

# City of Garden Grove

# INTER-DEPARTMENT MEMORANDUM

To:	Matthew Fertal	From:	Susan Emery
Dept:	Director	Dept:	Community Development
Subject:	APPROVAL OF PROJECT-BASED VOUCHER CONSENT TO ASSIGNMENT OF HAP CONTRACT	Date:	January 12, 2010

## OBJECTIVE

To approve the Project-based Voucher Consent to Assignment of HAP Contract as Security for Financing with Jamboree Housing Corporation.

## BACKGROUND

On December 8, 2009, the Housing Authority approved a Housing Assistance Payments (HAP) Contract with Jamboree Housing Corporation to utilize 52 Project-based Vouchers for the Grove Park Project. The Project entails the acquisition and rehabilitation of 104 rental units in the Buena Clinton neighborhood.

The Consent to Assignment of HAP Contract as Security for Financing will ensure that the lender, Union Bank, is granted a security interest in the HAP contract by the Owner, Jamboree Housing Corporation. The document is required by Jamboree's lender. By executing this document, the Garden Grove Housing Authority is giving its consent to the transfer of the HAP contract by the owner to the lender in the event of a default of the terms of the loan. As stated in the Assignment, this does not change the terms of the HAP contract with Jamboree, nor does it change the rights and obligations of the parties.

## FISCAL IMPACT

None.

## COMMUNITY VISION IMPLEMENTATION


Seek to ensure quality housing opportunities in the community, without unduly burdening existing residents.

APPROVAL OF PROJECT-BASED VOUCHER CONSENT  
TO ASSIGNMENT OF HAP CONTRACT  
January 12, 2010  
Page 2

RECOMMENDATION

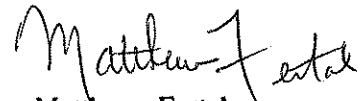
It is recommended that the Housing Authority:

- Approve the Consent to Assignment of HAP contract as Security for Financing with Jamboree Housing Corporation and authorize the Director to execute the Consent.

  
SUSAN EMERY  
Community Development Director

  
By: Mary Ann Hamamura  
Deputy Director

Recommended for Approval

  
Matthew Fertal  
Director

Attachment 1: Assignment of Housing Assistance Payments Contract and Housing Assistance Payments

**ASSIGNMENT OF HOUSING ASSISTANCE PAYMENTS CONTRACT  
AND HOUSING ASSISTANCE PAYMENTS**

This Assignment of Housing Assistance Payments Contract and Housing Assistance Payments (this "Assignment") is dated for reference purposes as of December \_\_, 2009, between GROVE PARK, LP, a California limited partnership (the "Assignor"), and UNION BANK, N.A., a national banking association (the "Lender") with reference to the following facts:

**RECITALS**

A. Lender has agreed to make a loan to Assignor, in the aggregate original principal amount of Fourteen Million Four Hundred Fifty-One Thousand Five Hundred Ninety-Three and No/100th Dollars (\$14,451,593.00) (the "Loan").

B. The Loan is made pursuant to that certain Construction and Permanent Loan Agreement ("Loan Agreement") dated as of December \_\_, 2009 executed by Assignor and Lender and will be evidenced by one or more promissory notes dated as of December \_\_, 2009 made by Assignor in favor of Lender, in the cumulative face principal amount of \$14,451,593 (collectively, the "Note") and further secured by a Construction and Permanent Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing ("Deed of Trust") executed by Assignor, dated as of December \_\_, 2009 on real property and improvements located at 12572, 12602, 12612, 12631, 12651, 12661, 12682, 12692 Morningside Avenue and 12622, 12632, 12652, 12662, 12682 Keel Avenue, in the City of Garden Grove, County of Orange, State of California (the "Property"). The Loan Agreement, Note, Deed of Trust, this Assignment and other documents, instruments and agreements evidencing and securing the Loan are hereinafter collectively referred to herein as the "Loan Documents".

C. The proceeds of the Loan will be used to finance the acquisition and development of a 104-unit multifamily apartment complex to be known as Grove Park Apartments which will be located on the Property.

D. Assignor and the Garden Grove Housing Authority (the "Housing Authority") have entered into that certain Housing Assistance Payments Contract (Section 8 Project No. \_\_\_\_\_; FHA Project No. \_\_\_\_\_) (together with all extensions, renewals, replacements and substitutions of the same, the "HAP Contract") with a term commencing January 1, 2011 and expiring December 31, 2025, subject to three five (5)-year extension options. Under the HAP Contract, HUD will provide rental assistance, commonly known as HUD Section 8 rent subsidies (the "Housing Assistance Payments"), on behalf of low income households who will reside in the units contained within the Improvements.

E. As a condition to making the Loan, Lender has required that Assignor assign to Lender all of its right, title and interest, held now or hereafter acquired, in (i) the HAP Contract, and (ii) the Housing Assistance Payments, and that the

Housing Authority consents to such assignment and certain other matters as set forth herein.

NOW THEREFORE, in consideration of Lender's agreement to make the Loan, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Lender hereby agree as follows:

#### AGREEMENT

1. Assignment. Assignor hereby assigns, grants, transfers, and sets over to Lender, to the fullest extent permitted by law, and pledges and grants to Lender a security interest, as security for the Secured Obligations (as defined below), in and to, all of Assignor's right, title, and interest, whether now existing or hereafter arising, in and to the following (collectively, the "Collateral"):

1.1 The HAP Contract, including (i) the right to rehabilitate the Improvements pursuant to the HAP Contract, (ii) any benefits available under the HUD Section 8 Program, and (iii) the Housing Assistance Payments;

1.2 Any and all proceeds or other amounts paid or payable to Assignor pursuant to or in connection with the HAP Contract, including without limitation any Housing Assistance Payments and any other payments payable pursuant to the terms of the HAP Contract (collectively, the "Proceeds");

1.3 All present and future accounts, general intangibles, chattel paper, contract rights, deposit accounts, instruments and documents (as those terms are defined in the applicable Uniform Commercial Code) now or hereafter relating or arising with respect to the Proceeds and/or the use thereof, including without limitation: (i) all rights to the payment of money, including escrow proceeds arising out of the sale or other disposition of all or any portion of the Proceeds; (ii) any and all agreements and other documents relating to the Proceeds; (iii) all reserves, deferred payments, deposits, refunds, cost savings, bonds, insurance policies and payments of any kind relating to the Proceeds; (iv) all supplements, modifications, amendments, extensions, renewals, substitutions and replacements to or for any of the foregoing; and

1.4 All cash and non-cash proceeds and products of any of the foregoing, including without limitation (i) all interest and dividends earned on the Proceeds; (ii) all monies and other tangible or intangible property received upon a sale or other disposition of any of the Proceeds; and (iii) all rights to payment in connection with any cause of action with respect to any Proceeds.

The HAP Contract, together with all contracts and other documents now or hereafter included in the Collateral shall be collectively referred to herein as the "Collateral Documents".

2. Obligations Secured. The assignment, pledge, and security interest granted pursuant to this Assignment secures the prompt payment and performance of each of the following (collectively, the "Secured Obligations"):

2.1 Assignor's obligations to Lender under the Loan Agreement and all other Loan Documents.

2.2 Assignor's obligations hereunder.

2.3 Any and all amendments, extensions, and other modifications of any of the foregoing, including without limitation those that are evidenced by new or additional documents or that change the rate of interest on any Secured Obligation.

3. Representations and Warranties. Assignor hereby represents and warrants to Lender that:

3.1 Assignor is or will be the legal and equitable owner of the Collateral, free and clear of all liens, encumbrances, and other rights and claims of other persons (other than (a) Lender's interests hereunder, and (b) the Housing Authority's interests under the Collateral Documents, and has the right to enter into this Assignment.

3.2 To Assignor's knowledge and belief, except as otherwise disclosed to Lender in writing prior to the execution of this Assignment, each of the presently existing Collateral Documents is genuine, valid, in full force and effect, and enforceable against all applicable parties in accordance with its terms (except to the extent that enforceability is limited by bankruptcy, insolvency, or other laws affecting the enforcement of creditors' rights generally).

