. We assume no responsibility for economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors and are subject to change with future conditions.

10. The sketches, maps, plats and exhibits in this report are included to assist the reader in visualizing the property. The appraiser has made no survey of the property and assumed no responsibility in connection with such matters.
11. The information, estimates and opinions, which were obtained from sources outside of this office, are considered reliable. However, no liability for them can be assumed by the appraiser.
12. Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organization or the firm with which the appraisers are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval.
13. No claim is intended to be expressed for matters of expertise that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers. We claim no expertise in areas such as, but not limited to, legal, survey, structural, environmental, pest control, mechanical, etc.
14. This appraisal was prepared for the sole and exclusive use of the client for the function outlined herein. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Valbridge Property Advisors | Hulberg and Associates, Inc. and Client. The Client shall not include partners, affiliates, or relatives of the party addressed herein. The appraiser assumes no obligation, liability or accountability to any third party.
15. Distribution of this report is at the sole discretion of the client, but no third-parties not listed as an intended user on the face of the appraisal or the engagement letter may rely upon the contents of the appraisal. In no event shall client give a third-party a partial copy of the appraisal report. We will make no distribution of the report without the specific direction of the client.
16. This appraisal shall be used only for the function outlined herein, unless expressly authorized by Valbridge Property Advisors | Hulberg and Associates, Inc..
17. This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.
18. Unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective. Unless otherwise noted, we have not completed nor have we contracted to have completed an investigation to identify and/or quantify the presence of non-tidal wetland conditions on the subject property. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.

19. If the appraisal is for mortgage loan purposes 1) we assume satisfactory completion of improvements if construction is not complete, 2) no consideration has been given for rent loss during rent-up unless noted in the body of this report, and 3) occupancy at levels consistent with our "Income & Expense Projection" are anticipated.
20. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.
21. Our inspection included an observation of the land and improvements thereon only. It was not possible to observe conditions beneath the soil or hidden structural components within the improvements. We inspected the buildings involved, and reported damage (if any) by termites, dry rot, wet rot, or other infestations as a matter of information, and no guarantee of the amount or degree of damage (if any) is implied. Condition of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated.
22. This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.
23. When possible, we have relied upon building measurements provided by the client, owner, or associated agents of these parties. In the absence of a detailed rent roll, reliable public records, or "as-built" plans provided to us, we have relied upon our own measurements of the subject improvements. We follow typical appraisal industry methods; however, we recognize that some factors may limit our ability to obtain accurate measurements including, but not limited to, property access on the day of inspection, basements, fenced/gated areas, grade elevations, greenery/shrubbery, uneven surfaces, multiple story structures, obtuse or acute wall angles, immobile obstructions, etc. Professional building area measurements of the quality, level of detail, or accuracy of professional measurement services are beyond the scope of this appraisal assignment.
24. We have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the measurements that are deemed by us to be the most accurate and/or reliable are used within this report. While the measurements and any accompanying sketches are considered to be reasonably accurate and reliable, we cannot guarantee their accuracy. Should the client desire a greater level of measuring detail, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer). We reserve the right to use an alternative source of building size and amend the analysis, narrative and concluded values (at additional cost) should this alternative measurement source reflect or reveal substantial differences with the measurements used within the report.

25. In the absence of being provided with a detailed land survey, we have used assessment department data to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, we reserve the right to amend this appraisal (at additional cost) if substantial differences are discovered.
26. If only preliminary plans and specifications were available for use in the preparation of this appraisal, then this appraisal is subject to a review of the final plans and specifications when available (at additional cost) and we reserve the right to amend this appraisal if substantial differences are discovered.
27. Unless otherwise stated in this report, the value conclusion is predicated on the assumption that the property is free of contamination, environmental impairment or hazardous materials. Unless otherwise stated, the existence of hazardous material was not observed by the appraiser and the appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required for discovery. The client is urged to retain an expert in this field, if desired.
28. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey of the property to determine if it is in conformity with the various requirements of the ADA. It is possible that a compliance survey of the property, together with an analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in developing an opinion of value.
29. This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights (minerals, gas, and oil) were not considered in this appraisal unless specifically stated to the contrary.
30. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated, unless specifically stated to the contrary.
31. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance.
32. Any estimate of insurable value, if included within the scope of work and presented herein, is based upon figures developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage. This analysis should not be relied upon to determine insurance coverage and we make no warranties regarding the accuracy of this estimate.

33. The data gathered in the course of this assignment (except data furnished by the Client) shall remain the property of the Appraiser. The appraiser will not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to the appraiser. Notwithstanding the foregoing, the Appraiser is authorized by the client to disclose all or any portion of the appraisal and related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable the appraiser to comply with the Bylaws and Regulations of such Institute now or hereafter in effect.
34. You and Valbridge Property Advisors | Hulberg and Associates, Inc. both agree that any dispute over matters in excess of \$5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Valbridge Property Advisors | Hulberg and Associates, Inc. and the client cannot agree on the arbitrator, the presiding head of the Local County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, by agreeing to binding arbitration, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party, makes a claim against Hulberg and Associates, Inc. or any of its employees in connections with or in any way relating to this assignment, the maximum damages recoverable by Valbridge Property Advisors | Hulberg and Associates, Inc. for this assignment, and under no circumstances shall any claim for consequential damages be made.
35. Valbridge Property Advisors | Hulberg and Associates, Inc. shall have no obligation, liability, or accountability to any third party. Any party who is not the "client" or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Valbridge Property Advisors | Hulberg and Associates, Inc.. "Client" shall not include partners, affiliates, or relatives of the party named in the engagement letter. Client shall hold Valbridge Property Advisors | Hulberg and Associates, Inc. and its employees harmless in the event of any lawsuit brought by any third party, lender, partner, or part-owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold Valbridge Property Advisors | Hulberg and Associates, Inc. harmless from and against any liability, loss, cost, or expense incurred or suffered by Valbridge Property Advisors | Hulberg and Associates, Inc. in such action, regardless of its outcome.
36. The Valbridge Property Advisors office responsible for the preparation of this report is independently owned and operated by Hulberg and Associates, Inc.. Neither Valbridge Property Advisors, Inc., nor any of its affiliates has been engaged to provide this report. Valbridge Property Advisors, Inc. does not provide valuation services, and has taken no part in the preparation of this report.

37. If any claim is filed against any of Valbridge Property Advisors, Inc., a Florida Corporation, its affiliates, officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages, and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by the firm engaged to provide this report.
38. This report and any associated work files may be subject to evaluation by Valbridge Property Advisors, Inc., or its affiliates, for quality control purposes.
39. Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.

## Certification

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We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is my/our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of the appraisal within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. Guido Villanueva made a personal inspection of the property that is the subject of this report. Stephen D. Kuhnhoff, MAI, ASA did not make a personal inspection of the property that is the subject of this report.
10. No one provided significant real property appraisal assistance to the people signing this certification.
11. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

13. As of the date of this report, I, Guido Villanueva have completed the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.
14. As of the date of this report, I, Stephen D. Kuhnhoff, MAI, ASA have completed the continuing education programs for Designated Members of the Appraisal Institute and the American Society of Appraisers.



Guido Villanueva  
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Stephen D. Kuhnhoff, MAI, ASA  
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# Addenda

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Glossary  
Subject Photographs  
Consulting Services Agreement  
Legal Description  
Preliminary Title Report  
Qualifications of Appraisers  
Information on Valbridge Property Advisors  
Office Locations

## Glossary

Definitions are taken from the Dictionary of Real Estate Appraisal, 5<sup>th</sup> Edition (Dictionary), the Uniform Standards of Professional Appraisal Practice (USPAP) and Building Owners and Managers Association International (BOMA).

### Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. (Dictionary)

### Additional Rent

Any amounts due under a lease that is in addition to base rent. Most common form is operating expense increases. (Dictionary)

### Amortization

The process of retiring a debt or recovering a capital investment, typically through scheduled, systematic repayment of the principal; a program of periodic contributions to a sinking fund or debt retirement fund. (Dictionary)

### As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Dictionary)

### Base (Shell) Building

The existing shell condition of a building prior to the installation of tenant improvements. This condition varies from building to building, landlord to landlord, and generally involves the level of finish above the ceiling grid. (Dictionary)

### Base Rent

The minimum rent stipulated in a lease. (Dictionary)

### Base Year

The year on which escalation clauses in a lease are based. (Dictionary)

### Building Common Area

The areas of the building that provide services to building tenants but which are not included in the rentable area of any specific tenant. These areas may include, but shall not be limited to, main and auxiliary lobbies, atrium spaces at the level of the finished floor, concierge areas or security desks, conference rooms, lounges or vending areas food service facilities, health or fitness centers, daycare facilities, locker or shower facilities, mail rooms, fire control rooms, fully enclosed courtyards outside the exterior walls, and building core and service areas such as fully enclosed mechanical or equipment rooms. Specifically excluded from building

common areas are; floor common areas, parking spaces, portions of loading docks outside the building line, and major vertical penetrations. (BOMA)

### Building Rentable Area

The sum of all floor rentable areas. Floor rentable area is the result of subtracting from the gross measured area of a floor the major vertical penetrations on that same floor. It is generally fixed for the life of the building and is rarely affected by changes in corridor size or configuration. (BOMA)

### Certificate of Occupancy (COO)

A statement issued by a local government verifying that a newly constructed building is in compliance with all codes and may be occupied.

### Common Area (Public) Factor

In a lease, the common area (public) factor is the multiplier to a tenant's useable space that accounts for the tenant's proportionate share of the common area (restrooms, elevator lobby, mechanical rooms, etc.). The public factor is usually expressed as a percentage and ranges from a low of 5 percent for a full tenant to as high as 15 percent or more for a multi-tenant floor. Subtracting one (1) from the quotient of the rentable area divided by the useable area yields the load (public) factor. At times confused with the "loss factor" which is the total rentable area of the full floor less the useable area divided by the rentable area. (BOMA)

### Common Area Maintenance (CAM)

The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property.

CAM can be a line-item expense for a group of items that can include maintenance of the parking lot and landscaped areas and sometimes the exterior walls of the buildings. CAM can refer to all operating expenses.

CAM can refer to the reimbursement by the tenant to the landlord for all expenses reimbursable under the lease. Sometimes reimbursements have what is called an administrative load. An example would be a 15 percent addition to total operating expenses, which are then prorated among tenants. The administrative load, also called an administrative and marketing fee, can be a substitute for or an addition to a management fee. (Dictionary)

### Condominium

A form of ownership in which each owner possesses the exclusive right to use and occupy an allotted unit plus an undivided interest in common areas.

A multiunit structure, or a unit within such a structure, with a condominium form of ownership. (Dictionary)

### Conservation Easement

An interest in real property restricting future land use to preservation, conservation, wildlife habitat, or some combination of those uses. A conservation easement may permit farming, timber harvesting, or other uses of a rural nature to continue, subject to the easement. In some locations, a conservation easement may be referred to as a conservation restriction. (Dictionary)

### Contributory Value

The change in the value of a property as a whole, whether positive or negative, resulting from the addition or deletion of a property component. Also called deprival value in some countries. (Dictionary)

### Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service ( $DCR = NOI/Im$ ), which measures the relative ability to a property to meet its debt service out of net operating income. Also called Debt Service Coverage Ratio (DSCR). A larger DCR indicates a greater ability for a property to withstand a downturn in revenue, providing an improved safety margin for a lender. (Dictionary)

### Deed Restriction

A provision written into a deed that limits the use of land. Deed restrictions usually remain in effect when title passes to subsequent owners. (Dictionary)

### Depreciation

1) In appraising, the loss in a property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.  
2) In accounting, an allowance made against the loss in value of an asset for a defined purpose and computed using a specified method. (Dictionary)

### Disposition Value

The most probable price that a specified interest in real property is likely to bring under the following conditions:

- Consummation of a sale within a exposure time specified by the client;
- The property is subjected to market conditions prevailing as of the date of valuation;

- Both the buyer and seller are acting prudently and knowledgeably;
- The seller is under compulsion to sell;
- The buyer is typically motivated;
- Both parties are acting in what they consider to be their best interests;
- An adequate marketing effort will be made during the exposure time specified by the client;
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

### Easement

The right to use another's land for a stated purpose. (Dictionary)

### EIFS

Exterior Insulation Finishing System. This is a type of exterior wall cladding system. Sometimes referred to as dry-vit.

### Effective Date

The date at which the analyses, opinions, and advice in an appraisal, review, or consulting service apply. 2) In a lease document, the date upon which the lease goes into effect. (Dictionary)

### Effective Gross Income (EGI)

The anticipated income from all operations of the real property after an allowance is made for vacancy and collection losses and an addition is made for any other income. (Dictionary)

### Effective Rent

The rental rate net of financial concessions such as periods of no rent during the lease term and above- or below-market tenant improvements (TIs). (Dictionary)

### EPDM

Ethylene Diene Monomer Rubber. A type of synthetic rubber typically used for roof coverings. (Dictionary)

### Escalation Clause

A clause in an agreement that provides for the adjustment of a price or rent based on some event or index. e.g., a provision to increase rent if operating expenses increase; also called an expense recovery clause or stop clause. (Dictionary)

### Estoppel Certificate

A statement of material factors or conditions of which another person can rely because it cannot be denied at a later date. In real estate, a buyer of rental property typically requests estoppel certificates from existing tenants. Sometimes referred to as an estoppel letter. (Dictionary)

### Excess Land

Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land may have the potential to be sold separately and is valued separately. (Dictionary)

### Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying any operating expenses above a stated level or amount. (Dictionary)

### Exposure Time

1) The time a property remains on the market. 2) The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. (Dictionary)

### Extraordinary Assumption

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. (Dictionary)

### Fair Market Value

The price at which the property should change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts. [Treas. Reg. 20.2031-1(b); Rev. Rul. 59-60. 1959-1 C.B. 237]

### Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (Dictionary)

### Floor Common Area

Areas on a floor such as washrooms, janitorial closets, electrical rooms, telephone rooms, mechanical rooms, elevator lobbies, and public corridors which are available primarily for the use of tenants on that floor. (BOMA)

### Full Service (Gross) Lease

A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called a full service lease. (Dictionary)

### Going Concern Value

- The market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the market value of the going concern.
- The value of an operating business enterprise. Goodwill may be separately measured but is an integral component of going-concern value when it exists and is recognizable. (Dictionary)

### Gross Building Area

The total constructed area of a building. It is generally not used for leasing purposes (BOMA)

### Gross Measured Area

The total area of a building enclosed by the dominant portion (the portion of the inside finished surface of the permanent outer building wall which is 50 percent or more of the vertical floor-to-ceiling dimension, at the given point being measured as one moves horizontally along the wall), excluding parking areas and loading docks (or portions of the same) outside the building line. It is generally not used for leasing purposes and is calculated on a floor by floor basis. (BOMA)

### Gross Up Method

A method of calculating variable operating expense in income-producing properties when less than 100 percent occupancy is assumed. The gross up method approximates the actual expense of providing services to the rentable area of a building given a specified rate of occupancy. (Dictionary)

### Ground Lease

A lease that grants the right to use and occupy land. Improvements made by the ground lessee typically revert to the ground lessor at the end of the lease term. (Dictionary)

### Ground Rent

The rent paid for the right to use and occupy land according to the terms of a ground lease; the portion of the total rent allocated to the underlying land. (Dictionary)

### HVAC

Heating, ventilation, air conditioning. A general term encompassing any system designed to heat and cool a building in its entirety.

### Highest & Best Use

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are 1) legal permissibility, 2) physical possibility, 3) financial feasibility, and 4) maximally profitability. Alternatively, the probable use of land or improved –specific with respect to the user and timing of the use–that is adequately supported and results in the highest present value. (Dictionary)

### Hypothetical Condition

That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (Dictionary)

### Industrial Gross Lease

A lease of industrial property in which the landlord and tenant share expenses. The landlord receives stipulated rent and is obligated to pay certain operating expenses, often structural maintenance, insurance and real estate taxes as specified in the lease. There are significant regional and local differences in the use of this term. (Dictionary)

### Insurable Value

A type of value for insurance purposes. (Dictionary) (Typically this includes replacement cost less basement excavation, foundation, underground piping and architect's fees).