3.3 To Assignor's knowledge and belief, Assignor is in full compliance to date with all of the requirements, terms, conditions, and covenants required to execute the HAP Contract and obtain the allocation of Housing Assistance Payments pursuant to the HAP Contract.

4. Covenants of Assignor.

4.1 Other than as expressly permitted herein and in the Loan Documents, Assignor shall keep the Collateral free of all liens, encumbrances, and other claims, shall diligently enforce its rights under all Collateral Documents, and shall take all actions which are reasonably necessary (and/or reasonably required by Lender) to maintain, preserve, and protect the Collateral and Lender's interests with respect thereto.

4.2 Assignor shall not, without Lender's prior written consent, which may be withheld in Lender's sole and absolute discretion, further assign, sell, transfer, encumber, or otherwise dispose of any Collateral or any interest therein (or contract to do any of the foregoing); provided, however, that so long as no Event of Default has occurred and is continuing, Assignor shall have a license to use, take advantage of, and have all of the

benefits of the HAP Contract, and the Housing Assistance Payments allocated pursuant to the HAP Contract. Such reservation of rights shall automatically terminate and such license shall be revoked automatically upon any transfer of title to the Improvements to Lender whether pursuant to foreclosure or deed in lieu of foreclosure or otherwise. Any attempted transfer of any collateral or any interest therein which is not specifically authorized pursuant to the terms of this Assignment or otherwise consented to by Lender in writing shall be void and of no force or effect for any purpose whatsoever.

4.3 Assignor shall not, without Lender's prior written consent, which may be withheld in Lender's sole and absolute discretion: (i) amend, supplement, terminate, or otherwise modify any Collateral Document; (ii) release, relinquish, or waive any material right, or grant any material approval or consent, with respect to any Collateral Document or with respect to the Housing Assistance Payments; (iii) enter into any new agreement with respect to any Collateral; (iv) execute any lease of all or any portion of the Improvements that does not fully comply with all requirements and regulations governing the Housing Assistance Payments; or (v) take any other action with respect to any Collateral which is inconsistent with this Assignment or which could impair Lender's interests hereunder; provided, however, that Borrower may renew the HAP Contract for successive renewal periods on terms substantially identical to the terms of the original HAP Contract (except for the amount of the housing assistance payments, which shall be the same or higher than the payments to be made to Borrower under the original HAP Contract). Any such termination, modification, waiver, approval, or other action taken without any required prior consent shall, at Lender's option, be void.

4.4 Assignor shall, at Assignor's sole expense, defend all actions, proceedings and other claims affecting the Collateral, including without limitation actions, proceedings, and claims challenging Assignor's title to the Collateral or the validity or priority of Lender's rights hereunder.

4.5 Assignor shall keep accurate and complete records with respect to the Collateral, including all records pertaining to any matters now or hereafter required to qualify for and maintain the Housing Assistance Payments in connection with the occupancy of the Improvements, and shall, if required by Lender from time to time, promptly deliver such reports to Lender as Lender may from time to time require with respect to the Collateral in form and substance satisfactory to Lender in its reasonable discretion.

4.6 Assignor shall diligently comply with all laws relating to the Collateral, all regulations of HUD, and with the terms of all Collateral Documents. Without limiting the generality of the foregoing, Assignor shall promptly pay all taxes, assessments, license fees, and other public and private charges levied or assessed against any Collateral.

4.7 Assignor shall observe and perform all obligations imposed on Assignor for the purpose of obtaining and maintaining the rights of the Assignor under the HAP

Contract, and the rights of Assignor in and to the Housing Assistance Payments, and shall preserve same in full force and effect for the benefit of Lender.

4.8 Assignor shall operate the Improvements and/or shall use Assignor's best efforts to cause the appropriate parties to operate the same, in accordance with the provisions of all statutes, laws, and regulations governing the HAP Contract, and the Housing Assistance Payments, and shall comply with the requirements of the Housing Authority in connection therewith.

4.9 As soon as practicable, and in any event within ten (10) days of Assignor's learning thereof, Assignor shall notify Lender of:

(a) Any default by Assignor or any other Person under any Collateral Document, or the giving or receipt by Assignor of any notice of default under any such document;

(b) Any attachment or other legal process levied against any of the Collateral;

(c) Any event or other circumstance which could materially and adversely affect any of the Collateral or Lender's rights or remedies with respect thereto;

(d) Any change in Assignor's principal place of business, chief executive offices, or accounting offices.

(e) The removal of any records relating to the Collateral from the location set forth in any of the Loan Documents other than in the ordinary course of business.

4.10 Assignor shall promptly deliver to Lender true and correct copies of all material notices or other documents or communications received by Assignor with regard to or relating in any way to the HAP Contract and/or the Housing Assistance Payments.

4.11 At any time, and from time to time, upon demand by Lender, Assignor shall execute, deliver, acknowledge, file and/or record any notice, financing statement, continuation statement, assignment, or other document or agreement that Lender deems necessary or advisable to create, preserve, continue, or perfect any security interest intended to be created hereunder, or to otherwise enable Lender to enforce its rights hereunder.

5. Performance of Assignor's Obligations by Lender. In the event that Assignor fails to perform any obligation set forth herein, Lender may, but shall not be obligated to, perform the same, and the cost thereof shall be payable by Assignor to Lender on demand and shall bear interest at the Default Rate (as such term is defined in the Loan Agreement).

6. Defaults and Remedies.

6.1 Events of Default. Assignor will be in default under this Assignment upon the occurrence of any one or more of the following events (each an "Event of Default"):

(a) Under any of the Loan Documents, a default or Event of Default (as defined in that document) occurs, subject to any applicable cure periods; or

(b) Under any of the Secured Obligations, a default or Event of Default (as defined in the applicable document) occurs, subject to any applicable cure periods; or

(c) Under the HAP Contract, a default or Event of Default (as defined in the applicable document) by Assignor occurs, subject to any applicable cure periods; or

(d) Any representation or warranty made or given in any of the Collateral Documents, any of the Loan Documents, or other documents relating to the Secured Obligations proves to be false or misleading in any material respect when made; or

(e) Assignor fails to comply with any covenant contained in this Assignment.

6.2 Actions by Lender Following Default. While any default or Event of Default has occurred and is continuing, Lender shall have the right, but not the obligation, to take such actions (in its name or in Assignor's name) as Lender deems appropriate, in its sole and absolute discretion, to cure any default or Event of Default by Assignor under any Collateral Document, or to otherwise protect the rights and interests of Assignor and/or Lender with respect thereto. Lender shall incur no liability as a result of any such action if such action is taken in good faith in accordance with the foregoing. Assignor shall indemnify, defend, and hold Lender harmless for, from, and against any and all actions, suits, claims, demands, liabilities, losses, damages, obligations, and costs or expenses, including litigation costs and reasonable attorneys' fees, arising from or in any way connected with any such good faith action.

6.3 Remedies. If an Event of Default occurs under this Assignment, Lender may exercise any right or remedy available at law or in equity or by statute, and all of Lender's rights and remedies shall be cumulative. Lender specifically shall have all of the following rights and remedies, each of which may be exercised with or without further notice to Assignor:

(a) To foreclose Lender's security interests in any and/or all Collateral by any means allowed by law, with or without judicial process;



(b) To exercise all rights and remedies available upon the occurrence of an Event of Default under any Loan Document, including without limitation the right to declare any and/or all Secured Obligations immediately due and payable;

(c) To appropriate any and/or all of the Collateral and apply it against any Secured Obligations then due, in such order of application as Lender chooses in its sole and absolute discretion;

(d) To collect interest, dividends, principal, and all other sums payable upon or on account of the Collateral;

(e) To notify any person obligated with respect to any Collateral that the same has been assigned to Lender and that all payments thereon are to be made to Bank;

(f) To renew, extend, amend, or otherwise modify any Collateral Document (subject to any required consents or approvals by the Housing Authority); to accelerate, release, settle, compromise, collect, or liquidate any Collateral; to enter into agreements with respect to any Collateral; to give consents and waivers with respect to any Collateral; to enforce payment and prosecute any action or proceeding with respect to any Collateral; and to otherwise exercise rights and remedies and act with respect to any Collateral as if it were the owner thereof;

(g) To take possession of the Collateral with or without judicial process, and to enter any premises where any Collateral may be located for the purpose of taking possession of the Collateral;

(h) To endorse, in the name of Assignor or otherwise, any checks, notes, and other evidences of payment relating to the Collateral, and/or to transfer any Collateral into the name of Lender or its nominee(s);

(i) To liquidate any time deposit pledged to Lender hereunder prior to maturity and apply the proceeds against Secured Obligations then due as described above, notwithstanding the fact that such liquidation may give rise to federal penalties for early withdrawal of funds;

(j) To assign the Collateral to any person who acquires Assignor's interest in the Property pursuant to the exercise of any right or remedy of Lender under the Security Instrument or any other agreement securing the Note, or in lieu of the exercise of any such right or remedy; and

(k) To exercise any and all other rights and remedies that Lender may have at law or in equity, or under any applicable agreement, including without limitation all rights and remedies of a secured party under any applicable commercial code.

6.4 Facilitation of Rights and Remedies. To facilitate Lender's exercise of the rights and remedies set forth herein, Assignor authorizes Lender to exercise the following powers:

(a) To enter any premises where books or records relating to the Collateral may be located, at reasonable times and following reasonable notice, for the purpose of inspecting, and/or copying any documents, files and records relating to the Collateral, and to use such supplies and space of Assignor at its places of business as may be reasonably necessary to administer and control the Collateral or the handling of collections and realizations thereon;

(b) To give notices to and to communicate with the Housing Authority with respect to the Collateral;

(c) To take all steps and to institute (in Lender's name or Assignor's name) all actions and proceedings deemed necessary or advisable by Lender to effect the collection or realization upon any of the Collateral; and

(d) To prepare, sign, file, and/or record, for Assignor in Assignor's name, financing statements, applications for registration, and similar papers.

6.5 Proceeds.

(a) Any money received by Lender with respect to any Collateral may, at Lender's option, be retained in a non-interest-bearing cash collateral account, and the same shall constitute Collateral for all purposes hereunder.

(b) Presentment, protest, notice of protest, notice of dishonor and notice of nonpayment are hereby waived with respect to any proceeds to which Lender is entitled hereunder.

(c) The net cash proceeds of any collection, liquidation, sale, or other disposition of Collateral by Lender shall be applied first to expenses incurred by Lender in connection with such collection, liquidation, or other disposition (including without limitation expenses of retaking, holding, storing, processing, preparing for sale and selling, and reasonable attorney's fees), and then to other Secured Obligations then due. Such application shall be in such order and manner as to particular Secured Obligations, or against principal, interest, or other sums due under the Loan, as Lender chooses in Lender's sole and absolute discretion.

7. Attorney-in-Fact. Assignor hereby appoints Lender as its true and lawful attorney-in-fact for the purposes of (a) carrying out the provisions of this Assignment; (b) taking all actions and executing all documents that Lender reasonably deems necessary or advisable to accomplish the purposes of this Assignment and/or to protect Lender's interests hereunder; and (c) after the occurrence of any Event of Default (subject to any applicable cure periods), enforcing Assignor's rights and/or performing

Assignor's obligations (in Lender's name or in Assignor's name) under any Collateral Document. In furtherance of clause (c), Assignor shall deliver to Lender, upon Lender's demand, all documents which Lender reasonably requires to permit Lender's succession to Assignor's interests, and to facilitate the enforcement by Lender of Assignor's rights, with respect to any Collateral Document. The power of attorney granted hereunder is coupled with an interest and is irrevocable.

8. Specific Assignments and Consents. Upon Lender's demand from time to time, (a) Assignor shall execute and deliver to Lender an assignment of contract(s), in form and substance satisfactory to Lender in its sole and absolute discretion, which specifically describes one or more of the Collateral Documents and (b) Assignor shall use its best efforts to obtain and deliver to Lender a consent to assignment, in form and substance satisfactory to Lender in its reasonable discretion, pursuant to which any party other than Assignor to any such Collateral Document consents to such assignment and agrees to recognize Lender as Assignor's successor in the event that Lender succeeds to Assignor's interests, or appropriate to further evidence or perfect the pledge given hereby.

9. Obligations of Lender with Respect to Collateral. Neither Lender's acceptance of the assignment and security interests granted hereunder nor any exercise by Lender of its rights and remedies hereunder shall be deemed to be an assumption by Lender of any obligation or liability of Assignor under the terms of any Collateral Document, and Assignor shall indemnify, defend, and hold Lender harmless for, from, and against any and all actions, suits, claims, demands, liabilities, losses, damages, obligations, and costs or expenses, including litigation costs and reasonable attorneys' fees, arising from or in any way connected with any such obligation or liability. The indemnity contained in this section shall not extend to any actions, suits, claims, demands, liabilities, losses, damages, obligations, costs or expenses caused as a result of Lender's gross negligence or willful misconduct. Lender's obligations with respect to Collateral in its possession shall be limited to the duty to exercise reasonable care in the custody and preservation of such Collateral; provided, however, that Lender shall have no duty to take any steps to preserve the rights of Assignor against other persons, or to initiate any action to protect any Collateral. Upon any transfer by Lender of any or all of the Secured Obligations, Lender may transfer any or all of the Collateral and shall thereupon be fully discharged of liability and responsibility with respect to the Secured Obligations and/or Collateral so transferred; but Lender shall retain all applicable rights and interest hereunder with respect to any Secured Obligations and/or Collateral not then transferred.

10. Miscellaneous Provisions.

10.1 No Waiver; Consents. No alleged waiver by Lender shall be effective unless in writing, and no waiver shall be construed as a continuing waiver. No waiver shall be implied from Lender's delay in exercising or failure to exercise any right or remedy against Assignor, including rights under this Assignment, or any other security for the Loan. Consent by Lender to any act or omission by Assignor shall not be construed as a consent to any other or subsequent act or omission, or as a waiver of the

requirement for Lender's consent to be obtained in any future or other instance. All rights and remedies of Lender are cumulative.

10.2 Purpose and Effect of Lender Approval. Lender's approval of any matter in connection with this Assignment or the Loan shall be for the sole purpose of protecting Lender's security and rights. No such approval shall result in a waiver of any default of Assignor. In no event shall Lender's approval be a representation of any kind with regard to the matter being approved.

10.3 No Third Parties Benefited. This Assignment is made and entered into for the sole protection and benefit of Lender and Assignor and their permitted successors and assigns.

10.4 Notices. All notices given under this Assignment shall be in writing and shall be given by personal delivery, overnight receipted courier (such as Federal Express), or by registered or certified United States mail, postage prepaid, sent to the party at its address appearing below its signature. Notices shall be effective upon receipt or when proper delivery is refused. Addresses for notice may be changed by any party by notice to any other party in accordance with this Section. Service of any notice on any general partner of Assignor is effective service on Assignor for all purposes.

10.5 Actions. Lender shall have the right, but not the obligation, to commence, appear in, and defend any action or proceeding which might affect its security or its rights, duties or liabilities relating to this Assignment. Assignor shall pay promptly on demand all of Lender's reasonable out-of-pocket costs, expenses, and legal fees and expenses of Lender's counsel incurred in those actions or proceedings.

10.6 Attorneys' Fees. If any lawsuit, arbitration, or other proceeding is commenced which arises out of or relates to this Assignment, including any alleged tort action, regardless of which party commences the action, the prevailing party shall be entitled to recover from each other party such sums as the court (but not the jury) or arbitrator may adjudge to be reasonable attorneys' fees in the action, arbitration, or proceeding, in addition to costs and expenses otherwise allowed by law. Any such attorneys' fees incurred by either party in enforcing a judgment in its favor under this Assignment shall be recoverable separately from and in addition to any other amount included in such judgment, and such attorneys fees obligation is intended to be severable from the other provisions of this Assignment and to survive and not be merged into any such judgment. In all other situations, including any matter arising out of or relating to any Insolvency Proceeding (as such term is defined in the Loan Agreement), Assignor agrees to pay all of Lender's costs and expenses, including attorneys' fees, which may be incurred in enforcing or protecting Lender's rights or interests. From the time(s) incurred until paid in full to Lender, all such sums shall bear interest at the Default Rate (as such term is defined in the Loan Agreement).