### Investment Value

The value of a property interest to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. (Dictionary)

### Just Compensation

In condemnation, the amount of loss for which a property owner is compensated when his or her property is taken. Just compensation should put the owner in as good a position as he or she would be if the property had not been taken. (Dictionary)

### Leased Fee Interest

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease). (Dictionary)

### Leasehold Interest

The tenant's possessory interest created by a lease. (Dictionary)

### Lessee (Tenant)

One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement. (Dictionary)

### Lessor (Landlord)

One who conveys the rights of occupancy and use to others under a lease agreement. (Dictionary)

### Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

- Consummation of a sale within a short period.
- The property is subjected to market conditions prevailing as of the date of valuation.
- Both the buyer and seller are acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- Both parties are acting in what they consider to be their best interests.
- A normal marketing effort is not possible due to the brief exposure time.
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

### Loan to Value Ratio (LTV)

The amount of money borrowed in relation to the total market value of a property. Expressed as a percentage of the loan amount divided by the property value. (Dictionary)

### Major Vertical Penetrations

Stairs, elevator shafts, flues, pipe shafts, vertical ducts, and the like, and their enclosing walls. Atria, lightwells and similar penetrations above the finished floor are included in this definition. Not included, however, are vertical penetrations built for the private use of a tenant occupying office areas on more than one floor. Structural columns, openings for vertical electric cable or telephone distribution, and openings for plumbing lines are not considered to be major vertical penetrations. (BOMA)

### Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement including permitted uses, use restrictions, expense obligations; term, concessions, renewal and purchase options and tenant improvements (TIs). (Dictionary)

### Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- a. Buyer and seller are typically motivated;
- b. Both parties are well informed or well advised, and acting in what they consider their own best interests;
- c. A reasonable time is allowed for exposure in the open market;
- d. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- e. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

### Market Value As If Complete

Market value as if complete means the market value of the property with all proposed construction, conversion or rehabilitation hypothetically completed or under other specified hypothetical conditions as of the date of the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value shall reflect the market value of the property as if complete and prepared for occupancy by tenants.

### Market Value As If Stabilized

Market value as if stabilized means the market value of the property at a current point and time when all improvements have been physically constructed and the property has been leased to its optimum level of long term occupancy.

### Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of the appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Standards Board of the Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time). (Dictionary)

### Master Lease

A lease in which the fee owner leases a part or the entire property to a single entity (the master lease) in return for a stipulated rent. The master lessee then leases the property to multiple tenants. (Dictionary)

### Modified Gross Lease

A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a double net lease, net net lease, partial net lease, or semi-gross lease. (Dictionary)

### Operating Expense Ratio

The ratio of total operating expenses to effective gross income (TOE/EGI); the complement of the net income ratio, i.e.,  $OER = 1 - NIR$  (Dictionary)

### Option

A legal contract, typically purchased for a stated consideration, that permits but does not require the holder of the option (known as the optionee) to buy, sell, or lease real property for a stipulated period of time in accordance with specified terms; a unilateral right to exercise a privilege. (Dictionary)

### Partial Interest

Divided or undivided rights in real estate that represent less than the whole (a fractional interest). (Dictionary)

### Pass Through

A tenant's portion of operating expenses that may be composed of common area maintenance (CAM), real estate taxes, property insurance, and any other expenses determined in the lease agreement to be paid by the tenant. (Dictionary)

### Potential Gross Income (PGI)

The total income attributable to real property at full occupancy before vacancy and operating expenses are deducted. (Dictionary)

### Prospective Future Value Upon Completion

Market value "upon completion" is a prospective future value estimate of a property at a point in time when all of its improvements are fully completed. It assumes all proposed construction, conversion, or rehabilitation is hypothetically complete as of a future date when such effort is projected to occur. The projected completion date and the value estimate must reflect the market value of the property in its projected condition, i.e., completely vacant or partially occupied. The cash flow must reflect lease-up costs, required tenant improvements and leasing commissions on all areas not leased and occupied.

### Prospective Future Value Upon Stabilization

Market value "upon stabilization" is a prospective future value estimate of a property at a point in time when stabilized occupancy has been achieved. The projected stabilization date and the value estimate must reflect the absorption period required to achieve stabilization. In addition, the cash flows must reflect lease-up costs, required tenant improvements and leasing commissions on all unleased areas.

### Replacement Cost

The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout. (Dictionary)

### Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all of the deficiencies, super-adequacies, and obsolescence of the subject building. (Dictionary)

### Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." (Dictionary)

### Sandwich Leasehold Estate

The interest held by the original lessee when the property is subleased to another party; a type of leasehold estate. (Dictionary)

### Sublease

An agreement in which the lessee (i.e., the tenant) leases part or all of the property to another party and thereby becomes a lessor. (Dictionary)

### Subordination

A contractual arrangement in which a party with a claim to certain assets agrees to make his or her claim junior, or subordinate, to the claims of another party. (Dictionary)

### Substantial Completion

Generally used in reference to the construction of tenant improvements (TIs). The tenant's premises are typically deemed to be substantially completed when all of the TIs for the premises have been completed in accordance with the plans and specifications previously approved by the tenant. Sometimes used to define the commencement date of a lease.

### Surplus Land

Land that is not currently needed to support the existing improvement but cannot be separated from the property and sold off. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. (Dictionary)

### Triple Net (Net Net Net) Lease

A lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called NNN, triple net leases, or fully net lease. (Dictionary)

(The market definition of a triple net leases varies; in some cases tenants pay for items such as roof repairs, parking lot repairs, and other similar items.)

#### Usable Area

The measured area of an office area, store area or building common area on a floor. The total of all the usable areas on a floor shall equal floor usable area of that same floor. The amount of floor usable area can vary over the life of a building as corridors expand and contract and as floors are remodeled. (BOMA)

#### Value-in-Use

The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value but is different conceptually. (Dictionary)

Subject Photographs



45<sup>th</sup> Street, facing north



45<sup>th</sup> Street, facing south



Florida Avenue, facing east



Florida Avenue, facing west



Subject as seen from intersection of S. 47<sup>th</sup> Street  
and Florida Avenue



Subject as seen from S. 45<sup>th</sup> Street



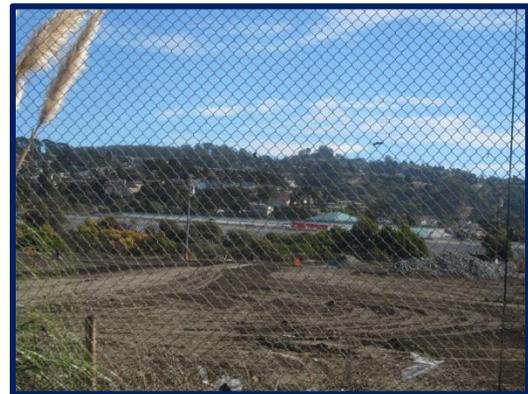
Subject facing northeast from Florida Avenue



Subject facing north



View of subject



Subject as seen through fence



Another view of subject



Subject's corner

## Consulting Services Agreement

## **PROPERTY APPRAISAL CONSULTANT SERVICES AGREEMENT**

This agreement ("Agreement") is made and entered into as of the 29th day of September, 2014, between Eden Housing, Inc. ("Client"), and Valbridge Property Advisors | Hulberg & Associates, Inc. ("Consultant") under the following circumstances.

A. Client either owns, has the right to develop or acquire, or is considering the development of certain property described in Exhibit A (the "Property"). Client intends to develop, or investigate the possible development of, a project at the Property as described in Exhibit A (the "Project").

B. In connection with the development of the Project, Client desires to retain Consultant to perform the services described herein.

THEREFORE, IN CONSIDERATION of the mutual covenants and promises of the parties herein contained, the Client and Consultant agree as follows:

### **ARTICLE 1 - CONSULTANT'S SERVICES AND RESPONSIBILITIES**

1.1 Basic Services. Consultant's basic services with respect to the Project consist of the following (the "Basic Services"): Appraisal Report.

1.1.1 Consultant shall perform, in accordance with the requirements set forth herein, the services described in Exhibit B (the "Scope of Services"). The Scope of Services shall also include the following to the extent requested by Client. N/A

1.1.2 Consultant shall attend necessary conferences with Client and Client's other consultants and contractors, and prepare criteria, studies, analyses, reports, drawings and other documents specified in the Scope of Services, be available for general consultation, and make recommendations regarding basic systems for the portion of the Project for which Consultant is to provide services. When necessary, to the extent appropriate given the Scope of Services, Consultant shall consult with public agencies and other organizations.

1.1.3 Consultant shall attend all requisite design development, interface and coordination meetings which may be required by Client, the applicable city or other governmental entities and departments to review Consultant's work, promote the mutual understanding of the work in progress, and expedite the completion of the work within the time frame of Client's schedule.

1.1.4 Consultant shall attend bidding and construction meetings as necessary to resolve any problems that may arise concerning Consultant's work, and provide clarifying details as required. If requested by Client,

1.1.5 To the extent appropriate given the Scope of Services, Consultant shall provide copies of drawings, reports, specifications and other necessary information to Client's other consultants working on the Project in order to provide for coordination of their respective services. Consultant shall be responsible for becoming familiar with and coordinating the design being prepared by Client's other consultants to the extent necessary for the proper execution of Consultant's Scope of Services.

1.2 Additional Services. Consultant shall provide additional services to the extent such services are authorized in writing by Client and accepted by Consultant (the "Additional Services"). The written authorization for such Additional Services shall (a) specifically be identified as an addition to the Scope of Services, (b) be accompanied by a separate time schedule, and (c) contain a not-to-exceed price or

other basis of payment agreed to by the parties for such Additional Services. All actions taken in connection with authorized Additional Services shall be governed by the provisions of this Agreement.

1.3 Authorized Work. The Consultant shall not undertake any item of work unless such work is (a) included in the Scope of Services; or (b) included within Additional Services authorized in the manner set forth in paragraph 1.2; or (c) a Change authorized in writing pursuant to Article 4. Any other work shall be at Consultant's sole expense.

1.4 Limitations on Additional Services/Changes. Notwithstanding anything to the contrary in this Agreement, in no event shall services which are required due to errors, omissions or negligence of Consultant, or failure of Consultant to perform in accordance with the requirements of this Agreement, be deemed Additional Services under Paragraph 1.2 or a compensable Change under Article 4. For purposes of this paragraph 1.4, "Consultant" shall include others authorized to perform work under paragraph 1.5.

1.5 Authorized to Perform Work. The Consultant's Scope of Services shall be performed only by: (a) Consultant or employees of Consultant identified in Exhibit D; (b) subconsultants or assignees but only if authorized pursuant to Article 6; and (c) others but only with the express written consent of Client.

## **ARTICLE 2 - TIME FOR PERFORMANCE**

2.1 Time of Performance. Consultant's services shall be performed in accordance with any Schedule attached as Exhibit C or any schedule approved by Client pursuant to paragraph 2.2.

2.2 Submittal/Approval of Schedule. If a Schedule is not attached as Exhibit C, within 5 days of Client's request, Consultant shall submit, for Client's approval, a schedule for the performance of the Scope of Services which schedule shall allow periods of time for Client's and its other consultants' review and for approval of submissions by authorities having jurisdiction over the Project. Client has the right to reject a proposed schedule, such right to be exercised reasonably. The failure of Consultant to provide a reasonable Schedule pursuant to this paragraph shall constitute grounds for termination for cause.

2.3 Delays; Time Extensions. Time periods identified in any schedule attached as Exhibit C, or approved of by Client pursuant to paragraph 2.2, shall not be exceeded without the prior written consent of Client. If Consultant is delayed in the performance of its services by acts or omissions of Client or other parties employed by Client, or by other circumstances beyond Consultant's reasonable control, Consultant shall be entitled to an extension of time for the performance of its services which were actually delayed by such event, but shall not be entitled to any increase in compensation or to damages or losses, of any manner, as a consequence of such delays or interference. Consultant shall be eligible for an extension of time only if Consultant gives notice to Client within five days of the act, omission, or circumstance claimed to be giving rise to the delay, which notice shall specify the number of days of time extension Consultant believes is necessary and was caused by the claimed excusable delay.

2.4 Time Is of the Essence. Consultant acknowledges and agrees that time is of the essence in the performance of Consultant's duties and that Consultant shall perform the work as expeditiously as possible.

## **ARTICLE 3 - COMPENSATION TO CONSULTANT**

3.1 Basic Services. For the performance of Consultant's Basic Services, Consultant shall be entitled to compensation as set forth in Exhibit D. Included within Basic Services are the fees and

expenses of all those expressly authorized to perform work under this Agreement pursuant to Paragraph 1.5.

3.2 Provided that an invoice in the form set forth as Exhibit E hereto (a "Consultant Invoice") and all supporting documentation is received by Client not later than the 15<sup>th</sup> of each month, payments for Basic Services shall be made within approximately 30 days thereafter. Where applicable, the amounts invoiced in the Consultant Invoice shall be in proportion to services performed within each phase of service or allocable to the tasks completed, on a percentage complete basis as set forth in Exhibit E.

3.3 With each invoice for payment, Consultant shall furnish conditional lien releases for the amounts invoiced and unconditional lien releases for the amounts previously paid, for itself and others authorized to perform work pursuant to paragraph 1.5, pursuant to and in the form set forth in California Civil Code § 3262. Submittal of such lien releases is a condition precedent to payment.

3.4 Additional Services/Changes; Reimbursable Expenses. Client shall compensate Consultant for Additional Services and/or a Change in an amount equal to the Direct Personnel Expense, defined below, for Consultant's personnel engaged in performing the Additional Services or Change and Reimbursable Expenses as authorized by written change order approved by Owner; provided, however, in no event shall Client be required to pay Consultant compensation for Additional Services or Changes in excess of any not-to-exceed amount set forth on the authorization for such Additional Services or Change. Provided that a Consultant Invoice and all supporting documentation is received by Client not later than the 15<sup>th</sup> of each month, payments on account of the Additional Services or Change shall be made as set forth in Exhibit D.

3.5 Direct Personnel Expense. Direct Personnel Expense is defined as the hourly rates of each of Consultant's personnel engaged on the Project (including others authorized by Paragraph 1.5), including the cost of their mandatory and customary contributions and benefits related thereto, such as employment taxes and other statutory employee benefits, insurance, sick leave, holidays, vacations, pensions and similar contributions and benefits. The Direct Personnel Expense for each of Consultant's personnel to be engaged on this Project is set forth in Exhibit D.

3.6 Reimbursable Expenses. Reimbursable Expenses are defined as the direct cost to Consultant, without overhead or mark-up, of the costs and expenses identified in Exhibit D, incurred by Consultant in performing Basic Services or any Additional Services or Change approved by Client. Consultant shall not be entitled to expenses other than as listed in Exhibit D unless authorized in writing by Client.

3.7 Liens and Encumbrances. Consultant shall indemnify, defend and hold harmless Client from all liens for labor performed, materials supplied or used by Consultant and/or any other person in connection with the services undertaken by Consultant hereunder, and shall not at any time suffer or permit any lien or attachment or encumbrance to be imposed by any Subconsultant or other person, firm or corporation, upon the Property or any improvements thereon, by reason of any claim or demand against Consultant or otherwise in connection with the scope of services, unless such a lien arises solely from Client's failure to pay an undisputed amount due and owing under the Agreement. If any liens are filed related to the Scope of Services, Consultant shall promptly cause such liens to be bonded over or otherwise released. Absent such action by Consultant, Client may, at its option, after 7 days' written notice to Consultant, bond over such lien(s) or pay the same and withhold or seek reimbursement of such amount from Consultant.

## ARTICLE 4 - CHANGES

4.1 Change; Compensation. Client may, at any time, make changes in or additions to the services to be supplied within the Scope of Services or Additional Services (a "Change"). If any such Change affects the time of performance, the schedule shall be equitably adjusted accordingly, unless otherwise agreed to in writing by Client and Consultant. If any such Change affects the cost of the services to be performed under this Agreement, Consultant shall be entitled to its Direct Personal Expense and Reimbursable Expense directly resulting from the Change, unless otherwise agreed to in writing by Client and Consultant.