10.7 In-House Counsel Fees. Whenever Assignor is obligated to pay or reimburse Lender for any attorneys' fees, those fees shall include the reasonable allocated costs for services of in-house counsel.

10.8 Applicable Law. This Assignment shall be governed by, and construed in accordance with, the laws of the state in which the Property is located, except to the extent that any of such laws may now or hereafter be preempted by Federal law. Assignor and all persons and entities in any manner obligated to Lender under this Assignment consent to the jurisdiction of any Federal or State Court within the State of California.

10.9 Heirs, Successors, and Assigns. The terms of this Assignment shall bind and benefit the heirs, legal representatives, successors and assigns of the parties; provided, however, that Assignor may not assign this Assignment, or assign or delegate any of its rights or obligations hereunder, without the prior written consent of Lender in each instance.

10.10 Severability. The invalidity or unenforceability of any one or more provisions of this Assignment shall in no way affect any other provision. If any court of competent jurisdiction determines any provision of this Assignment to be invalid, illegal or unenforceable, that portion shall be deemed severed from the rest, which shall remain in full force and effect as though the invalid, illegal or unenforceable portion had never been a part of the Assignment.

10.11 Interpretation. Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the sections of this Assignment are for convenience only and do not define or limit any terms or provisions. The word "include(s)" means "include(s), without limitation," and the word "including" means "including, but not limited to." No listing of specific instances, items or matters in any way limits the scope or generality of any language of this Assignment.

10.12 Amendments. This Assignment may not be modified or amended except by a written Assignment signed by the parties.

10.13 Counterparts. This Assignment and any attached consents or exhibits requiring signatures may be executed in counterparts, and all counterparts shall constitute but one and the same document.

10.14 Language of Assignment. The language of this Assignment shall be construed as a whole according to its fair meaning, and not strictly for or against any party.

10.15 Survival. The representations, warranties, acknowledgments, and agreements set forth herein shall survive the date of this Assignment.

10.16 Further Performance. Assignor, whenever and as often as they shall be reasonably requested by Lender, shall execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered such further instruments and documents and shall do any and all things as may be requested in order to carry out the intent and purpose of this Assignment.

10.17 Time is of the Essence. Time is of the essence in the performance of this Assignment by Assignor, and each and every term thereof.

10.18 Recitals. The Recitals to this Assignment set forth above are true, complete, accurate, and correct, and such recitals are incorporated hereby by reference.

10.19 Integration. This Assignment is intended by the parties as the final expression of the subject matter set forth herein and as the complete and exclusive statement of the terms agreed to by the parties. No representation, understanding, promise, or condition related to the assignment of the Collateral as described hereunder shall be enforceable against any party unless it is contained in this Assignment. If there is any conflict between the terms, conditions, and provisions of this Assignment and those of any other agreement or instrument, including any other Loan Document, the terms, conditions, and provisions of this Assignment shall prevail.

10.20 Consent of the Housing Authority. This Assignment shall not be effective unless and until the Assignor and Lender have received the prior written consent of the Housing Authority. By its signature on the attached Consent, the Housing Authority consents to the execution, delivery and performance by Assignor of this Assignment and certifies to Lender that: (a) the HAP Contract is in full force and effect; (b) a true and complete copy of the HAP Contract, together with all Amendments, is attached hereto as Exhibit "A"; (c) the Housing Authority has no knowledge of any prior assignment by Assignor of the HAP Contract or any interest therein; (d) to the Housing Authority's knowledge, the Housing Authority has never declared any party to the HAP Contract to be in default of its obligations.

**[Remainder of Page Intentionally Left Blank]**

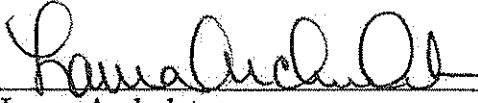
IN WITNESS WHEREOF, Assignor has caused this Assignment to be duly executed as of the date first written above.

**BORROWER:**

GROVE PARK, LP,  
a California limited partnership

By: JHC-Grove Park LLC,  
a California limited liability company,  
its Managing General Partner

By: Jamboree Housing Corporation,  
a California nonprofit public benefit corporation,  
its Manager

By:   
Laura Archuleta,  
President

**Address for Notices:**

c/o Jamboree Housing Corporation  
17701 Cowan Avenue, Suite 200  
Irvine, California 92614  
Attn: Laura Archuleta  
Phone No. (949) 263-8676  
Fax No. (949) 263-0647

**LENDER:**

**UNION BANK, N.A.**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address for Notices:

Union Bank, N.A.

Attn: Manager

Commercial Real Estate Loan Administration

18300 Von Karman Avenue, Suite 200

Irvine, CA 92612

Phone No. (\_\_\_\_) \_\_\_\_\_

Fax No. (\_\_\_\_) \_\_\_\_\_



**HOUSING AUTHORITY CONSENT**

[See Attached]

U.S. Department of Housing and Urban Development (HUD)  
Project-based Section 8 Contract Administration

**CONSENT TO ASSIGNMENT  
OF HAP CONTRACT  
AS SECURITY FOR FINANCING**

**I. IDENTIFICATION OF ACC AND HAP CONTRACT**

Annual Contributions Contract Number: CA102\_\_\_\_\_

Section 8 HAP Contract Number: \_\_\_\_N/A\_\_\_\_\_

Section 8 Project Number: \_\_\_\_N/A\_\_\_\_\_

Project Name: Grove Park Apartments

Project Location:

12572, 12602, 12612, 12631, 12651, 12661, 12682, 12692 Morningside  
Avenue and 12622, 12632, 12652, 12662, 12682 Keel Avenue, Garden  
Grove, California 92840

## II. NAMES

**Contract administrator**

Garden Grove Housing Authority

**Contract administrator address**

11277 Garden Grove Blvd., Suite 101-C

Garden Grove, CA 92843

**Owner** Grove Park, LP, a California limited partnership

**Owner address**

Grove Park, LP

c/o Jamboree Housing Corporation

17701 Cowan Avenue, Suite 200

Irvine, California 92614

Attention: Laura Archuleta

**Lender** Union Bank, N.A.

**Lender address**

Union Bank, N.A.

Commercial Real Estate Loan Administration

18300 Von Karman Avenue, Suite 200

Irvine, California 92612

Attention: Manager

---

### III. DEFINITIONS

ACC. Annual Contributions Contract.

ASSIGNMENT AS SECURITY. The creation of a security interest in the owner's interest pursuant to the HAP Contract, and a transfer of such security interest to an assignee secured party.

CONTRACT ADMINISTRATOR. HUD or a PHA acting as contract administrator under an ACC with HUD.

FULL ASSIGNMENT. An assignment of the HAP contract other than an assignment as security. "Full Assignment" includes a sale, conveyance or other transfer of the HAP Contract, voluntary or involuntary, to an assignee or successor in interest.

HAP CONTRACT. The Housing Assistance Payments Contract for units in the project. The HAP Contract was entered between the owner and the contract administrator pursuant to Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).

PHA. Public Housing Agency.

PROJECT. The project identified in section I of the consent to assignment.

SECURED PARTY. A party that holds a security interest in the owner's interest pursuant to the HAP contract, including the lender and assignees of the lender's security interest.

### IV. BACKGROUND

Pursuant to the terms of the HAP Contract, the HAP Contract (including any interest in the HAP Contract or any payments under the HAP Contract) may not be assigned without the prior written consent of the contract administrator

---

The owner has advised the contract administrator that the owner wants to grant the lender a security interest in the HAP Contract, as security for a loan by the lender to the owner with respect to the project.

#### **V. CONSENT TO ASSIGNMENT AS SECURITY**

By execution of this consent to assignment as security, the contract administrator consents to the assignment as security of the HAP Contract by the owner to the lender as security for a loan by the lender to the owner with respect to the project.

The contract administrator consents to transfer of the lender's security interest to successor secured parties.

#### **VI. EFFECT OF CONSENT TO ASSIGNMENT**

The contract administrator is not a party to the loan or the loan documents, nor to any assignment of the HAP Contract by the owner to the lender as security for the loan, nor to any transfer of the HAP contract or the loan by the lender. Issuance of the consent to assignment does not signify that HUD or the contract administrator has reviewed, approved or agreed to the terms of any financing or refinancing; to any term of the loan documents; or to the terms of any assignment of the HAP contract by the owner to the lender as security for the loan, or by the lender to any transferee of the loan.

The consent to assignment of the HAP Contract as security for the loan does not change the terms of the HAP Contract in any way, and does not change the rights or obligations of HUD, the contract administrator or the owner under the HAP Contract.

The creation or transfer of any security interest in the HAP Contract is limited to amounts payable under the HAP Contract in accordance with the terms of the HAP Contract.

---

## **VII. EXERCISE OF SECURITY INTEREST - ASSIGNEE ASSUMPTION OF HAP CONTRACT OBLIGATIONS**

Notwithstanding the contract administrator's grant of consent to assignment by the owner of a security interest in the HAP Contract to the lender as security for the loan, and to further transfer of such security interest to successor secured parties, the contract administrator's execution of this consent does not constitute consent to a full assignment of the HAP contract to any entity, including the lender or any successor secured party.

A secured party may not exercise any rights or remedies against the contract administrator or HUD under the HAP Contract, and shall not have any right to receive housing assistance payments that may be payable to the owner under the HAP Contract, until and unless:

- The contract administrator has approved the secured party as successor to the owner pursuant to the HAP contract, and
- The secured party seeking to exercise such rights or remedies, or to receive such payments, has executed and delivered, in a form acceptable to the contract administrator in accordance with HUD requirements, an agreement by the assignee to comply with all the terms of the HAP Contract, and to assume all obligations of the owner under the HAP Contract.

## **VIII. PAYMENT TO SECURED PARTY**

When a secured party notifies the contract administrator, in writing, that housing assistance payments payable pursuant to the HAP Contract should be directed to the secured party (in accordance with paragraph VII above), the contract administrator may make such payments to the secured party instead of the owner. In making such payments, the contract administrator is not required to consider or make any inquiry as to the existence of a default under the loan documents, but may rely on notice by the secured party; and any payments by the contract administrator to the secured party shall be

---

credited against amounts payable by the contract administrator to the owner pursuant to the HAP Contract.

#### **IX. WHEN ASSIGNMENT IS PROHIBITED**

The consent to assignment as security shall be void ab initio if HUD determines that any assignee, or any principal or interested party of the assignee, is debarred, suspended or subject to a limited denial of participation under 24 CFR part 24, or is listed on the U.S. General Services Administration list of parties excluded from Federal procurement or nonprocurement programs.

**CONTRACT ADMINISTRATOR (HUD or PHA)**

Name of Contract Administrator (Print)

By: \_\_\_\_\_  
Signature of authorized representative

Name and official title (Print)

Date \_\_\_\_\_

APPROVED AS TO FORM

*Christina M. Doyle per*  
Thomas F. Nixon, City Attorney



---

## OWNER AGREEMENT TO ASSIGNMENT AS SECURITY

---


The owner has read the terms of the contract administrator's consent to assignment by the owner of a security interest in the HAP Contract to the lender as security for the loan, and to further transfer of such security interest to successor secured parties. In consideration for the contract administrator's grant of such consent to assignment, the owner agrees to all the terms of the consent to assignment, and agrees that any assignment by the owner is subject to all such terms.

<b>BORROWER</b>
-----------------

GROVE PARK, LP,  
a California limited partnership

By: JHC-Grove Park LLC,  
a California limited liability company,  
its Managing General Partner

By: Jamboree Housing Corporation,  
a California nonprofit public benefit corporation,  
its Manager

By:   
Laura Archuleta,  
President

**EXHIBIT "A"**  
**HAP CONTRACT**

**U.S. Department Of Housing and Urban Development  
Office of Public and Indian Housing**

**SECTION 8 PROJECT-BASED VOUCHER PROGRAM**

**HOUSING ASSISTANCE PAYMENTS CONTRACT  
EXISTING HOUSING**

**PART 1 OF HAP CONTRACT**

This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number. Assurances of confidentiality are not provided under this collection.

**1. CONTRACT INFORMATION**

**a. Parties**

This housing assistance payments (HAP) contract is entered into between:

Garden Grove Housing Authority (PHA) and

Grove Park, LP (owner).

**b. Contents of contract**

The HAP contract consists of Part 1, Part 2 and the contract exhibits listed in paragraph c.

**c. Contract exhibits**

The HAP contract includes the following exhibits:

**EXHIBIT A: TOTAL NUMBER OF UNITS IN PROJECT COVERED BY THIS HAP CONTRACT; INITIAL RENT TO OWNER; AND THE NUMBER AND DESCRIPTION OF THE CONTRACT UNITS. (See 24 CFR 983.203 for required items.)**

---

**Project-based Voucher Program  
HAP Contract for Existing Housing**

Previous editions are obsolete

**HUD 52530B Page - 1 -  
of Part 1**

**EXHIBIT B: SERVICES, MAINTENANCE AND EQUIPMENT TO BE PROVIDED BY THE OWNER WITHOUT CHARGES IN ADDITION TO RENT TO OWNER**

**EXHIBIT C: UTILITIES AVAILABLE IN THE CONTRACT UNITS, INCLUDING A LISTING OF UTILITY SERVICES TO BE PAID BY THE OWNER (WITHOUT CHARGES IN ADDITION TO RENT TO OWNER) AND UTILITIES TO BE PAID BY THE TENANTS**

**EXHIBIT D: FEATURES PROVIDED TO COMPLY WITH PROGRAM ACCESSIBILITY FEATURES OF SECTION 504 OF THE REHABILITATION ACT OF 1973**

**ADDITIONAL EXHIBITS**

**EXHIBIT E: JAMBOREE LETTER RE: EFFECTIVE DATE**

**d. Effective date and term of HAP contract**

**1. Effective date**

a. The PHA may not enter into a HAP contract for any contract unit until the PHA has determined that the unit complies with the housing quality standards.

b. For all contract units, the effective date of the HAP contract is:

January 1, 2011\*

c. The term of the HAP contract begins on the effective date.

**2. Length of initial term**

a. Subject to paragraph 2.b, the initial term of the HAP contract for all contract units is: 15 years with 3 five-year extensions to be exercised in accordance with HUD requirements

b. The initial term of the HAP contract may not be less than one year, nor more than fifteen years.

**3. Extension of term**

The PHA and owner may agree to enter into an extension of the HAP contract at

---

**Project-based Voucher Program  
HAP Contract for Existing Housing**

Previous editions are obsolete

**HUD 52530B Page - 2 -  
of Part I**

\* This HAP contract constitutes a legal, valid, binding contract between the parties hereto upon the date of execution of this HAP contract, notwithstanding the fact that the stated "Effective Date" may be a date subsequent to the date of execution of this HAP contract. The PHA's obligation to commence payment under this HAP contract shall commence upon the Effective Date and shall end 15 years thereafter, subject to extension as prescribed above.

the time of initial HAP contract execution or any time prior to expiration of the contract. Any extension, including the term of such extension, must be in accordance with HUD requirements. A PHA must determine that any extension is appropriate to achieve long-term affordability of the housing or expand housing opportunities.

**4. Requirement for sufficient appropriated funding**

- a. The length of the initial term and any extension term shall be subject to availability, as determined by HUD, or by the PHA in accordance with HUD requirements, of sufficient appropriated funding (budget authority), as provided in appropriations acts and in the PHA's annual contributions contract (ACC) with HUD, to make full payment of housing assistance payments due to the owner for any contract year in accordance with the HAP contract.
- b. The availability of sufficient funding must be determined by HUD or by the PHA in accordance with HUD requirements. If it is determined that there may not be sufficient funding to continue housing assistance payments for all contract units and for the full term of the HAP contract, the PHA has the right to terminate the HAP contract by notice to the owner for all or any of the contract units. Such action by the PHA shall be implemented in accordance with HUD requirements.

**e. Occupancy and payment**

**1. Payment for occupied unit**

During the term of the HAP contract, the PHA shall make housing assistance payments to the owner for the months during which a contract unit is leased to and occupied by an eligible family. If an assisted family moves out of a contract unit, the owner may keep the housing assistance payment for the calendar month when the family moves out ("move-out month"). However, the owner may not keep the payment if the PHA determines that the vacancy is the owner's fault.