4.2 Written Authorization. Consultant shall not proceed with any Change unless authorized in writing by the Client. Upon request, Consultant shall provide an estimate of the time requirements or additional costs that would result from a proposed Change.

## ARTICLE 5 - PROFESSIONALISM

5.1 Standard of Care. The standard of care for all services performed by Consultant will be the care and skill ordinarily used by members of Consultant's profession practicing under similar conditions at the same time and in the same locality, and in connection with projects of similar scope, magnitude and quality as the Project. Consultant agrees that each of its employees (and others authorized pursuant to Paragraph 1.5) will be properly qualified and will use reasonable care in the performance of their duties. If, however, Client reasonably determines that any particular employee is unsatisfactory to Client, then upon written notice from Client to Consultant, Consultant shall remove said employee and shall provide a qualified substitute. All personnel furnished by Consultant will be deemed employees of Consultant and will not for any purpose to be considered employees or agents of Client. For purposes of Article 5, "Consultant" shall include others authorized to perform work pursuant to paragraph 1.5.

5.2 Accuracy and Clarity. Consultant shall perform its services with the accuracy and clarity necessary so that any documents, plans, drawings and/or specifications relating to the Scope of Services shall be suitable for design coordination, construction bidding, securing necessary permits and for construction. If performance specifications are to be developed as a part of the Scope of Services, such specifications shall contain detail sufficient for obtaining required bids and executing the work.

## ARTICLE 6 - ASSIGNMENT AND SUBCONSULTING

6.1 Subconsultants. Consultant shall not assign, sublet, subcontract or transfer any interest in this Agreement or delegate any duties under this Agreement, except as set forth in Exhibit B, without the prior written consent of Client. Consultant shall be responsible for the performance of the work of its subconsultants or other parties engaged by Consultant. Consultant shall be liable for the conduct of subconsultants or others it engages to the same extent as Consultant's liability under the Agreement. All such parties engaged by Consultant are independent contractors to Consultant and not to Client, and Consultant is responsible for the quality of their work.

6.2 Assignment. Upon written notice to Consultant, Client may assign this Agreement, in whole or in part, or any of its rights, duties and obligations under this Agreement to any related entity, including a parent, subsidiary, sister company, or any entity with common ownership with Client.

## ARTICLE 7 - ACCOUNTING RECORDS AND AUDIT RIGHTS

7.1 Record Keeping. Consultant shall keep records of Direct Personnel Expenses and Reimbursable Expenses pertaining to Additional Services, Basic Services and Changes on the basis of

generally accepted accounting principles, but in any case in sufficient detail to allow Client to fully review same.

7.2 Record Retention. Consultant shall retain records referenced in this Article for the duration of its performance under this Agreement, and for a period of at least one year after the end of Consultant's performance under this Agreement, or longer if reasonably requested by Client. Such records shall be available to Client or Client's authorized representative for inspection upon five days' notice and during normal business hours, at any point during performance of this Agreement, or within one year after the end of performance under this Agreement.

## **ARTICLE 8 - OWNERSHIP AND USE OF DOCUMENTS**

8.1 Ownership and Use. All drawings and specifications, studies, plans, models and other products of Consultant's services under this Agreement are and shall remain the property of Client, whether the Project is executed or not. Consultant shall be permitted to retain copies, including reproducible copies, of drawings, specifications and plans for information and reference in connection with Consultant's use in the Project. The drawings, specifications, studies, plans, models and other documents produced by Consultant shall be provided to Client in digital format (acceptable to Client) on disk, and shall not be used by Consultant on other projects. Should Client use Consultant's work on any other project Client shall hold Consultant harmless for any such other use unless Client receives Consultant's authorization to use Consultant's work on other site(s). No such reuse, in whole or in part, of Consultant's work products shall give rise to or entitle Consultant to bring any copyright infringement action or any other action claiming a violation by Client of any ownership right Consultant may have, or claim to have, in such work products, and Consultant hereby irrevocably waives any and all such claims and causes of action Consultant might otherwise have, whether at law or in equity.

## **ARTICLE 9 - COMPLIANCE WITH LAWS**

9.1 Competence. Consultant covenants that all drawings, specifications, studies, plans and other work provided for under this Agreement shall comply with applicable federal, state and local laws, statutes, ordinances, codes and regulations, including, but not limited to, applicable governmental land use and zoning ordinances, regulations and codes and covenants, conditions, and restrictions or records applicable to the Project and/or such services.

9.2 Licensed Professionals. Consultant represents and warrants that all services to be performed hereunder shall, to the extent required by applicable law, be performed by or under the supervision of duly and validly licensed professionals in the state in which the Project is located.

9.3 Every Consultant, Contractor, Subcontractor and Vendor who contractually agrees to provide services or supplies for the Work of this Contract must be in full compliance with the existing OSHA and Cal/OSHA requirements. This includes but is not limited to the following: (1) To maintain an effective Injury & Illness Prevention Program as set forth in Senate Bill 198; (2) To provide adequate safety and training programs to their employees including routine inspections of the equipment used in carrying out their contractual duties.

By signing this Contract Agreement, the Consultant/Contractor/Subcontractor/Vendor represents and warrants that they are in full compliance with OSHA and Cal/OSHA and maintain an effective Injury & Illness Prevention Program pursuant to Senate Bill 198. As such, the Contractor/Subcontractor/Vendor agrees to indemnify and hold Eden Housing Inc., Eden Housing Management Inc., and the Owners of the subject property harmless from any and all penalties, violations, assessments or damages, monetary or

non-monetary which result in the failure to comply with the above set forth regulations and representations.

The Owners and/or Eden Housing Inc. reserve the right to cancel the underlying contract if any Contractor/Subcontractor/Vendor breaches the above terms and conditions.

#### **ARTICLE 10 - INSURANCE AND INDEMNITY**

10.1 Insurance. Prior to commencement of the services hereunder, Consultant shall provide evidence to Client of and maintain in full force and effect throughout its performance of the Project those forms of insurance in such amounts and subject to such conditions as are set forth on Exhibit F attached hereto. Consultant will also provide such evidence of insurance with respect to any authorized subconsultants.

10.2 Indemnity Obligations. Consultant shall indemnify, defend and hold harmless Client from any expenses, costs, losses, claims, demands, causes of action, damages, judgment liens, encumbrances, orders, awards or other legal liability attributable to or in connection with third party claims which arise from or are in any way related to any negligent act, error, or omission or intentional misconduct of Consultant, its subconsultants, agents, employees, officers, trustees, shareholders, or anyone else for whom Consultant is legally liable in connection with the performance of this Agreement, or the allegations of same. At Client's election, Consultant shall either pay the reasonable costs of defense of or defend Client against any and all liability, loss, claim or damage, including attorney's fees, from any third party claims against Client in connection with or pertaining to the services provided by Consultant under this Agreement.

Client shall indemnify, defend and hold harmless Consultant from any expenses, costs, losses, claims, demands, causes of action, damages, judgment liens, encumbrances, orders, awards or other legal liability attributable to or in connection with third party claims brought against Consultant arising out of Client's use of drawings, specifications, studies, plans, models and other documents prepared by Consultant, when such use was other than on this Project.

#### **ARTICLE 11 - DISPUTES**

11.1 Disputes. Claims, disputes and other matters in question arising out of or relating to the Agreement shall be decided by litigation in the California Superior Court for the County in which the Project is to be constructed.

11.2 Damages. Under no circumstances will Client be liable for indirect, special or consequential losses or damages including, but not limited to, loss of profits or revenues. Consultant acknowledges that officers, directors and employees of Client have no personal liability under this Agreement and Consultant covenants not to sue such officers, directors and employees in their individual capacity.

11.3 Attorneys' Fees. In the event of any litigation between Client and Consultant concerning the performance of Consultant's services, the prevailing party shall be entitled to recover reasonable attorneys' fees, expert witness expenses, and costs from the other party.

11.4 Applicable Law. This Agreement shall be governed by, and construed according to, the laws of the State of California.

11.5 Continuation of Work. During all disputes, actions, claims or other matters arising out of or relating to this Agreement or the breach thereof, Consultant shall carry on the performance of its services and maintain its progress schedule, unless otherwise directed by Client in writing.

## ARTICLE 12 - TERMINATION

12.1 Termination. This Agreement may be terminated by Client at any time upon seven days' written notice to Consultant with or without cause.

12.2 Payment Upon Termination. In the event of termination of Consultant not for cause, Consultant shall be compensated for Basic Services, Additional Services and Changes performed prior to the termination date, together with Reimbursable Expenses incurred prior to the termination date. In the event of termination for cause, Client shall be entitled to withhold amounts reasonably estimated to compensate Client for any damages caused by Consultant, subject to a reconciliation after the Project is completed and/or recoupment by Consultant if appropriate pursuant to Article 11.

## ARTICLE 13 - HEALTH AND ENVIRONMENTAL

13.1 Water Intrusion. Consultant shall perform its work in a manner designed to prevent water intrusion at the Project.

13.2 Hazards. Consultant acknowledges that the Project is to be used for housing and Consultant shall perform its work in a manner designed to prevent and/or avoid contamination by or exposure to environmental hazards including but not limited to mold, mildew, and other fungi, lead, asbestos and subsurface contamination. Consultant shall promptly report to Client circumstances related to actual or potential environmental hazards about which Consultant becomes aware.

## ARTICLE 14 - REPRESENTATIVES

14.1 Designation; Role. Client hereby designates the individual(s) identified in Exhibit A or such other person as Client may hereafter designate in writing to Consultant as Client's Representative. Client's Representative is authorized to act on behalf and in the name of Client in connection with the Project. Consultant hereby designates the individual(s) identified in Exhibit A, or such other person, acceptable to Client, as Consultant may hereafter designate in writing to Client as its Project Representative. Consultant's Representative is authorized to act on behalf of Consultant in connection with the Project.

## ARTICLE 15 - MISCELLANEOUS

15.1 Client Review. Consultant acknowledges and agrees that any review, approval, comment or evaluation by Client of any such reports, studies, plans, drawings, specifications or other documents prepared by or on behalf of Consultant shall not impose on Client any responsibility or liability for the technical accuracy or completeness of such documents, for any defects or inadequacies therein or for any failure of such documents to comply with the requirements set forth in this Agreement. In no event shall any review, approval, comment or evaluation by Client relieve Consultant of any liability or responsibility under this Agreement.

15.2 Release. To the extent permitted by applicable law, Consultant agrees to look solely to its insurers, and does hereby release and waive any and all rights it has now, or may in the future have, to recover against Client, its trustees, shareholders, officers, agents, servants, affiliates or employees (collectively, the "Releases") for loss or damage to property, or personal injury or death (including, but

not limited to, claims for damage to property of Consultant and injury to, or death of, employees of Consultant and claims for contribution or indemnity or for reimbursement of workers' compensation benefits), in any way relating to or resulting from the services performed or to be performed under or in connection with the Agreement. Consultant hereby waives all rights of subrogation of its insurers with respect to claims against the Releasees.

15.3 Successors and Assigns. Client and Consultant, respectively, bind themselves, their successors, assigns and legal representatives to the other party to this Agreement and this Agreement shall inure to the benefit of Client and Consultant, respectively, and their successors, assigns and legal representatives.

15.4 Warranty; Copyright. Consultant represents and warrants that no portion of the material prepared for Client or services provided to Client under this Agreement is derived from or includes any copyrighted or similarly protected material, other than such material as Consultant has provided a license or other evidence from such owner or the ability to do so.

15.5 Notices. Any notices or other communication which may or must be given hereunder shall be in writing addressed to the party representative as set forth in Exhibit A. Any party may, by notice to the other party, designate another address to which any such notice or other communication shall thereafter be delivered. Any such notice shall be deemed to be received (a) upon delivery thereof, if delivered by personal delivery or facsimile, (b) upon the next business day after timely and proper deposit with an overnight courier with request for next-day service, or (c) upon actual receipt, if delivered by U.S. certified or registered mail, postage prepaid, return-receipt requested.

15.6 Entire Agreement. The terms of this Agreement are intended by the parties to be a final expression of their understanding with respect to such terms as are included in this Agreement and may not be contradicted by evidence of any prior or contemporaneous statements, representations, agreements or understandings. The parties further intend that this Agreement constitutes the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial proceeding involving this Agreement. No addition to, deletion from or modification of any term or provision of this Agreement shall be effective unless it is made in a writing signed by the parties hereto.

15.7 Consultant's Status. Consultant has no right or authority of any kind to act as the representative of or on behalf of Client.

15.8 Independent Contractor. Consultant enters into this Agreement as an independent contractor. Under no circumstances shall Consultant look to Client as its employer, nor as a partner, agent or principal. Consultant shall not be entitled to any benefits accorded to Client's employees, including, without limitation, workers compensation, disability insurance, and vacation or sick pay. Consultant shall be responsible for providing, at its expense and in its name, disability, workers' compensation or other insurance as well as licenses and permits usual or necessary for conducting its Services hereunder.

15.8.1 Consultant shall pay, when and as due, any and all taxes, duties and other similar charges assessed or incurred as a result of Consultant's services or compensation hereunder, including estimated taxes, and shall provide Client with proof of said payments upon demand. Consultant hereby agrees to indemnify Client for any claims, losses, costs, fees, liabilities, damages or injuries suffered by Client arising out of Consultant's breach of this Section. Client is hereby authorized to make all withholding, value added tax or similar payments required by law as a deduction against the amount of compensation paid to Consultant hereunder. For purposes of Paragraphs 15.8 and 15.8.1, "Consultant" includes others authorized under Paragraph 1.5.

15.9 No Waiver of Breach. No failure by Client to insist upon the strict performance of any term hereof or to exercise any right, power or remedy upon a breach hereof shall constitute a waiver of any such breach or any such term. No waiver of any breach shall affect or alter this Agreement, which shall continue in full force and effect, or the rights of Client with respect to any other then existing or subsequent breach.

15.10 Survival of Covenants. All covenants made by Consultant pursuant to this Agreement shall survive termination of this Agreement and/or Client's final payment to Consultant.

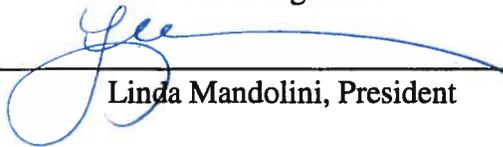
15.11 Construction. The language in and provisions of this Agreement shall in all cases be simply construed according to their fair meaning and not strictly for or against Consultant or Client. Captions of the articles and paragraphs of this Agreement are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction or meaning of the provisions of this Agreement. This Agreement is agreed to be drafted jointly by the parties.

15.12 No Third-Party Beneficiary. This Agreement is made for the sole benefit of Client and Consultant, and no other person or entity shall have any right of action of any kind hereon or be deemed a third party beneficiary of this Agreement.

15.13 Severability. Should any provision of this Agreement be unenforceable, the remaining terms and conditions of this Agreement shall remain in full force and effect.

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Client Signature

  
Linda Mandolini, President

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Consultant Signature

  
Guido Villanueva, Senior Appraiser

## EXHIBIT A

### (Project Description and Participants)

1. The Property is: 99 S. 47<sup>th</sup> Street
2. The Project is: An affordable senior housing development with approximately 63 units, supportive community space, landscaped areas, and parking on a 1.45 acre site.
3. Approved subconsultants are: To be determined
4. Client's Representative is:  
  
Woody Karp  
Eden Housing, Inc.  
22645 Grand Street  
Hayward, CA 94541  
Phone: (510) 582-1460  
Fax: (510) 582-0122
5. Consultant's Representative:  
  
Guido Villanueva  
Valbridge Property Advisors | Hulberg & Associates, Inc.  
One North Market Street  
San Jose, CA 95113  
Phone: (408) 279-1520  
Fax: (408) 279-3428

**EXHIBIT B**

**(Scope of Services)**

**See attached proposal**

**dated 17 September 2014**

EXHIBIT C

(Schedule)

See attached proposal

dated 17 September 2014



# Valbridge

PROPERTY ADVISORS

Hulberg & Associates, Inc.

San Francisco Bay Area/Silicon  
Valley  
One North Market Street  
San Jose, CA 95113-1207  
408-279-1520 phone  
408-279-3428 fax  
valbridge.com

September 17, 2014

Stephen D. Kuhnhoff  
925.327.1660 x 7203  
skuhnhoff@valbridge.com

**VIA E-Mail Only**

Geoff Martell  
Associated Project Developer  
Eden Housing, Inc.  
22645 Grand Street  
Hayward, CA 94541  
Phone: 510-247-5158

Re: Appraisal of  
Multifamily Land  
99 S. 47<sup>th</sup> Street  
Richmond, CA 94804  
APN: 513-321-001-2 and 003-4

Dear Mr. Martell,

As discussed with Guido Villanueva, we are pleased to submit a proposal to provide an Appraisal Report for the above referenced real estate. We understand that the property is a two parcel site (APN: 513-321-001-2 and 003-4) which will be developed with an 80 unit senior (income-restricted) apartment project at a density of 17.78 dwelling units per acre.

Founded in 1976, Hulberg & Associates, Inc. has been one of the largest appraisal firms in California. Effective March 19, 2013, we expanded further to become part of Valbridge Property Advisors, a national appraisal company with 59 offices. We have extensive experience in valuing multifamily, retail, office, land and special use properties in the Bay Area. Additional information on the firm can be reviewed at [www.valbridge.com](http://www.valbridge.com). We are California certified general appraisers and have no interest with the development's partner(s) or intended partner or general contractor.

It is our understanding that this appraisal will be used in to gain an accurate third-party valuation of the land for the tax-credit application that will be submitted in March 2015. The purpose of this appraisal is to develop an opinion of the as is market value of the property consistent with the highest and best use of the property. The scope of work is to prepare a narrative appraisal report. The legal property rights appraised will be the "fee simple" interest (i.e., all of the legal rights of ownership). We will provide an "as-is" appraisal as of the current date.

Geoff Martell  
Eden Housing  
September 17, 2014  
Page 2 of 6

We will provide you with an electronic file (PDF) of the appraisal reports. Upon request, we will furnish you with two bound copies. Additional copies will be made available at our cost of preparation.

Our fee for this appraisal will be \$3,500, plus any incidental expenses such as mileage and blueprinting. The amount of \$1,750 is due as a deposit prior to commencement of work on the assignment. The deposit is applied only against the final statement due at the end of the assignment.

The estimated completion date of the appraisal is within four weeks from the date we receive authorization to proceed). This date assumes that we will receive written authorization to proceed and that the relevant information needed for the appraisal will be received from our client on a timely basis. In order to appraise this property, please provide the information listed on the next page, as applicable.

If this proposal is acceptable, please have the party responsible for the fee authorize us to proceed with the appraisal by signing below. A copy of Valbridge Property Advisors | Hulberg & Associates' Standard Terms of Appraisal Agreement, which will be an integral part of this agreement, is attached.

If you have any questions, please feel free to contact Guido M. Villanueva at 925-327-1660 x7201. We look forward to working with you on this important assignment.

Sincerely,

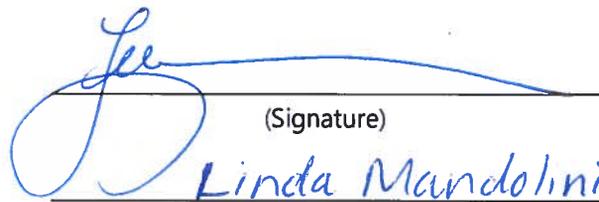


Stephen D. Kuhnhoff, MAI, ASA  
California Certified-General Appraiser #AG001791

Attachment

cc:

Accepted by:



(Signature)

Linda Mandolini  
(Please Print)

Date:

10/3/2014

**INFORMATION NEEDED FOR THE APPRAISAL**

In order to appraise this property, please provide the following information as applicable. *We realize you have already provided us with much of this information. We have not yet had a chance to review all the information sent.*

**Information for the Base Appraisals**

- Site Plan
- Title report (if available)
- Proposed or executed purchase and sale agreement
- Information on any sale, listing, or offer on the property during the past three years (copy of relevant contracts)
- Person to contact to arrange interior inspection
- Information regarding the existence, if any, of contamination, soils problems or other property deficiencies
- Any other information, any appraisals prepared in the past five years (if available), that you have that will assist us in appraising the property

### **STANDARD TERMS OF APPRAISAL ASSIGNMENT**

1. Acceptance of this agreement assumes that our client will provide all necessary information needed for the appraisal on a timely and truthful basis, and assumes that the client will provide sufficient access to the property to be appraised. A delay in receipt of information may delay completion of the assignment.
2. Appraiser shall have no responsibility for legal matters, questions of survey or title, soil or subsoil conditions, engineering, or other similar technical matters. The appraisal report will not constitute a survey of the property appraised. This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. Nor does it certify that tenants have complied with all requirements necessary to obtain use and occupancy permits.
3. Unless otherwise noted, the appraisal will value the property as though free of contamination. Valbridge Property Advisors | Hulberg & Associates, Inc. (also known in the document as "Valbridge | Hulberg") will conduct no hazardous materials or contamination inspection of any kind. It is recommended that the client hire an expert if the presence of hazardous materials or contamination poses any concern.
4. The Americans with Disabilities Act ("ADA") became effective in 1992. We will not make a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we will not consider possible non-compliance with the requirements of ADA in estimating the value of the property.
5. The fee quoted is based on our understanding of the assignment as outlined in the scope of work. Changes in scope will be billed at our normal hourly rates. If any employee of Valbridge | Hulberg is asked or required to appear and/or testify at any meeting, deposition, trial, or other proceeding about the preparation, conclusions, or agreement, client shall compensate appraiser for the time spent in appearing and/or testifying and in preparing to testify according to the appraiser's then current hourly rate, plus expenses.
6. The fee and estimated completion time are subject to change if the property is not as outlined in our proposal, or if issues come to light during the course of our investigation which, in our opinion, necessitate such change. If the client places an assignment "on hold," then reactivates the appraisal, an additional charge may apply due to inefficiency created.
7. The Valbridge Property Advisors office responsible for the preparation of this report is independently owned and operated by Hulberg & Associates, Inc. Neither Valbridge Property Advisors, Inc. nor any of its affiliates has been engaged to provide this report. Valbridge Property Advisors, Inc. does not provide valuation services, and has taken no part in the preparation of this report.

8. If any claim is filed against any of Valbridge Property Advisors, Inc. a Florida Corporation, its affiliates, officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by the firm engaged to provide this report.
9. This report and any associated work files may be subject to evaluation by Valbridge Property Advisors, Inc. for quality control purposes. Valbridge Property Advisors, Inc., will maintain the confidentiality of the report and associated work files.
10. Our standard payment policy is as follows: the balance is due upon presentation of the invoice; if payment is not made within 30 days of date, due interest at the rate of 1.5% per month will be added to the principal from the due date to date payment is received, and you shall pay all expenses of collection, including court costs and attorney fees. If the client requests a draft, the fee is due upon delivery of the draft. Valbridge | Hulberg shall be under no obligation to continue work on an assignment that is not paid current. The fee for this appraisal is not contingent upon the valuation of the property, the funding of any loan or outcome of litigation. Any opinions we may have expressed about the outcome of your matter or case are expressions of our opinions only and do not constitute any guarantee about the outcome.
11. Should the assignment be terminated prior to completion, you agree to pay for time and costs incurred prior to our receipt of written notice of cancellation.
12. If this assignment includes a provision for work performed on an hourly billing basis, such work is subject to periodic adjustment to our then-current rates. Valbridge | Hulberg shall provide 30 days' notice to client prior to any rate increase. If client chooses not to consent to the increased rates, client may terminate Valbridge | Hulberg's services by written notice effective when received by Valbridge | Hulberg.
13. If this assignment includes a provision for work on an hourly billing basis, client acknowledges that Valbridge | Hulberg has not committed to any total fee amount to be incurred by client under this agreement.
14. You and Valbridge | Hulberg both agree that any dispute over matters in excess of \$5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Valbridge | Hulberg and the client cannot agree on the arbitrator, the presiding head of the Santa Clara County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, by agreeing to binding arbitration, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party, makes a claim against Hulberg or any of its employees in connection with or in any way relating to this assignment, the maximum damages recoverable from Valbridge | Hulberg or its employees shall be the amount of monies actually collected by Valbridge | Hulberg for this assignment, and under no circumstances shall any claim for consequential damages be made.

15. Valbridge | Hulberg shall have no obligation, liability, or accountability to any third party. Any party who is not the "client" or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Valbridge | Hulberg. "Client" shall not include partners, affiliates or relatives of the party named in the engagement letter. Client shall hold Valbridge | Hulberg and its employees harmless in the event of any lawsuit brought by any third party, lender, partner or part owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold Valbridge | Hulberg harmless from and against any liability, loss, cost or expense incurred or suffered by Valbridge | Hulberg in such action, regardless of its outcome.
16. Distribution of this report is at the sole discretion of the client, but no third parties not listed as an intended user on the face of the appraisal or engagement letter may rely upon the contents of the appraisal. In no event shall client give a third party a partial copy of the appraisal report. We will make no distribution of the report without the specific direction of the client.
17. This agreement contains the entire agreement of the parties. No other agreement, statement or promise made on or before the effective date of this agreement will be binding on the parties. This agreement may only be modified by subsequent agreement of the parties.

EXHIBIT D

(Compensation)

1. Payment for Basic Services shall be in the following amount(s): \$3,500.
2. Direct Personnel Expenses are as follows:

<u>Employee</u>	<u>Hourly Rate</u>
Guido Villanueva	N.I.P

3. Reimbursable Expenses are as follows and shall be billed at Consultant's actual cost.

3.1 Mileage in connection with the Project (other than ordinary commute) in the amount of \$0.55 per mile.

3.2 Out-of-town travel (if authorized in writing by Client).

3.3 Reproductions, printing of electronic drawings, standard form documents, postage, couriers, and handling and delivery of Instruments of Service.

3.4 Renderings, models and mock-ups requested by Client.

3.5 Long-distance phone charges reasonably required in connection with the Project.

**EXHIBIT E**

(Form of Consultant Invoice)

A Consultant Invoice shall be addressed to Client's Representative and shall include the following information: invoice number and date, Client's contract number (if any), Consultant's name and address, the Project's name, dates covered by Consultant's billing period, a schedule of values itemized by project task (showing amounts previously billed against each task, amounts, hours and hourly rates of work or percentage complete billed against each task and amounts remaining to be billed against each task), and backup for reimbursable expenses (as appropriate). A Consultant Invoice shall also indicate billings and expenses in accordance with the Scope of Services identified in Exhibit B. The following is an example of basic information to be provided in a Consultant Invoice:

<b>Scope of Services</b>	<b>Total Budget</b>	<b>Previously Billed</b>	<b>Current Invoice Amount</b>	<b>Amount Remaining to be Billed</b>
1) Schematic Design	\$10,000	\$10,000	\$0	\$0
2) Design Development	\$25,000	\$0	\$15,000	\$10,000
3) Construction Documents	\$20,000	\$0	\$0	\$20,000
4) Construction Administration	\$22,000	\$0	\$0	\$22,000
5) Consultants	\$50,000	\$0	\$10,000	\$40,000
<b>Total</b>	<b>\$127,000</b>	<b>\$10,000</b>	<b>\$25,000</b>	<b>\$92,000</b>

## EXHIBIT F

### (Insurance Requirements)

Consultant shall procure and maintain the forms of insurance from companies and in amounts acceptable to Client, as set forth below:

#### **Professional Liability Insurance**

Professional liability insurance shall be provided in an amount not less than \$1,000,000 per claim and in the aggregate in forms acceptable to Client covering the services to be performed by or for Consultant prior to commencement of services and for the term of the Project plus three (3) years after completion of the Project. The coverage must include limited contractual liability subject to the terms and conditions of its insurance policy. Any retroactive date for the inception of coverage must be prior to commencement of any services for the Project. Consultant shall notify Client if the limit of insurance is reduced or exhausted by the payment of claims at any time with 30 days' prior written notification to Client. If the limit of insurance is reduced below the minimum amounts required by payment of claims or costs of defense, then Consultant must reinstate such limits with respect to the Project immediately or Client shall have the option to terminate or renegotiate the terms of its agreement with Consultant. Any deductible shall not exceed \$5,000.00 per claim without the written approval of Client and deductible shall be the sole responsibility of Consultant.

#### **Workers' Compensation and Employer's Liability Insurance**

Workers' Compensation insurance shall be provided as required by any applicable law or regulations. Employer's Liability insurance shall be provided in amounts not less than: \$1,000,000 each accident for bodily injury by accident; \$1,000,000 policy limit for bodily injury by disease; and \$1,000,000 each employee for bodily injury by disease. If there is any exposure to Consultant's employees under the U.S. Longshoremen's and Harbor Workers' Compensation Act, the Jones Act or under laws, rules, regulations or statutes applicable to maritime employees, coverage shall be included for such injuries or claims. Consultant's insurer shall provide a waiver of subrogation endorsement for workers' compensation claims.

#### **General Liability Insurance**

General liability insurance shall be provided on a form covering all operations by or on behalf of Consultant for bodily injury, property damage and personal injury liability with minimum limits of liability of \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate limit and including coverage for the following: premises and operations; products and completed operations; contractual liability insuring the obligations assumed by Consultant; broad form property damage (including completed operations); explosion, collapse and underground hazards; liability that Consultant may incur as a result of operations, acts or omissions of its contractors, subcontractors, suppliers or materialmen and their agents or employees. Except with respect to bodily injury and property damage included within the products and completed operations hazards, the aggregate limit, where applicable, shall apply separately to Consultant's work. One of the following coverage forms is required: (a) Comprehensive General Liability or (b) Commercial General Liability (Occurrence). A "CLAIMS MADE" or "Modified Occurrence" form is not acceptable without Client's prior written approval.

#### Comprehensive General Liability

If Consultant's General Liability insurance is a Comprehensive General Liability policy, the limits of liability shall not be less than a combined single limit for bodily injury, property damage and personal injury liability of \$1,000,000 each occurrence; \$1,000,000 aggregate, where applicable. The limits of liability may be combination of Comprehensive General Liability insurance and Excess or Umbrella Liability insurance policies.

#### Commercial General Liability (Occurrence)

If Consultant's General Liability insurance is a Commercial General Liability (Occurrence) policy, the limits of liability shall not be less than: \$1,000,000 each occurrence (combined single limit for bodily injury and property damage); \$1,000,000 for personal

injury; \$1,000,000 aggregate for products-completed operations; \$1,000,000 general aggregate. If the policy does not have an endorsement providing that the general aggregate limit applies separately to the Project or if defense costs are included in the general aggregate limit, then the required aggregate limit shall be \$2,000,000. The limits of liability may be a combination of Commercial General Liability and Excess or Umbrella Liability insurance policies.

#### **Automobile Liability Insurance**

Consultant shall carry automobile liability insurance, including coverage for all owned, hired and non-owned automobiles. The limits of liability shall not be less than \$1,000,000 each accident for bodily injury and property damage. The limits of liability may be a combination of automobile liability insurance and Excess or Umbrella Liability policies. If Consultant's general liability insurance is a Commercial General Liability policy, then Consultant's automobile liability insurance policy shall include coverage for automobile contractual liability.

#### **Additional Conditions**

All required insurance shall contain a waiver of subrogation as to Client and other additional insureds. All required liability policies (except Workers' Compensation and Professional Liability) shall include a provision or endorsement (CG2010 for General Liability) naming Client or any affiliate, partner, member, lender, investor and/or any of their directors, officers and employees as additional insureds. Each policy shall stipulate that the insurance afforded to the additional insureds shall apply as primary insurance and that any other insurance carried by Client or any affiliate, partner, member, lender, investor or any of their directors, officers and employees will be excess only and will not contribute to the primary insurance.