**~~2. Vacancy payment~~**

~~THE PHA HAS DISCRETION WHETHER TO INCLUDE THE VACANCY PAYMENT PROVISION (PARAGRAPH e.2), OR TO STRIKE THIS PROVISION FROM THE HAP CONTRACT FORM.~~

- ~~a. If an assisted family moves out of a contract unit, the PHA may provide vacancy~~

Project-based Voucher Program  
HAP Contract for Existing Housing

Previous editions are obsolete

HUD 52530B Page - 3 -  
of Part 1

~~payments to the owner for a PHA-determined vacancy period extending from the beginning of the first calendar month after the move-out month for a period not exceeding two full months following the move-out month.~~

- b. The vacancy payment to the owner for each month of the maximum two-month period will be determined by the PHA, and cannot exceed the monthly rent to owner under the assisted lease, minus any portion of the rental payment received by the owner (including amounts available from the tenant's security deposit). Any vacancy payment may only cover the period the unit remains vacant.
- c. The PHA may only make vacancy payments to the owner if:
  - 1. The owner gives the PHA prompt, written notice certifying that the family has vacated the unit and the date when the family moved out (to the best of the owner's knowledge and belief);
  - 2. The owner certifies that the vacancy is not the fault of the owner and that the unit was vacant during the period for which payment is claimed;
  - 3. The owner certifies that it has taken every reasonable action to minimize the likelihood and length of vacancy; and
  - 4. The owner provides any additional information required and requested by the PHA to verify that the owner is entitled to the vacancy payment.
- d. The PHA must take every reasonable action to minimize the likelihood and length of vacancy.
- e. The owner may refer families to the PHA, and recommend selection of such families from the PHA waiting list for occupancy of vacant units.
- f. The owner must submit a request for vacancy payments in the form and manner required by the PHA and must provide any information or substantiation required by the PHA to determine the amount of any vacancy payments.

RA

**3. PHA is not responsible for family damage or debt to owner**

Except as provided in this paragraph e (Occupancy and Payment), the PHA will not make any other payment to the owner under the HAP contract. The PHA will not make any payment to owner for any damages to the unit, or for any other

amounts owed by a family under the family's lease.

**f. Income-mixing requirement**

1. Except as provided in paragraphs f.2 and 3, the PHA will not make housing assistance payments under the HAP contract for more than 25 percent of the total number of dwelling units (assisted or unassisted) in any project. The term "project" means a single building, multiple contiguous buildings, or multiple buildings on contiguous parcels of land assisted under this HAP contract.
  2. The limitation in paragraph f.1 does not apply to single-family buildings.
  3. In referring eligible families to the owner for admission to the number of contract units in any project exceeding the 25 percent limitation under paragraph f.1, the PHA shall give preference to elderly or disabled families, or to families receiving supportive services, for the number of contract units designated for occupancy by such families. The owner shall rent the designated number of contract units to such families referred by the PHA from the PHA waiting list.
  4. The PHA and owner must comply with all HUD requirements regarding income mixing.
  5. The following specifies the number of contract units (if any):
    - a. Designated for occupancy by disabled families;
    - b. Designated for occupancy by elderly families;
    - c. Designated for occupancy by elderly or disabled families; or
    - d. Designated for occupancy by families receiving supportive services.
- ☐ Check this box if any contract units are designated for disabled families.

The following number of contract units shall be rented to disabled families: \_\_\_\_\_.

- ☐ Check this box if any contract units are designated for elderly families.

The following number of contract units shall be rented to elderly families:

\_\_\_\_\_.

- ☐ Check this box if any contract units are designated for elderly or disabled families.

The following number of contract units shall be rented to elderly or disabled families:

\_\_\_\_\_.

- ☒ Check this box if any contract units are designated for families receiving supportive services.

The following number of contract units shall be rented to families

receiving supportive services: 26.



**EXECUTION OF HAP CONTRACT FOR EXISTING HOUSING**

**PUBLIC HOUSING AGENCY (PHA)**

**Name of PHA (Print)**

Garden Grove Housing Authority

**By:**

Signature of authorized representative

**Name and official title (Print)**

**Date**

**OWNER**

**Name of Owner (Print)**

Grove Park, LP, by JHC-Grove Park LLC, general partner, by:

Jamboree Housing Corporation, Manager

**By:**

Signature of authorized representative

Laura Archuleta, President

**Name and title (Print)**

12/02/09

**Date**

**U.S. Department Of Housing and Urban Development  
Office of Public and Indian Housing**

**SECTION 8 PROJECT-BASED VOUCHER PROGRAM**

**HOUSING ASSISTANCE PAYMENTS CONTRACT  
EXISTING HOUSING**

**PART 2 OF HAP CONTRACT**

This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number. Assurance of confidentiality are not provided under this collection.

**2. DEFINITIONS**

**Contract units.** The housing units covered by this HAP contract. The contract units are described in Exhibit A.

**Existing housing.** Housing units that already exist on the proposal selection date and that substantially comply with the housing quality standards on that date. The units must fully comply with the housing quality standards before execution of the HAP contract.

**Family.** The persons approved by the PHA to reside in a contract unit with assistance under the program.

**HAP contract.** This housing assistance payments contract between the PHA and the owner. The contract consists of Part 1, Part 2, and the contract exhibits (listed in section 1.c of the HAP contract).

**Housing assistance payment.** The monthly assistance payment by the PHA for a contract unit, which includes: (1) a payment to the owner for rent to the owner under the family's lease minus the tenant rent; and (2) an additional payment to or on behalf of the family if the utility allowance exceeds total tenant payment.

**Household.** The family and any PHA-approved live-in aide.

**Housing quality standards (HQS).** The HUD minimum quality standards for dwelling units occupied by families receiving project-based voucher program assistance.

---

**Project-based Voucher Program  
HAP Contract for Existing Housing**

Previous editions are obsolete

HUD 52530B Page - 1 -  
of Part 2

**HUD.** U.S. Department of Housing and Urban Development.

**HUD requirements.** HUD requirements which apply to the project-based voucher program. HUD requirements are issued by HUD headquarters, as regulations, Federal Register notices or other binding program directives.

**Owner.** Any person or entity who has the legal right to lease or sublease a unit to a participant.

**Premises.** The building or complex in which a contract unit is located, including common areas or grounds.

**Principal or interested party.** This term includes a management agent and other persons or entities participating in project management, and the officers and principal members, shareholders, investors, and other parties having a substantial interest in the HAP contract, or in any proceeds or benefits arising from the HAP contract.

**Program.** The project-based voucher program (see authorization for project-based assistance at 42 U.S.C. 1437f(o)(13)).

**PHA.** Public Housing Agency. The agency that has entered into the HAP contract with the owner. The agency is a public housing agency as defined in the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(6)).

**Proposal selection date.** The date the PHA gives written notice of proposal selection to the owner whose proposal is selected in accordance with the criteria established in the PHA's administrative plan.

**Rent to owner.** The total monthly rent payable to the owner under the lease for a contract unit. Rent to owner includes payment for any housing services, maintenance and utilities to be provided by the owner in accordance with the lease.

**Tenant.** The person or persons (other than a live-in aide) who executes the lease as a lessee of the dwelling unit.

**Tenant rent.** The portion of the rent to owner payable by the family, as determined by the PHA in accordance with HUD requirements. The PHA is not responsible for paying any part of the tenant rent.

### **3. PURPOSE**

- a. This is a HAP contract between the PHA and the owner.

- b. The purpose of the HAP contract is to provide housing assistance payments for eligible families who lease contract units that comply with the HUD HQS from the owner.
- c. The PHA must make housing assistance payments to the owner in accordance with the HAP contract for contract units leased and occupied by eligible families during the HAP contract term. HUD provides funds to the PHA to make housing assistance payments to owners for eligible families.

#### **4. RENT TO OWNER; HOUSING ASSISTANCE PAYMENTS**

##### **a. Amount of initial rent to owner**

The initial rent to owner for each contract unit is stated in Exhibit A, which is attached to and made a part of the HAP contract. At the beginning of the HAP contract term, and until rent to owner is adjusted in accordance with section 5 of the HAP contract, the rent to owner for each bedroom size (number of bedrooms) shall be the initial rent to owner amount listed in Exhibit A.