#### **Certificates of Insurance**

Certificates of Insurance and, at Client's request, certified copies of policies, as evidence of required insurance, shall be furnished by Consultant to Client before any work hereunder is commenced by or on behalf of Client. The Certificates of Insurance shall provide that there will be no cancellation or reduction of coverage without thirty (30) days' prior written notice (except ten (10) days for non-payment of premium) by registered mail to Client.

#### **List of Additional Insureds**

The following shall be identified as Additional Insureds on Consultant's policies with respect to the Project: [Eden Housing, Inc., Eden Development, Inc., Eden Housing Management, Inc., the City of El Cerrito General Partner, PARTNERSHIP, INVESTOR, LENDERS, ETC.]

#### **Acceptance of Consultant's Insurance**

The required insurance shall be subject to the approval of Client, but any acceptance of insurance certificates by Client shall in no way limit or relieve Consultant of its duties and responsibilities.

#### **Failure of Client to Enforce**

Failure of Client to enforce in a timely manner any of the provisions of this Exhibit shall not act as a waiver to enforcement of any of the provisions at a later date.

## Legal Description

**LEGAL DESCRIPTION**

Real property in the City of RICHMOND, County of CONTRA COSTA, State of California, described as follows:

## PARCEL ONE:

LOTS 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 14, 15, 16, 39, 40, 41, 42, 43, AND 44, AS DESIGNATED ON THE MAP ENTITLED "MAP OF MOUND TRACT, CONTRA COSTA CO., BEING A PART OF LOT 1, BLOCK 3 OF THE ALTA PUNTA TRACT, ALSO A PORTION OF LOT 60 OF THE RANCHO SAN PABLO, WHICH MAP WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA ON APRIL 12, 1906 IN VOLUME F OF MAPS, AT PAGE 118.

## EXCEPTING THEREFROM:

AS TO LOT 14, "ALL WATER RIGHTS ON, UNDER, APPURTENANT TO OR IN ANYWISE APPERTAINING TO SAID LAND", RESERVED IN THE DEED FROM THE RICHMOND COMPANY, INCORPORATED, TO "MRS. M.R. DE LA GUERRA", DATED MARCH 6, 1917 AND RECORDED MARCH 10, 1917 IN VOLUME 287 OF DEEDS, AT PAGE 369.

APN: 513-321-003-8

## Preliminary Title Report

## Third Amendment



21060 Redwood Road, Suite 110  
Castro Valley, CA 94546  
(510)537-8300  
(510)537-0928

Katie Lamont  
Eden Housing  
22645 Grand Street  
Hayward, CA 94541

### DIRECT ALL INQUIRIES TO:

Escrow Officer: Suzanne H. Smith  
Phone: (510)537-8300  
Fax No.: (510)537-0928  
E-Mail: ssmith@nat.com  
E-Mail Loan Documents to: nocal.castrovalley@nat.com

### Property:

99 S. 47TH STREET, S. 47TH STREET  
RICHMOND, CA 94804  
Buyer: Community Housing Dev Corp of North Rich  
Owner: Richmond Community Redevelopment Agency

## PRELIMINARY REPORT

IN RESPONSE TO THE ABOVE REFERENCED APPLICATION FOR A POLICY OF TITLE INSURANCE,

### First American Title Insurance Company

Hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage and limitations on covered risks of said Policy or Policies are set forth in Exhibit A attached. The Policy to be issued may contain an Arbitration Clause. When the amount of insurance is less than that set forth in the Arbitration Clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the Parties. Limitations on covered risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a deductible amount and a maximum dollar limit of liability for certain coverages are also set forth in Exhibit A. Copies of the Policy forms should be read. They are available from the office which issued this report.

**Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.**

**It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.**

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of July 30, 2013 at 7:30 A.M.

Janet Merritt, Title Officer

The form of Policy of title insurance contemplated by this report is:

ALTA LOAN 2006  
1990 CLTA

A specific request should be made if another form or additional coverage is desired.

Title to said estate or interest at the date hereof is vested in:

RICHMOND COMMUNITY REDEVELOPMENT AGENCY, A PUBLIC BODY CORPORATE AND  
POLITIC

The estate or interest in the land hereinafter described or referred to covered by this Report is:

A fee.

The Land referred to herein is described as follows:

(See attached Legal Description)

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

1. General and special taxes and assessments for the fiscal year 2013-2014, a lien not yet due or payable.
2. General and special taxes and assessments for the fiscal year 2012-2013 are exempt.
3. The lien of defaulted taxes for the fiscal year 2006-2007, and any subsequent delinquencies.

Tax Rate Area:	08-133
A. P. No.:	513-321-003-8
Amount to redeem:	\$1,807.19
Valid through:	August 31, 2013
Amount to redeem:	\$1,819.22
Valid through:	September 31, 2013

Affects PARCEL ONE.

The amount(s) must be verified prior to close of escrow.

4. The lien of defaulted taxes for the fiscal year 2006-2007, and any subsequent delinquencies.

Tax Rate Area:	08-127
A. P. No.:	513-321-001-2
Amount to redeem:	\$1,456.15
Valid through:	August 31, 2013
Amount to redeem:	\$1,465.80
Valid through:	September 31, 2013

Affects PARCELS TWO AND THREE.

The amount(s) must be verified prior to close of escrow.

5. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
6. ANY LIEN, WHETHER COLLECTED SEPARATELY OR WITH THE CITY AND COUNTY GENERAL AND SPECIAL TAXES, FOR DELINQUENT REFUSE SERVICE, NOT DISCLOSED OF RECORD BY A PROPERLY RECORDED LIEN WITHIN THE CONSTRUCTIVE CHAIN OF TITLE.
7. THE EFFECTS OF ANY TAXES WHICH MAY ARISE AFFECTING THAT PORTION OF PARCEL TWO AS VACATED PURSUANT TO THE ORDER OF VACATION RECORDED APRIL 18, 1962 IN BOOK 4100, PAGE 312 HEREIN AS THERE ARE NO COUNTY OR CITY TAXES CURRENTLY BEING ASSESSED TO SAID PARCEL.
8. Rights of the public in and to that portion of the land lying within SOUTH 45TH STREET FORMERLY LAUREL AND SOUTH 47TH STREET FORMERLY BAY AVENUE.

Affects PARCEL TWO AND THREE.

SAID RIGHTS OF THE PUBLIC WERE VACATED AS TO A PORTION OF SOUTH 47TH STREET PURSUANT TO THAT CERTAIN "ORDER OF VACATION NO. 649" AND ORDER VACATING AND CLOSING A PORTION OF SOUTH 47TH STREET, RICHMOND, CALIFORNIA" AND RECORDED APRIL 18, 1962 IN BOOK 4100, PAGE 312, OFFICIAL RECORDS, CONTRA COSTA COUNTY.

9. An easement for SANITARY SEWER PURPOSES and incidental purposes, recorded APRIL 18, 1962 in BOOK 4100, PAGE 312 of Official Records.  
In Favor of: CITY OF RICHMOND  
Affects: A PORTION OF PARCEL TWO
10. An easement for EXISTING FACILITIES and incidental purposes, recorded APRIL 18, 1962 in BOOK 4100, PAGE 312 of Official Records.  
In Favor of: PACIFIC GAS AND ELECTRIC COMPANY  
Affects: A PORTION OF PARCEL TWO
11. PRIVATE EASEMENTS FOR INGRESS AND EGRESS TO AND FROM S. 45TH STREET FORMERLY LAUREL AVENUE AND S. 47TH FORMERLY BAY AVENUE IN FAVOR OF THE OWNERS OF OTHER LOTS ON THE MAP HEREIN REFERRED TO, SUCH EASEMENTS HAVING BEEN ACQUIRED UNDER CONVEYANCES OF LOTS BY REFERENCE TO SAID MAP.

Affects PORTION OF PARCEL TWO AS VACATED PURSUANT TO THE ORDER OF VACATION RECORDED APRIL 18, 1962 IN BOOK 4100, PAGE 312.

12. The terms and provisions contained in the document entitled "JOINT AFFIDAVIT" recorded MAY 30, 1972 as INSTRUMENT NO. 48677 IN BOOK 6662, PAGE 441 of Official Records.

REFERENCE IS MADE TO SAID DOCUMENT FOR FULL PARTICULARS.

Affects PORTIONS OF PARCEL ONE AND PARCEL TWO AND OTHER PROPERTY.

13. An unrecorded lease dated SEPTEMBER 12, 1998, executed by TETSUMA SAKAI AND KAZUE SAKAI; TRUSTEE OF THE TETSUMA & KAZUE SAKAI TRUST; SHIGEKO SAKAI, TRUSTEE OF THE ROY & SHEGEKO SAKAI TRUST; AND SAM I. SAKAI (ALSO KNOWN AS SAMUEL I. SAKAI AND AS S. ITARU SAKAI); AND SAM I. SAKAI AND CHARLOTTE T. SAKAI, TRUSTEES FOR TESTAMENTARY TRUST UNDER THE TERMS OF THE WILL OF NELLIE H. SAKAI AS ESTABLISHED BY DECREE OF DISTRIBUTION ENTERED OCTOBER 7, 1987, IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA IN AND FOR THE COUNTY OF CONTRA COSTA IN THE MATTER OF THE ESTATE OF NELLIE H. SAKAI, DECEASED, PROBATE NO. 62767 as lessor and NEXTEL OF CALIFORNIA, INC., A DELAWARE CORPORATION as lessee, as disclosed by a MEMORANDUM AGREEMENT recorded OCTOBER 15, 1998 as INSTRUMENT NO. 98-0251493-00 of Official Records.

Defects, liens, encumbrances or other matters affecting the leasehold estate, whether or not shown by the public records.

14. The fact that the land lies within the boundaries of the CITY OF RICHMOND Redevelopment Project Area, as disclosed by the document recorded JULY 14, 2005 as INSTRUMENT NO. 2005-0259258-00 of Official Records.

Document(s) declaring modifications thereof recorded AUGUST 3, 2005 as INSTRUMENT NO. 2005-0290570 of Official Records.

Document(s) declaring modifications thereof recorded AUGUST 2, 2007 as INSTRUMENT NO. 2007-223123 of Official Records.

Document(s) declaring modifications thereof recorded MAY 20, 2010 as INSTRUMENT NO. 2010-0101684 of Official Records.

15. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH MAY EXIST OR ARISE BY REASON OF THE FOLLOWING MATTERS SHOWN ON ALTA SURVEY ENTITLED "A.L.T./A.C.S.M. LAND TITLE SURVEY FOR EDEN HOUSING":

PREPARED BY: LUK AND ASSOCIATES

DATED: JUNE 21, 2006

JOB NO.: 24028-10

AS FOLLOWS: A) AS TO PARCEL 1 - THE FENCE ALONG THE SOUTHERN AND WESTERN BOUNDARY IS NOT ON THE PROPERTY LINE.

B) AS TO PARCEL 2 - THE FENCE ALONG THE SOUTHERN AND WESTERN BOUNDARY IS NOT ON THE PROPERTY LINE.

C) AS TO PARCEL 2 - THE EXISTENCE OF A P.G. & E. BOX, A WESTERN AND NORTHERN BOUNDARY OF SAID PARCEL.

D) AS TO PARCEL 3 - THE FACT THAT THE FENCE ALONG THE WESTERN AND NORTHERN BOUNDARY IS NOT ON THE PROPERTY LINE.

16. The terms and provisions contained in the document entitled MEMORANDUM OF EXCLUSIVE RIGHT TO NEGOTIATE AGREEMENT, executed by and between RICHMOND COMMUNITY REDEVELOPMENT AGENCY, A PUBLIC BODY, CORPORATE AND POLITIC and COMMUNITY HOUSING DEVELOPMENT CORPORATION OF NORTH RICHMOND, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION AND EDEN HOUSING, INC., A CALIFORNIA NONPROFIT PUBLIC

BENEFIT CORPORATION, recorded JUNE 30, 2006 as Instrument No. 2006-0208484-00 of Official Records.

17. The terms and provisions contained in the document entitled MEMORANDUM OF EASEMENT AGREEMENT, executed by and between RICHMOND COMMUNITY REDEVELOPMENT AGENCY, A PUBLIC BODY CORPORATE AND POLITIC and THE SAKAI CHILDREN CO., A CALIFORNIA GENERAL PARTNERSHIP, PERRY K. SAKAI, MARGERY M. NAKAMURA, AND WILMA E. KANZAKI, TRUSTEES OF THE ROY & SHIGEKO SAKAI FAMILY TRUST, AND CHARLOTTE T. SAKAI, recorded JANUARY 11, 2012, as Instrument No. 2012-0006847 of Official Records.
18. ANY RIGHTS OF PARTIES IN POSSESSION OF SAID LAND, BASED ON ANY UNRECORDED LEASE OR LEASES, AS DISCLOSED BY INSPECTION OF SAID LAND AND/OR INQUIRY.

NOTE: PLEASE SUBMIT COPIES OF LEASES FOR REVIEW.

## LEGAL DESCRIPTION

Real property in the City of RICHMOND, County of CONTRA COSTA, State of California, described as follows:

### PARCEL ONE:

LOTS 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 14, 15, 16, 39, 40, 41, 42, 43, AND 44, AS DESIGNATED ON THE MAP ENTITLED "MAP OF MOUND TRACT, CONTRA COSTA CO., BEING A PART OF LOT 1, BLOCK 3 OF THE ALTA PUNTA TRACT, ALSO A PORTION OF LOT 60 OF THE RANCHO SAN PABLO, WHICH MAP WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA ON APRIL 12, 1906 IN VOLUME F OF MAPS, AT PAGE 118.

### EXCEPTING THEREFROM:

AS TO LOT 14, "ALL WATER RIGHTS ON, UNDER, APPURTENANT TO OR IN ANYWISE APPERTAINING TO SAID LAND", RESERVED IN THE DEED FROM THE RICHMOND COMPANY, INCORPORATED, TO "MRS. M.R. DE LA GUERRA", DATED MARCH 6, 1917 AND RECORDED MARCH 10, 1917 IN VOLUME 287 OF DEEDS, AT PAGE 369.

APN: 513-321-003-8

### PARCEL TWO:

COMMENCING AT A POINT IN THE CENTER LINE OF BAY AVENUE DISTANT THEREON SEVEN HUNDRED AND SIXTY-ONE AND 4/10 (761.4) FEET NORTHERLY FROM THE NORTHERLY LINE OF FELTON AVENUE; RUNNING THENCE, WESTERLY TWO HUNDRED AND FIFTY-FIVE (255) FEET; AT RIGHT ANGLES WITH THE WESTERLY LINE OF BAY AVENUE; THENCE AT RIGHT ANGLES NORTHERLY THREE HUNDRED AND SEVENTY-FOUR AND 2/10 (374.2) FEET MORE OR LESS TO THE NORTHERLY LINE OF THE "ALTA PUNTA TRACT", THENCE ALONG THE NORTHERLY LINE OF THE "ALTA PUNTA TRACT", TWO HUNDRED AND FIFTY-FIVE (255) FEET MORE OR LESS TO THE CENTER LINE OF BAY AVENUE PROJECTED NORTH; THENCE ALONG SAID CENTER LINE OF BAY AVENUE THREE HUNDRED AND SEVENTY-FOUR AND 2/10 (374.2) FEET MORE OR LESS TO THE POINT OF COMMENCEMENT AS THE SAME IS LAID DOWN AND DELINEATED ON THE MAP OF THE "ALTA PUNTA TRACT", FILED IN THE RECORDER'S OFFICE OF THE COUNTY OF CONTRA COSTA, CALIFORNIA, ON THE 6TH DAY OF MAY, 1896.