##### **b. HUD rent requirements**

Notwithstanding any other provision of the HAP contract, the rent to owner may in no event exceed the amount authorized in accordance with HUD requirements. The PHA has the right to reduce the rent to owner, at any time, to correct any errors in establishing or adjusting the rent to owner in accordance with HUD requirements. The PHA may recover any overpayment from the owner.

##### **c. PHA payment to owner**

1. Each month the PHA must make a housing assistance payment to the owner for a unit under lease to and occupied by an eligible family in accordance with the HAP contract.
2. The monthly housing assistance payment to the owner for a contract unit is equal to the amount by which the rent to owner exceeds the tenant rent.
3. Payment of the tenant rent is the responsibility of the family. The PHA is not responsible for paying any part of the tenant rent, or for paying any other claim by the owner against a family. The PHA is only responsible for making housing assistance payments to the owner on behalf of a family in accordance with the HAP contract.

4. The owner will be paid the housing assistance payment under the HAP contract on or about the first day of the month for which payment is due, unless the owner and the PHA agree on a later date.
5. To receive housing assistance payments in accordance with the HAP contract, the owner must comply with all the provisions of the HAP contract. Unless the owner complies with all the provisions of the HAP contract, the owner does not have a right to receive housing assistance payments.
6. If the PHA determines that the owner is not entitled to the payment or any part of it, the PHA, in addition to other remedies, may deduct the amount of the overpayment from any amounts due the owner, including amounts due under any other housing assistance payments contract.
7. The owner will notify the PHA promptly of any change of circumstances that would affect the amount of the monthly housing assistance payment, and will return any payment that does not conform to the changed circumstances.

**d. Termination of assistance for family**

The PHA may terminate housing assistance for a family under the HAP contract in accordance with HUD requirements. The PHA must notify the owner in writing of its decision to terminate housing assistance for the family in such case.

**5. ADJUSTMENT OF RENT TO OWNER**

**a. PHA determination of adjusted rent**

1. At each annual anniversary during the term of the HAP contract, the PHA shall adjust the amount of rent to owner, upon request to the PHA by the owner, in accordance with law and HUD requirements. In addition, the PHA shall adjust the rent to owner when there is a five percent or greater decrease in the published, applicable Fair Market Rent in accordance with 24 CFR 983.302.
2. The adjustment of rent to owner shall always be determined in accordance with all HUD requirements. The amount of the rent to owner may be adjusted up or down, in the amount defined by the PHA in accordance with HUD requirements.

**b. Reasonable rent**

The rent to owner for each contract unit, as adjusted by the PHA in accordance with 24 CFR 983.303, may at no time exceed the reasonable rent charged for comparable units in the private unassisted market. The reasonable rent shall be determined by the PHA in accordance with HUD requirements.

**c. No special adjustments**

The PHA will not make any special adjustments of the rent to owner.

**d. Owner compliance with HAP contract**

The PHA shall not approve, and the owner shall not receive, any increase of rent to owner unless all contract units are in accordance with the HQS, and the owner has complied with the terms of the assisted leases and the HAP contract.

**e. Notice of rent adjustment**

Rent to owner shall be adjusted by written notice by the PHA to the owner in accordance with this section. Such notice constitutes an amendment of the rents specified in Exhibit A.

See subsection f. below

**6. OWNER RESPONSIBILITY**

The owner is responsible for:

- a. Performing all management and rental functions for the contract units.
- b. Maintaining the units in accordance with HQS.
- c. Complying with equal opportunity requirements.
- d. Enforcing tenant obligations under the lease.
- e. Paying for utilities and housing services (unless paid by the family under the lease).
- f. Collecting from the tenant:

- 1. Any security deposit;

- 5.f. Pursuant to Section 2835(a)(1)(E) of the HERA, the PHA shall not reduce the rent of any contract unit below the initial rent specified in Exhibit "A" attached to this HAP contract.

Previous editions are obsolete

**Project-based Voucher Program  
HAP Contract for Existing Housing**

2. The tenant rent; and
3. Any charge for unit damage by the family.

## **7. OWNER CERTIFICATION**

The owner certifies that at all times during the term of the HAP contract:

- a. All contract units are in good and tenantable condition. The owner is maintaining the premises and all contract units in accordance with the HQS.
- b. The owner is providing all the services, maintenance and utilities as agreed to under the HAP contract and the leases with assisted families.
- c. Each contract unit for which the owner is receiving housing assistance payments is leased to an eligible family referred by the PHA, and the lease is in accordance with the HAP contract and HUD requirements.
- d. To the best of the owner's knowledge, the members of the family reside in each contract unit for which the owner is receiving housing assistance payments, and the unit is the family's only residence.
- e. The owner (including a principal or other interested party) is not the parent, child, grandparent, grandchild, sister, or brother of any member of a family residing in a contract unit.
- f. The amount of the housing assistance payment is the correct amount due under the HAP contract.
- g. The rent to owner for each contract unit does not exceed rents charged by the owner for other comparable unassisted units.
- h. Except for the housing assistance payment and the tenant rent as provided under the HAP contract, the owner has not received and will not receive any payments or other consideration (from the family, the PHA, HUD, or any other public or private source) for rental of the contract unit.
- i. The family does not own, or have any interest in the contract unit. If the owner is a cooperative, the family may be a member of the cooperative.

## **8. CONDITION OF UNITS**

### **a. Owner maintenance and operation**

The owner must maintain and operate the contract units and premises to provide decent, safe and sanitary housing in accordance with the HQS, including performance of ordinary and extraordinary maintenance. The owner must provide all the services, maintenance and utilities set forth in Exhibits B and C, and in the lease with each assisted family.

### **b. PHA inspections**

1. The PHA must inspect each contract unit before execution of the HAP contract. The PHA may not enter into a HAP contract covering a unit until the unit fully complies with the HQS.
2. Before providing assistance to a new family in a contract unit, the PHA must inspect the unit. The PHA may not provide assistance on behalf of the family until the unit fully complies with the HQS.
3. At least annually during the term of the HAP contract, the PHA must inspect a random sample, consisting of at least 20 percent of the contract units in each building, to determine if the contract units and the premises are maintained in accordance with the HQS. Turnover inspections pursuant to paragraph 2 of this section are not counted towards meeting this annual inspection requirement.
4. If more than 20 percent of the annual sample of inspected contract units in a building fail the initial inspection, the PHA must reinspect 100 percent of the contract units in the building.
5. The PHA must inspect contract units whenever needed to determine that the contract units comply with the HQS and that the owner is providing maintenance, utilities, and other services in accordance with the HAP contract. The PHA must take into account complaints and any other information that comes to its attention in scheduling inspections.

### **c. Violation of the housing quality standards**

1. If the PHA determines a contract unit is not in accordance with the HQS, the PHA may exercise any of its remedies under the HAP contract for all



or any contract units. Such remedies include termination, suspension or reduction of housing assistance payments, and termination of the HAP contract.

2. The PHA may exercise any such contractual remedy respecting a contract unit even if the family continues to occupy the unit.
3. The PHA shall not make any housing assistance for a dwelling unit that fails to meet the HQS, unless the owner corrects the defect within the period specified by the PHA and the PHA verifies the correction. If a defect is life threatening, the owner must correct the defect within no more than 24 hours. For other defects, the owner must correct the defect within no more than 30 calendar days (or any PHA-approved extension).

**d. Maintenance and replacement—owner's standard practice**

Maintenance and replacement (including redecoration) must be in accordance with the standard practice for the building concerned as established by the owner.

**9. LEASING CONTRACT UNITS**

**a. Selection of tenants**

1. During the term of the HAP contract, the owner must lease all contract units to eligible families selected and referred by the PHA from the PHA waiting list. (See 24 CFR 983.251.)
2. The owner is responsible for adopting written tenant selection procedures that are consistent with the purpose of improving housing opportunities for very low-income families and reasonably related to program eligibility and an applicant's ability to perform the lease obligations.
3. Consistent with HUD requirements, the owner may apply its own admission procedures in determining whether to admit a family referred by the PHA for occupancy of a contract unit. The owner may refer families to the PHA, and recommend selection of such families from the PHA waiting list for occupancy of vacant units.
4. The owner must promptly notify in writing any rejected applicant of the grounds for rejection.
5. The PHA must determine family eligibility in accordance with HUD

requirements.