AND ALSO BEING PART OF LOT ONE (1) OF BLOCK THREE (3) AND BAY AVENUE AS SAID LOTS, BLOCKS AND AVENUES ARE LAID DOWN AND DELINEATED ON THE AMENDED MAP OF THE "ALTA PUNTA TRACT", FILED IN THE RECORDER'S OFFICE OF THE COUNTY OF CONTRA COSTA ON THE 22ND DAY OF APRIL, 1905; ALSO BEING A PART OF LOT SIXTY (60) AS SAID LOT IS LAID DOWN AND DELINEATED ON THE COMMISSIONER'S MAP OF THE RANCHO SAN PABLO, WHICH MAP WAS FILED IN THE RECORDER'S OFFICE OF SAID COUNTY OF CONTRA COSTA, CALIFORNIA ON THE 1ST DAY OF MARCH, 1894.

APN: 513-321-001-2 (PORTION)

### PARCEL THREE:

PORTION OF LOT ONE (1) IN BLOCK THREE (3) AS DESIGNATED ON THE MAP ENTITLED, "AMENDED MAP OF ALTA PUNTA TRACT" WHICH MAP WAS FILED IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA ON APRIL 22, 1905 IN VOLUME D OF MAPS, AT PAGE 90, DESCRIBED AS FOLLOWS:

BEGINNING IN THE CENTER LINE OF FORTY-FIFTH (45) STREET, FORMERLY LAUREL AVENUE, AT THE NORTHWEST CORNER OF THE PARCEL OF LAND DESCRIBED IN THE DEED FROM J. H.

T. WATKINSON, ET UX, TO HERBERT F. BROWN, DATED FEBRUARY 7, 1906 AND RECORDED FEBRUARY 9, 1906 IN VOLUME 116 OF DEEDS, AT PAGE 10, SAID POINT OF BEGINNING BEARING 748.5 FEET NORTHERLY ALONG SAID CENTER LINE FROM THE NORTH LINE OF WALL AVENUE FORMERLY FELTON AVENUE; THENCE FROM SAID POINT OF BEGINNING EAST ALONG THE NORTH LINE OF SAID BROWN TRACT (IT D IO) 255 FEET TO THE WEST LINE OF THE PARCEL OF LAND DESCRIBED IN THE DEED FROM J. H. T. WATKINSON ET UX, TO KNTARO SAKAI, DATED APRIL 6, 1906 AND RECORDED APRIL 13, 1906 IN VOLUME 116 OF DEEDS, AT PAGE 497; THENCE NORTH ALONG SAID WEST LINE 374.2 FEET TO THE NORTH LINE OF LOT ONE (1) IN BLOCK THREE (3); THENCE WEST ALONG SAID LINE 255 FEET TO THE CENTER OF FORTH FIFTH (45) STREET; THENCE SOUTH ALONG SAID CENTER LINE 374.2 FEET TO THE POINT OF BEGINNING, EXCEPTING THEREFROM, THE RIGHT OF THE PUBLIC OVER THAT PORTION OF THE PREMISES LYING WITHIN 45TH STREET.

APN: 513-321-001-2 (PORTION)

## INFORMATIONAL NOTES

1. The City of Richmond imposes a city transfer tax of \$7.00 per \$1,000 of value on any instrument transferring title to the real property. This fee is in addition to the \$ .55 per \$500 value that Contra Costa County imposes; and is based upon the full value of the property without regard to any existing encumbrances or liens. When preparing any instrument conveying property in these cities, the transfer tax payable to the city must be separately stated from the county tax.
2. Pursuant to Section 12413.1 of the insurance code funds deposited in escrow must be held for the following time periods before they can be disbursed:
  1. Cash or wired funds--available or immediate dispersal after deposit in bank or confirmation of receipt in account. Bear in mind that Cash will be accepted from customers only under special circumstances as individually approved by management.
  2. Cashier checks, certified checks, tellers checks--next day available funds.
  3. All other checks must be held in accordance with regulation CC adopted by the Federal Reserve Board of Governors before they must be disbursed.
  4. Drafts must be collected before they may be disbursed.

North American Title Company will not be responsible for accruals of interest or other charges resulting from compliance with the disbursement restrictions imposed by state law.

For Your Information, Our Wire Instructions Are:

**Wire To:**

Comerica Bank  
2321 Rosecrans Ave, Ste 5000  
El Segundo, CA 90245

Routing No.: 121137522

**Credit the Account of:**

North American Title Company  
Bank Account No.: 1893546059  
Escrow No. 54605-915306-09

Branch/County No.: 54605

Attn: Suzanne H. Smith

- **ACH FUNDS** - Automatic Clearing House  
North American Title Company will not accept funds in the form of ACH transfers.

3. This report is preparatory to the issuance of an ALTA Loan Policy. We have no knowledge of any fact which would preclude the issuance of the policy with CLTA endorsement forms 100 and 116 and if applicable, 115 and 116.2 attached.

When issued, the CLTA endorsement form 116 or 116.2, if applicable will reference a(n) COMMERCIAL known as 99 S. 47TH STREET, S. 47TH STREET, RICHMOND, California, 94804.

4. Basic rate applies.
5. According to the public records, there has been no conveyance of the land within a period of twenty-four months prior to the date of this report, except as follows:

None
6. We find no open deeds of trust. Escrow please confirm before closing.

7. Should this report be used to facilitate your transaction, we must be provided with the following prior to the issuance of the policy:

A. WITH RESPECT TO A CORPORATION:

- a. A certificate of good standing of recent date issued by the Secretary of State of the corporation's state of domicile.
- b. A certificate copy of a resolution of the Board of Directors authorizing the contemplated transaction and designating which corporate officers shall have the power to execute on behalf of the corporation.
- c. Requirements which the Company may impose following its review of the above material and other information which the Company may require.

B. WITH RESPECT TO A CALIFORNIA LIMITED PARTNERSHIP:

- a. A certified copy of the certificate of limited partnership (form LP-1) and any amendments thereto (form LP-2) to be recorded in the public records;
- b. A full copy of the partnership agreement and any amendments;
- c. Satisfactory evidence of the consent of a majority in interest of the limited partners to the contemplated transaction;
- d. Requirements which the Company may impose following its review of the above material and other information which the Company may require.

C. WITH RESPECT TO A FOREIGN LIMITED PARTNERSHIP:

- a. A certified copy of the application for registration, foreign limited partnership (form LP-5) and any amendments thereto (form LP-6) to be recorded in the public records;
- b. A full copy of the partnership agreement and any amendment;
- c. Satisfactory evidence of the consent of a majority in interest of the limited partners to the contemplated transaction;
- d. Requirements which the Company may impose following its review of the above material and other information which the Company may require.

D. WITH RESPECT TO A GENERAL PARTNERSHIP:

- a. A certified copy of a statement of partnership authority pursuant to Section 16303 of the California Corporation Code (form GP-I), executed by at least two partners, and a certified copy of any amendments to such statement (form GP-7), to be recorded in the public records;
- b. A full copy of the partnership agreement and any amendments;
- c. Requirements which the Company may impose following its review of the above material required herein and other information which the Company may require.

E. WITH RESPECT TO A LIMITED LIABILITY COMPANY:

- a. A copy of its operating agreement and any amendments thereto;
- b. If it is a California limited liability company, a certified copy of its articles of organization (LLC-1) and any certificate of correction (LLC-11), certificate of amendment (LLC-2), or restatement of articles of organization (LLC-10) to be recorded in the public records;
- c. If it is a foreign limited liability company, a certified copy of its application for registration (LLC-5) to be recorded in the public records;
- d. With respect to any deed, deed of trust, lease, subordination agreement or other document or instrument executed by such limited liability company and presented for recordation by the Company or upon which the Company is asked to rely, such document or instrument must be executed in accordance with one of the following, as appropriate:
  - (i) If the limited liability company properly operates through officers appointed or elected pursuant to the terms of a written operating agreement, such documents must be executed by at least two duly elected or appointed officers, as follows: the chairman of the board, the president or any vice president, and any secretary, assistant secretary, the chief financial officer or any assistant treasurer;
  - (ii) If the limited liability company properly operates through a manager or managers identified in the articles of organization and/or duly elected pursuant to the terms of a written operating agreement, such document must be executed by at least two such managers or by one manager if the limited liability company properly operates with the existence of only one manager.
- e. Requirements which the Company may impose following its review of the above material and other information which the Company may require.

F. WITH RESPECT TO A TRUST:

- a. A certification pursuant to Section 18500.5 of the California Probate Code in a form satisfactory to the Company.
- b. Copies of those excerpts from the original trust documents and amendments thereto which designate the trustee and confer upon the trustee the power to act in the pending transaction.
- c. Other requirements which the Company may impose following its review of the material require herein and other information which the Company may require.

G. WITH RESPECT TO INDIVIDUALS:

- a. A statement of information.
8. The map attached, if any, may or may not be a survey of the land depicted hereon. North American expressly disclaims any liability for loss or damage which may result from reliance on this map except to the extent coverage for such loss or damage is expressly provided by the terms and provisions of the title insurance policy, if any, to which this map is attached.
  9. North American Title Company, Inc.'s charges for recording the transaction documents include charges for services performed by North American Title Company, Inc., in addition to an estimate of payments to be made to governmental agencies.

**Exhibit A (Revised 11-17-06)**

**CALIFORNIA LAND TITLE ASSOCIATION  
STANDARD COVERAGE POLICY - 1990**

**Exclusions From Coverage**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
  - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
  - (c) resulting in no loss or damage to the insured claimant;
  - (d) attaching or created subsequent to Date of Policy; or
  - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

**EXCEPTIONS FROM COVERAGE – SCHEDULE B, PART I**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.  
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

**CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10/22/03)  
ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE**

**EXCLUSIONS**

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes ordinances, laws and regulations concerning:
  - a. building
  - b. zoning
  - c. Land use
  - d. improvements on the Land
  - e. Land division
  - f. environmental protectionThis Exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date.  
This Exclusion does not limit the coverage described in Covered Risk 14, 15, 16, 17 or 24.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date.
3. The right to take the Land by condemning it, unless:
  - a. a notice of exercising the right appears in the Public Records at the Policy Date; or
  - b. the taking happened before the Policy Date and is binding on You if You bought the Land without Knowing of the taking.
4. Risks:
  - a. that are created, allowed, or agreed to by You, whether or not they appear in the Public Records;
  - b. that are Known to You at the Policy Date, but not to Us, unless they appear in the Public Records at the Policy Date;
  - c. that result in no loss to You; or
  - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.d, 22, 23, 24 or 25.
5. Failure to pay value for Your Title.
6. Lack of a right:
  - a. to any Land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
  - b. in streets, alleys, or waterways that touch the Land.This Exclusion does not limit the coverage described in Covered Risk 11 or 18.

**AMERICAN LAND TITLE ASSOCIATION  
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)**

**EXCLUSIONS**

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:
  - land use
  - improvements on the land
  - land division
  - environmental protectionThis exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date. This exclusion does not limit the zoning coverage described in items 12 and 13 of Covered Title Risks.
2. The right to take the land by condemning it, unless:
  - a notice of exercising the right appears in the public records
  - on the Policy Date
  - the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking
3. Title Risks:
  - that are created, allowed, or agreed to by you
  - that are known to you, but not to us, on the Policy Date -- unless they appeared in the public records
  - that result in no loss to you
  - that first affect your title after the Policy Date -- this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
4. Failure to pay value for your title.
5. Lack of a right:
  - to any land outside the area specifically described and referred to in Item 3 of Schedule AOR
  - in streets, alleys, or waterways that touch your landThis exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

**AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)  
WITH ALTA ENDORSEMENT-FORM 1 COVERAGE**

**EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the Land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) created, suffered, assumed or agreed to by the insured claimant;
  - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
  - (c) resulting in no loss or damage to the insured claimant;
  - (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy); or
  - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
  - (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
  - (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
  - (ii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
    - (a) to timely record the instrument of transfer; or
    - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following General Exceptions:

## EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

## 2006 ALTA LOAN POLICY (06-17-06)

### EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location, of any improvement erected on the land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;Or the effect of any violation of these laws, ordinances, or governmental regulations. This exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
  - (a) a fraudulent conveyance or fraudulent transfer, or
  - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

### EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.

## AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92)

### EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) created, suffered, assumed or agreed to by the insured claimant;
  - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
  - (c) resulting in no loss or damage to the insured claimant;
  - (d) attaching or created subsequent to Date of Policy; or
  - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
  - (i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer, or
  - (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
    - (a) to timely record the instrument of transfer; or
    - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage Policy will also include the following General Instructions:

### EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.  
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

## 2006 ALTA OWNER'S POLICY (06-17-06)

### EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

- 1 (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
  - (a) a fraudulent conveyance or fraudulent transfer; or
  - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.  
The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

## EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown in the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and that are not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.

## ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (10/13/01)

### EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the Land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the Land; (iii) a separation in ownership or a change in the dimensions or areas of the Land or any parcel of which the Land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that s notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14, and 16 of this policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14, and 16 of this policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the Public Records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without Knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) created, suffered, assumed or agreed to by the insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (this paragraph does not limit the coverage provided under Covered Risks 8, 16, 18,19, 20, 21, 22, 23, 24, 25 and 26); or
  - (e) resulting in loss or damage which would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of the Insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the Land is situated.
5. Invalidity or unenforceability of the lien of the Insured Mortgage, or claim thereof, which arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, except as provided in Covered Risk 27, or any consumer credit protection or truth in lending law.
6. Real property taxes or assessments of any governmental authority which become a lien on the Land subsequent to Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 7, 8(e) and 26.
7. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This exclusion does not limit the coverage provided in Covered Risk 8.
8. Lack of priority of the lien of the Insured Mortgage as to each and every advance made after Date of Policy, and all interest charged thereon, over liens, encumbrances and other matters affecting the title, the existence of which are Known to the Insured at:
  - (a) The time of the advance; or
  - (b) The time a modification is made to the terms of the Insured Mortgage which changes the rate of interest charged, if the rate of Interest is greater as a result of the modification than it would have been before the modification. This exclusion does not limit the coverage provided in Covered Risk 8.
9. The failure of the residential structure, or any portion thereof to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at Date of Policy.

## GOOD FUNDS LAW

CALIFORNIA ASSEMBLY BILL 512 ("AB512") IS EFFECTIVE ON JANUARY 1, 1990. UNDER AB512, NORTH AMERICAN TITLE COMPANY, INC. ("NORTH AMERICAN TITLE COMPANY, INC.") MAY ONLY MAKE FUNDS AVAILABLE FOR MONETARY DISPERSAL IN ACCORDANCE WITH THE FOLLOWING RULES:

- \* **SAME DAY AVAILABILITY** - DISBURSEMENT ON THE DATE OF DEPOSIT IS ALLOWED ONLY WHEN FUNDS ARE DEPOSITED TO NORTH AMERICAN TITLE COMPANY ("NORTH AMERICAN TITLE COMPANY, INC.") IN **CASH** OR BY ELECTRONIC TRANSFER (WIRE). BEAR IN MIND THAT CASH WILL BE ACCEPTED FROM CUSTOMERS ONLY UNDER SPECIAL CIRCUMSTANCES AS INDIVIDUALLY APPROVED BY MANAGEMENT.
- \* **NEXT DAY AVAILABILITY** - IF FUNDS ARE DEPOSITED TO NORTH AMERICAN TITLE COMPANY, INC. BY CASHIER'S CHECKS, CERTIFIED CHECKS, OR TELLER'S CHECKS, DISBURSEMENT MAY BE ON THE NEXT BUSINESS DAY FOLLOWING DEPOSIT. A "TELLER'S CHECK" IS ONE DRAWN BY AN INSURED FINANCIAL INSTITUTION AGAINST ANOTHER INSURED FINANCIAL INSTITUTION (E.G., A SAVINGS AND LOAN FUNDING WITH A CHECK AGAINST A FDIC INSURED BANK).
- \* **2-5 DAY AVAILABILITY (REGULATION CC)**. IF THE DEPOSIT IS MADE BY CHECKS OTHER THAN THOSE DESCRIBED IN PARAGRAPHS 1 AND 2 ABOVE, DISBURSEMENT MAY OCCUR ON THE DAY WHEN FUNDS MUST BE MADE AVAILABLE TO DEPOSITORS UNDER FEDERAL RESERVE REGULATION CC. THIS REQUIRES A "HOLD" ON SOME CHECKS OF 2-5 DAYS OR LONGER IN SOME INSTANCES. PERSONAL CHECKS, DRAFTS, PRIVATE CORPORATION AND COMPANY CHECKS, AND FUNDING CHECKS FROM MORTGAGE COMPANIES THAT ARE NOT TELLER'S CHECKS ARE AMONG THOSE CHECKS SUBJECT TO SUCH HOLDS. (FOR FURTHER DETAILS, CONSULT CHAPTER 598, STATUTES OF 1989.)

NOTE: THE ABOVE GUIDELINES ARE IN CONFORMITY WITH THOSE ISSUED BY THE DEPARTMENT OF INSURANCE FOR ALL CALIFORNIA TITLE INSURANCE AND CALIFORNIA TITLE COMPANIES.

## PRELIMINARY CHANGE OF OWNERSHIP REPORT

NOTE: ON OR AFTER JULY 1, 1985, THE COUNTY RECORDER'S OFFICE WILL CHARGE, IN ADDITION TO THE REGULAR CHARGES, AN EXTRA \$20.00 RECORDING FEE, UNLESS A DOCUMENT EVIDENCING A CHANGE OF OWNERSHIP IS ACCOMPANIED BY A PRELIMINARY CHANGE OF OWNERSHIP REPORT. IN LIEU OF SAID REPORT, SIGNED BY THE TRANSFEREE, THE RECORDER WILL ACCEPT AN AFFIDAVIT THAT THE TRANSFEREE IS NOT A RESIDENT OF CALIFORNIA. TITLE BILLINGS WILL BE ADJUSTED TO REFLECT SUCH ADDITIONAL FEES WHEN APPLICABLE.

## IRS FORM 1099

BEFORE THE TRANSACTION CONTEMPLATED BY THIS REPORT CAN BE CLOSED, THE SELLER/BORROWER MUST FURNISH A TAXPAYER IDENTIFICATION NUMBER TO US SO THAT WE CAN FILE AN IRS FORM 1099, OR ITS EQUIVALENT, WITH THE INTERNAL REVENUE SERVICE. THIS PROCEDURE IS REQUIRED BY SECTION 6045 OF THE INTERNAL REVENUE SERVICE.

## NOTICE OF A WITHHOLDING REQUIREMENT

**State Withholding & Reporting for closings after January 1, 2003: Under California Law (Rev & Tax Code 18662) a buyer may be required to withhold and deliver to the Franchise Tax Board (FTB) an amount equal to 3.33% of the sales price in the case of disposition of California real property interest ("Real Property") by either: 1) a seller who is an individual or when the disbursement instructions authorize the proceeds to be sent to a financial intermediary of seller, or 2) a corporate seller that has no permanent place of business in California. Buyer may be subject to a penalty (equal to the greater of 10% of the amount required to be withheld or \$500) for failing to withhold and transmit the funds to FTB in the time required by law. Buyer is not required to withhold any amount and will not be subject to penalty for failure to withhold if: a) the sale price of the Real Property does not exceed \$100,000; b) the seller executes a written certificate under penalty of perjury certifying that the seller is a corporation with a permanent place of business in California; or c) the seller, who is an individual, executes a written certificate under penalty of perjury certifying one of the following: (i) the Real Property was the seller's principal residence (as defined in IRC 121); (ii) the Real property was last used as seller's principal residence without regard to time period; (iii) the Real Property is or will be exchanged for property of like kind (as defined in IRC 1031) and that the seller intends to acquire property similar or related in service or use so as to be eligible for nonrecognition of gain for California income tax purposes under IRC 1031; (iv) the Real Property has been compulsorily or involuntarily converted (as defined in IRC 1033) and the seller intends to acquire property similar or related in service or use as to be eligible for nonrecognition of gain for California income tax purposes under IRC 1033; or (v) the Real Property sale will result in loss of California income tax purposes. Seller is subject to penalties for knowingly filing a fraudulent certificate for the purpose of avoiding the withholding laws. FTB may grant reduced withholding and waivers from withholding on a case-by-case basis for corporations or other entities.**

For additional information regarding California withholding, contact the Franchise Tax Board at (toll free) 888-792-4900), or by e-mail at [urws@ftb.ca.gov](mailto:urws@ftb.ca.gov) or visit their website at [www.ftb.ca.gov](http://www.ftb.ca.gov).

## **NATCO NOTES:**

**DON'T DELAY YOUR CLOSE OF ESCROW! IF ANY OF THE FOLLOWING ITEMS AFFECT YOUR TRANSACTION, PLEASE NOTIFY YOUR ESCROW OFFICER AS SOON AS POSSIBLE.**

### **I. Ongoing Construction**

The Title Company will require, as a minimum, the following prior to insuring:

- A. Valid Notice of Completion verified by inspection and expiration of 60 days from recordation of said notice or;
- B. Approved Indemnities from Borrower/Seller, approved financial statement not over one year old and a waiver of lien rights from the general contractor.
- C. The Title Company may also require proof of payment of subcontractors, indemnity and financial statement from the general contractor, a copy of the contract and the with-holding of a sum of money, to cover the contract until the mechanics lien period has expired, with which to pay filed mechanics liens, or other assurances to be determined on a case by case basis.

### **II. Bankruptcy**

The Title Company will require, as a minimum, the following prior to insuring:

- A. The bankruptcy case be closed or,
- B. An order from the bankruptcy court verifying the transaction, with a demand placed into escrow by the trustee.
- C. Escrow may not close until 15 days have elapsed from the order and the file has been checked to verify that there are no objections to said order.

### **III. Abstracts of Judgment, Liens, Tax Liens**

The Title Company will require, as a minimum, the following prior to insuring:

- A. Proof that the buyer/seller is not the same party as on the recorded liens.
- B. This is accomplished by the buyer/seller/borrower completely filling out and signing a statement of information.
- C. The items are to be paid off in escrow.
- D. The items are to be subordinated to the new transaction.

### **IV. Community Property**

California is a community property state:

- A. A quitclaim from one spouse to another must specifically quitclaim any community property interest.
- B. An interlocutory decree of divorce specifically granting the property to one spouse is sufficient if a final decree is issued and recorded in the county.

### **DID YOU KNOW?**

Any of the following situations could cause a substantial delay in close of escrow. The earlier we are made aware of potential problems, the earlier the issues can be dealt with to ensure a smooth and timely close of your transaction.

- Are your principals trying to accomplish a tax deferred exchange? If so, have they chosen an intermediary and who is it?
- Will any of the principals be using a Power of Attorney?
- Are any of the vested owners deceased or in any way incapacitated?
- Do all of the principals who will be signing have a current photo I.D. or Driver's License?
- Are the sellers of this transaction residents of California?
- Has there been a change in marital status of any of the vested owners or will we be adding anyone to title, i.e. co-signers, additional insured, etc.?
- Is the property currently vested in a trust or will the new buyer/borrower vest in a trust?
- Are any of the trustees of the trust deceased or incapacitated?
- Will this transaction involve a short sale?
- Will there be a new entity formed, i.e. partnership, corporation?
- Will all of the principals be available to sign or will we be Federal Expressing documents to another state/country? If so, where?

If you have any other information which may be useful to us, please contact your escrow officer as soon as possible. Our goal is to make your transaction as easy and trouble-free as possible. We appreciate your business and hope that you find North American Title Company your company of choice for all of your title and escrow needs.

# Privacy Policy Notice

We at the North American Title Group family of companies take your privacy very seriously. This Notice is being given on behalf of each of the companies listed below<sup>1</sup> (the "North American Title Companies"), as well as on behalf of North American Advantage Insurance Services, LLC. It explains our policy regarding the personal information of our customers and our former customers.

## OUR PRIVACY POLICIES AND PRACTICES

### The North American Title Companies

1. **Information North American Title Companies collect, and the sources from which we collect it:** On forms related to your real estate transaction, North American Title Companies collect personal information that you, our affiliates or third parties have provided to us, such as, for example, your name, address, and sale price of your home. All of the information that we collect is referred to in this notice as "NAT Collected Information".

2. **What information North American Title Companies disclose to our affiliates:** From time to time, as permitted by law, the North American Title Companies may share NAT Collected Information with each other and with North American Advantage Insurance Services, LLC ("NAAIS") about customers and former customers. You may ask us not to share NAT Collected Information among the North American Title Companies and NAAIS by writing to us and letting us know at: North American Title Group, Inc., Attention: Corporate Affairs, 700 NW 107th Avenue, Suite 300, Miami, FL 33172. Your request will not affect NAT Collected Information that the North American Title Companies are otherwise permitted by law to share, such as, in certain circumstances, NAT Collected Information related to our experiences and transactions with you.

3. **What information North American Title Companies disclose to third parties:**

- If permitted by federal law and the law of your state, we may disclose some or all of the following information to companies that perform marketing services on our behalf and to certain unaffiliated insurance companies with whom we have joint marketing agreements: your name, current address, purchased property address, and closing date.
- We also may share NAT Collected Information about customers and former customers with other unaffiliated third parties, as permitted by law. For example, NAT Collected Information may be shared in certain circumstances (A) with companies involved in servicing or processing your account (B) with insurance regulatory authorities, and (C) with law enforcement officials, to protect against fraud or other crimes.

4. **Your right to access your personal information:** You have the right to review your personal information that we have on record about you. If you wish to review that information, please contact the local North American Title Company office identified on the title insurance product to which this notice is attached or where you received this notice and give us a reasonable time to make that information available to you. If you believe any information is incorrect, notify us, and if we agree, we will correct it. If we disagree, we will advise you in writing why we disagree.

## **North American Advantage Insurance Services, LLC**

1. **Information North American Advantage Insurance Services, LLC (“NAAIS”) collect and sources from which we collect it:** NAAIS collects personal information about you from you, our affiliates, or third parties on forms related to your transaction with NAAIS or a North American Title Company, such as your name, address, or information about the property that is or will be insured. We also receive information from companies, which compile and distribute public records. All of the information that NAAIS collects, as described in this paragraph, is referred to in this notice as “NAAIS Collected Information.”

2. **Information NAAIS may disclose to its affiliates or third parties:** NAAIS may disclose NAAIS Collected Information about you or others without your permission as permitted or required by law, including to the following types of institutions for the reasons described:

- To a third party or an affiliate if the disclosure will enable that party to perform a business, professional or insurance function for us in connection with an insurance transaction involving you.
- To an insurance institution, agent, or credit reporting agency in order to detect or prevent criminal activity, fraud or misrepresentation in connection with an insurance transaction.
- To an insurance institution, agent, or credit reporting agency for either this agency or the entity to whom we disclose the information to perform a function in connection with an insurance transaction involving you.
- To an insurance regulatory authority, law enforcement, or other governmental authority in order to protect our interests in preventing or prosecuting fraud, or if we believe that you have conducted illegal activities.

3. **Your right to access and amend your personal information:** You have the right to request access to the personal information that we record about you. Your right includes the right to know the source of the information and the identity of the persons, institutions or types of institutions to whom we have disclosed such information within two (2) years prior to your request. Your right includes the right to view such information and copy it in person, or request that a copy of it be sent to you by mail (for which we may charge you a reasonable fee to cover our costs). Your right also includes the right to request corrections, amendments or deletions of any information in our possession. The procedures that you must follow to request access to or an amendment of your information are as follows:

To obtain access to your information: You should submit a request in writing to: North American Title Group, Inc., Attention: Corporate Affairs, 700 NW 107th Avenue, Suite 300, Miami, FL 33172. The request should include your name, address, social security number, telephone number, and the recorded information to which you would like access. The request should state whether you would like access in person or a copy of the information sent to you by mail. Upon receipt of your request, we will contact you within 30 business days to arrange providing you with access in person or the copies that you have requested.

To correct, amend, or delete any of your information: You should submit a request in writing to: North American Title Group, Inc., Attention: Corporate Affairs, 700 NW 107th Avenue, Suite 300, Miami, FL 33172. The request should include your name, address, social security number, telephone number, the specific information in dispute, and the identity of the document or record that contains the disputed information. Upon receipt of your request, we will contact you within 30 business days to notify you either that we have made the correction, amendment or deletion, or that we refuse to do so and the reasons for the refusal, which you will have an opportunity to challenge.

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## **SECURITY PROCEDURES**

We restrict access to NAT Collected Information and NAAIS Collected Information about you to individuals who need to know such information in order to provide you with your product or service. We maintain physical, electronic and procedural safeguards to protect NAT Collected Information and NAAIS Collected Information about you.

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## **CHANGES TO OUR PRIVACY POLICY**

This Notice reflects our privacy policy as of February 1, 2008. We reserve the right to change, modify or amend this policy at any time. Please check our Privacy Policy periodically for changes.

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1The North American Title Group Family of Companies are: North American Title Company, North American Title Insurance Company, North American Title Alliance, LLC, North American Title Florida Alliance, LLC, North American Services, LLC, North American Exchange Company, North American Title Agency, North American Abstract Agency and North American Legal Services, L.L.C.

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## **ACKNOWLEDGEMENT**

Your receipt of a copy of the preliminary report, commitment, your policy of insurance, or escrow documents accompanied by this Notice will constitute your acknowledgment of receipt of this Privacy Policy Notice.





## Qualifications

## Qualifications of Guido M. Villanueva Senior Appraiser

Valbridge Property Advisors | Hulberg & Associates, Inc.



### *Independent Valuations for a Variable World*

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#### State Certifications

Certified General  
State of California

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#### Education

Bachelor of Arts  
Mathematics/Industrial Engineering-  
Operations Research  
University of California, Berkeley

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#### Contact Details

925-327-1660 ext. 7201 (p)  
925-327-1696 (f)  
[gvillanueva@valbridge.com](mailto:gvillanueva@valbridge.com) (e)

Valbridge Property Advisors |  
Hulberg & Associates, Inc.  
3160 Crow Canyon Place #245  
San Ramon, CA 94583

[www.valbridge.com](http://www.valbridge.com)

#### Membership/Affiliations

Associate Member: Appraisal Institute

#### Appraisal Institute & Related Courses

Appraisal Institute:

- Real Estate Principles
- Basic Appraisal Procedures
- Capitalization Theory (Parts A & B)
- Sales Comparison and Cost Approach Valuation Analysis
- Uniform Standards of Professional Practice (Parts A and B)
- Advanced Income Capitalization
- Easement Valuation
- Highest and Best Use
- Advanced Applications
- Litigation Appraisal
- Argus DCF Analysis
- Federal Laws and Regulations.

Department of Real Estate:

- Law
- Finance
- Principles
- Fair Housing
- Trust Funds
- Ethics and Agency
- Managing for Profit
- Environmental Issues
- Residential Real Estate

#### Awards

2010 Winner – George and Alberta Strauss Scholarship  
2012 Workshop Chairperson – Appraisal Institute Northern  
California Chapter

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## Experience

### **Senior Appraiser**

Valbridge Property Advisors | Hulberg & Associates, Inc.  
(2013-Present)

### **Senior Appraiser**

Hulberg & Associates, Inc. (2003-2013)

### **Brokerage, Land Development, Consulting**

Villanueva Realty Advisors (1997 to 2011)

### **Regional Manager**

Coast Federal Bank Commercial Property Appraisal Group,  
(1994-1997)

### **Senior Appraiser**

AVP - Bank of America/Security Pacific Bank (1991-1994)

### **Fee Appraiser**

Urban Land Research and Smith Denton Associates (1988-1991)

### **Asset Analyst**

Bank of America Investment Real Estate (1985-1988)

Commercial: Retail shopping centers, medical and professional office buildings, regional mall, cinemas, vacant and leased land.

Industrial: Warehouses, manufacturing, R&D, biotech, lumberyards, data centers, airport hangers, business parks, auto repair and vacant and leased land.

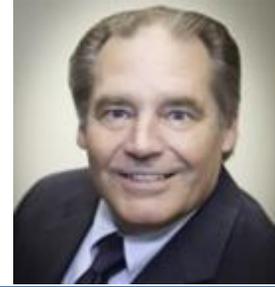
Residential: Apartments, condominium development, subdivision analysis, vacant land, mixed use apartments over commercial, feasibility studies, rent comparability studies.

Special Purpose : Post Office buildings, historic buildings, athletic clubs, hospitals, medical clinics, nursing homes, marinas, motels/hotels, mini storage, mobile home parks, land development and auto dealerships.

Other specialties include minority interest valuation, condemnation, expert witness and litigation support, estate planning, tax appeal, easement arbitrations and review appraisals.

## Qualifications of Stephen D. Kuhnhoff, MAI, ASA Managing Director

Valbridge Property Advisors | Hulberg & Associates, Inc.



### *Independent Valuations for a Variable World*

#### State Certifications

Certified General  
State of California

#### Education

Bachelor of Arts and  
Secondary Education  
Credential  
Mathematics  
Sonoma State University

#### Contact Details

925-327-1660 ext. 7203 (p)  
925-327-1696 (f)  
[skuhnhoff@valbridge.com](mailto:skuhnhoff@valbridge.com) (e)

Valbridge Property Advisors |  
Hulberg & Associates, Inc.  
3160 Crow Canyon Place #245  
San Ramon, CA 94583

[www.valbridge.com](http://www.valbridge.com)

#### Membership/Affiliations

Member: Appraisal Institute MAI Designation  
Senior Member: American Society of Appraisers (ASA)  
designated in Machinery/Technical Valuation and  
Real Property Urban

#### Experience

##### **Managing Director**

Valbridge Property Advisors|Hulberg & Associates, Inc. (2013-Present)

##### **Senior Vice President/Branch Manager**

Hulberg & Associates, Inc. (1998-2013)

##### **Senior Appraiser**

Hulberg & Associates, Inc. (1987-1998)

##### **Manager, Real Estate, Machinery & Equipment Appraisal**

Arthur Andersen & Company (1984-1987)

##### **Commercial Real Estate, Machinery & Equipment Appraiser**

Marshall & Stevens, Inc. (1979-1984)

Appraisal/valuation and consulting assignments include:

Commercial: Retail shopping centers, medical and professional  
office buildings, vacant land.

Industrial: Self storage, warehouses, manufacturing, R&D,  
biotech, vacant land.

Residential: Single family, apartments, vacant land

Special Purpose: Athletic clubs, hospitals, medical clinics, assisted  
living, convalescent hospitals, nursing homes,  
marinas, hotels, motels.

Other: Minority interest valuation, condemnation,  
litigation support, arbitrations and review  
appraisals.

Qualified as expert witness in Alameda, Contra Costa, San Mateo,  
and Santa Clara Counties and State of Utah.

## Information on Valbridge Property Advisors

Valbridge covers the U.S. from coast to coast, and is one of the Top 3 national commercial real estate valuation and advisory services firms based on:

- Total number of MAIs (163 on staff)
- Total number of office locations (60 across the U.S.)
- Total number of staff (600+ strong)

Valbridge is owned by our local office leaders. Every Valbridge office is led by a senior managing director who holds the MAI designation of the Appraisal Institute.

Valbridge services all property types, including:

- Office
- Industrial
- Retail
- Apartments/multifamily/senior living
- Lodging/hospitality/recreational
- Land
- Special-purpose properties

Valbridge welcomes single-property assignments as well as portfolio, multi-market and other bulk-property engagements. Specialty services include:

- Portfolio valuation
- REO/foreclosure evaluation
- Real estate market and feasibility analysis
- Property and lease comparables, including lease review
- Due diligence
- Property tax assessment and appeal-support services
- Valuations and analysis of property under eminent domain proceedings
- Valuations of property for financial reporting, including goodwill impairment, impairment or disposal of long-lived assets, fair value and leasehold valuations
- Valuation of property for insurance, estate planning and trusteeship, including fractional interest valuation for gifting and IRS purposes
- Cost segregation studies
- Litigation support, including expert witness testimony
- Business and partnership valuation and advisory services, including partial interests

### *Independent Valuation for a Variable World*

## Office Locations

### ALABAMA

**Valbridge Property Advisors | Real Estate Appraisers, LLC**  
 4732 Woodmere Boulevard  
 Montgomery, AL 36106  
 334-277-5077 phone  
 334-277-5078 fax

### ARIZONA

**Valbridge Property Advisors | MJN Enterprises, Inc.**  
 6061 E. Grant Road, Suite 121  
 Tucson, AZ 85712  
 520-321-0000 phone  
 520-290-5293 fax

### CALIFORNIA

**Valbridge Property Advisors | Michael Burger & Associates**  
 4915 Calloway Drive, Suite 101  
 Bakersfield, CA 93312  
 661-587-1010 phone  
 661-834-0748 fax

**Valbridge Property Advisors | Cummings Appraisal Group, Inc.**  
 99 S. Lake Avenue, Suite 21  
 Pasadena, CA 91101  
 626-744-0428 phone  
 626-744-0922 fax

**Valbridge Property Advisors | Hulberg & Associates, Inc.**  
 225 Crossroads Blvd, Suite 326  
 Carmel, CA 93923  
 831-917-0383 phone  
 925-327-1696 fax

2813 Coffee Road, Suite E-2  
 Modesto, CA 95355  
 209-569-0450 phone  
 209-569-0451 fax

One North Market Street  
 San Jose, CA 95113  
 408-279-1520 phone  
 408-279-3428 fax

3160 Crow Canyon Place, #245  
 San Ramon, CA 94583  
 925-327-1660 phone  
 925-327-1696 fax

**Valbridge Property Advisors | Penner & Associates, Inc.**  
 1370 N. Brea Boulevard, #255  
 Fullerton, CA 92835  
 714-449-0852 phone  
 714-738-4371 fax

**Valbridge Property Advisors | Ribacchi & Associates**  
 10301 Placer Lane, Suite 100  
 Sacramento, CA 95827  
 916-361-2509 phone  
 916-361-2632 fax

### COLORADO

**Valbridge Property Advisors | Bristol Realty Counselors**  
 5345 Arapahoe, Suite 7  
 Boulder, CO 80303  
 303-443-9600 phone  
 303-443-9623 fax

**Valbridge Property Advisors | Mountain West**  
 562 Highway 133  
 Carbondale, CO 81623  
 970-340-1016 phone  
 970-797-9124 fax

### CONNECTICUT

**Valbridge Property Advisors | Italia & Lemp, Inc.**  
 6 Central Row, Third Floor  
 Hartford, CT 06103-2701  
 860-246-4606 phone  
 17 High Street, Suite 214  
 Norwalk, CT 06851  
 203-286-6520 phone

### FLORIDA

**Valbridge Property Advisors | Armalavage Valuation, LLC**  
 2240 Venetian Court  
 Naples, FL 34109  
 239-514-4646 phone  
 239-514-4647 fax

**Valbridge Property Advisors | Beaumont, Matthes & Church, Inc.**  
 603 Hillcrest Street  
 Orlando, FL 32803  
 407-839-3626 phone  
 407-839-3453 fax

**Valbridge Property Advisors | Broom, Moody, Johnson & Grainger, Inc.**  
 121 West Forsyth Street, #1000  
 Jacksonville, FL 32202  
 904-296-3000 phone  
 904-296-8722 fax

**Valbridge Property Advisors | Entreken Associates, Inc.**  
 1100 16th Street N  
 St. Petersburg, FL 33705  
 727-894-1800 phone  
 727-894-8916 fax

### GEORGIA

**Valbridge Property Advisors | Cantrell Miller, LLC**  
 2675 Paces Ferry Road, Ste 145  
 Atlanta, GA 30339  
 678-644-4853 phone

### IDAHO

**Valbridge Property Advisors | Auble, Jolicoeur & Gentry, Inc.**  
 1875 N. Lakewood Drive, #100  
 Coeur d'Alene, ID 83814  
 208-292-2965 phone  
 208-292-2971 fax

**Valbridge Property Advisors | Mountain States Appraisal & Consulting, Inc.**  
 1459 Tyrell Lane, Suite B  
 Boise, ID 83706  
 208-336-1097 phone  
 208-345-1175 fax

### INDIANA

**Valbridge Property Advisors | Mitchell Appraisals, Inc.**  
 820 Fort Wayne Avenue  
 Indianapolis, IN 46204  
 317-687-2747 phone  
 317-687-2748 fax

### IOWA

**Valbridge Property Advisors | Roy R. Fisher, Inc.**  
 2010 East 38th Street, Suite 201  
 Davenport, IA 52807  
 563-355-6606 phone  
 563-355-6612 fax

### KANSAS

**Valbridge Property Advisors | Shaner Appraisals, Inc.**  
 10990 Quivira Road, Suite 100  
 Overland Park, KS 66210  
 913-451-1451 phone  
 913-529-4121 fax

### KENTUCKY

**Valbridge Property Advisors | Allgeier Company**  
 214 South 8th Street, Suite 200  
 Louisville, KY 40202  
 502-585-3651 phone  
 502-589-7480 fax

### LOUISIANA

**Valbridge Property Advisors | Argote, Derbes, Graham, Shuffield & Tatje, Inc.**  
 512 North Causeway Boulevard  
 Metairie, LA 70001  
 504-833-8234 phone  
 504-830-3870 fax

7607 Fern Avenue, Suite 104  
 Shreveport, LA 71105  
 318-797-0543 phone

### MARYLAND

**Valbridge Property Advisors | Lipman Frizzell & Mitchell LLC**  
 6240 Old Dobbin Lane, Suite 140  
 Columbia, MD 21045  
 410-423-2300 phone  
 410-423-2410 fax

### MASSACHUSETTS

**Valbridge Property Advisors | Bullock Commercial Appraisal, LLC**  
 21 Muzzey Street, Suite 2  
 Lexington, MA 02421  
 781-652-0700 phone

### MICHIGAN

**Valbridge Property Advisors | The Oetzal-Hartman Group**  
 321 Woodland Pass, Suite 200  
 East Lansing, MI 48823  
 517-336-0001 phone  
 517-336-0009 fax

### MINNESOTA

**Valbridge Property Advisors | Mardell Partners, Inc.**  
 120 South 6th Street, Suite 1650  
 Minneapolis, MN 55402  
 612-253-0650 phone  
 612-253-5650 fax

### MISSOURI

**Valbridge Property Advisors | Shaner Appraisals, Inc.**  
 10990 Quivira Road, Suite 100  
 Overland Park, KS 66210  
 913-451-1451 phone  
 913-529-4121 fax

### NEVADA

**Valbridge Property Advisors | Lubawy & Associates, Inc.**  
 3034 S. Durango Drive, Suite 100  
 Las Vegas, NV 89117  
 702-242-9369 phone  
 702-242-6391 fax

### NORTH CAROLINA

**Valbridge Property Advisors | John Bosworth & Associates, LLC**  
 4530 Park Road, Suite 100  
 Charlotte, NC 28209  
 704-376-5400 phone  
 704-376-1095 fax

**Valbridge Property Advisors | Paramount Appraisal Group, Inc.**  
 412 E. Chatham Street  
 Cary, NC 27511  
 919-859-2666 phone  
 919-859-2667 fax

### OHIO

**Valbridge Property Advisors | Akron Appraisal Group, Inc.**  
 1655 W. Market Street, Suite 130  
 Akron, OH 44313  
 330-899-9900 phone  
 330-680-5204 fax

**Valbridge Property Advisors | Allgeier Company**  
 9277 Centre Point Dr., Suite 350  
 West Chester, OH 45069  
 513-785-0820 phone  
 513-563-3539 fax

**Valbridge Property Advisors**  
 526 E. Superior Avenue, Suite 455  
 Cleveland, OH 44114  
 216-367-9690 phone  
 330-680-5204 fax

### OKLAHOMA

**Valbridge Property Advisors | Walton Property Services, LLC**  
 8282 South Memorial Drive, #302  
 Tulsa, OK 74133  
 918-712-9992 phone  
 918-742-3061 fax

### PENNSYLVANIA

**Valbridge Property Advisors | Barone, Murtha, Shonberg & Associates, Inc.**  
 4701 Baptist Road, Suite 304  
 Pittsburgh, PA 15227  
 412-881-6080 phone  
 412-881-8040 fax

**Valbridge Property Advisors | Lukens & Wolf, LLC**  
 150 South Warner Road, Ste. 440  
 King of Prussia, PA 19404  
 215-545-1900 phone  
 215-545-8548 fax

### SOUTH CAROLINA

**Valbridge Property Advisors | Atlantic Appraisals, LLC**  
 1250 Fairmont Avenue  
 Mt. Pleasant, SC 29464  
 843-884-1266 phone  
 843-881-7532 fax

800 Main Street, Suite 220  
 Hilton Head Island, SC 29926  
 843-342-2302 phone  
 843-342-2304 fax

**Valbridge Property Advisors | Robinson Company**  
 610 N. Main Street  
 Greenville, SC 29601  
 864-233-6277 phone  
 864-233-8577 fax

### TENNESSEE

**Valbridge Property Advisors | R.K. Barnes & Associates, Inc.**  
 112 Westwood Place, Suite 300  
 Brentwood, TN 37027  
 615-369-0670 phone  
 615-369-0671 fax

**Valbridge Property Advisors | C & I Appraisal Services, Inc.**  
 6750 Poplar Avenue, Suite 706  
 Memphis, TN 38138  
 901-753-6977 phone

**Valbridge Property Advisors | Meridian Realty Advisors, LLC**  
 213 Fox Road  
 Knoxville, TN 37922  
 865-522-2424 phone  
 865-522-0030 fax

### TEXAS

**Valbridge Property Advisors | Dugger, Canaday, Grafe, Inc.**  
 111 Soledad, Suite 800  
 San Antonio, TX 78205  
 210-227-6229 phone  
 210-227-8520 fax

**Valbridge Property Advisors | The Gerald A. Teel Company, Inc.**  
 Two Energy Square  
 4849 Greenville Avenue, Ste 1495  
 Dallas, TX 75206  
 214-446-1611 phone

974 Campbell Road, Suite 204  
 Houston, TX 77024  
 713-467-5858 phone  
 713-467-0704 fax

**Valbridge Property Advisors**  
 2731 81st Street  
 Lubbock, TX 79423  
 806-744-1188 phone  
 806-744-1189 fax

### UTAH

**Valbridge Property Advisors | Free and Associates, Inc.**  
 260 South 2500 West, Suite 301  
 Pleasant Grove, UT 84062  
 801-492-9328 phone  
 801-492-1420 fax

1100 East 6600 South, Suite 201  
 Salt Lake City, UT 84121  
 801-262-3388 phone  
 801-262-7893 fax

20 North Main, Suite 304  
 St. George, UT 84770  
 435-773-6300 phone  
 435-773-6298 fax

### VIRGINIA

**Valbridge Property Advisors | Axial Advisory Group, LLC**  
 656 Independence Parkway, #220  
 Chesapeake, VA 23320  
 757-410-1222 phone  
 757-410-2956 fax

7400 Beaufont Springs Drive  
 #300  
 Richmond, VA 23225  
 804-672-4473 phone

4732 Longhill Road, Suite 3202  
 Williamsburg, VA 23188  
 757-345-0010 phone  
 757-345-0170 fax

### WASHINGTON

**Valbridge Property Advisors | Allen Brackett Shedd**  
 419 Berkeley Avenue, Suite A  
 Fircrest, WA 98466  
 253-274-0099 phone  
 253-564-9442 fax

12320 NE 8th Street, Suite 200  
 Bellevue, WA 98005  
 425-450-4040 phone  
 425-688-1819 fax

**Valbridge Property Advisors | Auble, Jolicoeur & Gentry, Inc.**  
 324 N. Mullan Road  
 Spokane Valley, WA 99206  
 509-747-0999 phone  
 509-747-3559 fax

### WISCONSIN

**Valbridge Property Advisors | Vitale Realty Advisors, LLC**  
 12660 W. North Avenue  
 Brookfield, WI 53005  
 262-782-7990 phone  
 262-782-7590 fax