6. The contract unit leased to each family must be appropriate for the size of the family under the PHA's subsidy standards.
7. If a contract unit was occupied by an eligible family at the time the unit was selected by the PHA, or is so occupied on the effective date of the HAP contract, the owner must offer the family the opportunity to lease the same or another appropriately-sized contract unit with assistance under the HAP contract.
8. The owner is responsible for screening and selecting tenants from the families referred by the PHA from its waiting list.

**b. Vacancies**

1. The owner must promptly notify the PHA of any vacancy in a contract unit. After receiving the owner notice, the PHA shall make every reasonable effort to refer a sufficient number of families for owner to fill the vacancy.
2. The owner must rent vacant contract units to eligible families on the PHA waiting list referred by the PHA.
3. The PHA and the owner must make reasonable good faith efforts to minimize the likelihood and length of any vacancy.
4. If any contract units have been vacant for a period of 120 or more days since owner notice of vacancy (and notwithstanding the reasonable good faith efforts of the PHA to fill such vacancies), the PHA may give notice to the owner amending the HAP contract to reduce the number of contract units by subtracting the number of contract units (by number of bedrooms) that have been vacant for such period.

**10. TENANCY**

**a. Lease**

The lease between the owner and each assisted family must be in accordance with HUD requirements. In all cases, the lease must include the HUD-required tenancy addendum. The tenancy addendum must include, word-for-word, all provisions required by HUD.

**b. Termination of tenancy**

1. The owner may only terminate a tenancy in accordance with the lease and HUD requirements.
2. The owner must give the PHA a copy of any owner eviction notice to the tenant at the same time that the owner gives notice to the tenant. Owner eviction notice means a notice to vacate, or a complaint or other initial pleading used to commence an eviction action under State or local law.

**c. Family payment**

1. The portion of the monthly rent to owner payable by the family ("tenant rent") will be determined by the PHA in accordance with HUD requirements. The amount of the tenant rent is subject to change during the term of the HAP contract. Any changes in the amount of the tenant rent will be effective on the date stated in a notice by the PHA to the family and the owner.
2. The amount of the tenant rent as determined by the PHA is the maximum amount the owner may charge the family for rent of a contract unit, including all housing services, maintenance and utilities to be provided by the owner in accordance with the HAP contract and the lease.
3. The owner may not demand or accept any rent payment from the tenant in excess of the tenant rent as determined by the PHA. The owner must immediately return any excess rent payment to the tenant.
4. The family is not responsible for payment of the portion of the contract rent covered by the housing assistance payment under the HAP contract. The owner may not terminate the tenancy of an assisted family for nonpayment of the PHA housing assistance payment.
5. The PHA is only responsible for making the housing assistance payments to the owner on behalf of the family in accordance with the HAP contract. The PHA is not responsible for paying the tenant rent, or any other claim by the owner.

**d. Other owner charges**

1. Except as provided in paragraph 2, the owner may not require the tenant or

family members to pay charges for meals or supportive services. Nonpayment of such charges is not grounds for termination of tenancy.

2. In assisted living developments receiving project-based voucher assistance, owners may charge tenants, family members, or both for meals or supportive services. These charges may not be included in the rent to owner, nor may the value of meals and supportive services be included in the calculation of reasonable rent. Non-payment of such charges is grounds for termination of the lease by the owner in an assisted living development.
3. The owner may not charge the tenant or family members extra amounts for items customarily included in rent in the locality or provided at no additional cost to the unsubsidized tenant in the premises.

**e. Security deposit**

1. The owner may collect a security deposit from the family.
2. The owner must comply with HUD and PHA requirements, which may change from time to time, regarding security deposits from a tenant.
3. The PHA may prohibit security deposits in excess of private market practice, or in excess of amounts charged by the owner to unassisted families.
4. When the family moves out of the contract unit, the owner, subject to State and local law, may use the security deposit, including any interest on the deposit, in accordance with the lease, as reimbursement for any unpaid tenant rent, damages to the unit or other amounts which the family owes under the lease. The owner must give the family a written list of all items charged against the security deposit and the amount of each item. After deducting the amount used as reimbursement to the owner, the owner must promptly refund the full amount of the balance to the family.
5. If the security deposit is not sufficient to cover amounts the family owes under the lease, the owner may seek to collect the balance from the family. However, the PHA has no liability or responsibility for payment of any amount owed by the family to the owner.

## **11. FAMILY RIGHT TO MOVE**

- a. The family may terminate its lease at any time after the first year of occupancy. The family must give the owner advance written notice of intent to vacate (with a copy to the PHA) in accordance with the lease. If the family has elected to terminate the lease in this manner, the PHA must offer the family the opportunity for tenant-based rental assistance in accordance with HUD requirements.
- b. Before providing notice to terminate the lease under paragraph a, the family must first contact the PHA to request tenant-based rental assistance if the family wishes to move with continued assistance. If tenant-based rental assistance is not immediately available upon lease termination, the PHA shall give the family priority to receive the next available opportunity for tenant-based rental assistance.

## **12. OVERCROWDED, UNDER-OCCUPIED, AND ACCESSIBLE UNITS**

The PHA subsidy standards determine the appropriate unit size for the family size and composition. The PHA and owner must comply with the requirements in 24 CFR 983.259.

## **13. PROHIBITION OF DISCRIMINATION**

- a. The owner may not refuse to lease contract units to, or otherwise discriminate against any person or family in leasing of a contract unit, because of race, color, religion, sex, national origin, disability, age or familial status.
- b. The owner must comply with the following requirements: The Fair Housing Act (42 U.S.C. 3601-19) and implementing regulations at 24 CFR part 100 *et seq.* ; Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1959-1963 Comp., p. 652 and 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing Programs) and implementing regulations at 24 CFR part 107; title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4) (Nondiscrimination in Federally Assisted Programs) and implementing regulations at 24 CFR part 1; the Age Discrimination Act of 1975 (42 U.S.C. 6101-6107) and implementing regulations at 24 CFR part 146; section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at part 8 of this title; title II of the Americans with Disabilities Act, 42 U.S.C. 12101 *et seq.* ; 24 CFR part 8; section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 CFR part 135; Executive Order 11246, as

amended by Executive Orders 11375, 11478, 12086, and 12107 (3 CFR, 1964–1965 Comp., p. 339; 3 CFR, 1966–1970 Comp., p. 684; 3 CFR, 1966–1970 Comp., p. 803; 3 CFR, 1978 Comp., p. 230; and 3 CFR, 1978 Comp., p. 264, respectively) (Equal Employment Opportunity Programs) and implementing regulations at 41 CFR chapter 60; Executive Order 11625, as amended by Executive Order 12007 (3 CFR, 1971–1975 Comp., p. 616 and 3 CFR, 1977 Comp., p. 139) (Minority Business Enterprises); Executive Order 12432 (3 CFR, 1983 Comp., p. 198) (Minority Business Enterprise Development); and Executive Order 12138, as amended by Executive Order 12608 (3 CFR, 1977 Comp., p. 393 and 3 CFR, 1987 Comp., p. 245) (Women's Business Enterprise).

- c. The PHA and the owner must cooperate with HUD in the conducting of compliance reviews and complaint investigations pursuant to all applicable civil rights statutes, Executive Orders, and all related rules and regulations.

#### **14. PHA DEFAULT AND HUD REMEDIES**

If HUD determines that the PHA has failed to comply with the HAP contract, or has failed to take appropriate action to HUD's satisfaction or as directed by HUD, for enforcement of the PHA's rights under the HAP contract, HUD may assume the PHA's rights and obligations under the HAP contract, and may perform the obligations and enforce the rights of the PHA under the HAP contract.

#### **15. OWNER DEFAULT AND PHA REMEDIES**

##### **a. Owner default**

Any of the following is a default by the owner under the HAP contract:

1. The owner has failed to comply with any obligation under the HAP contract, including the owner's obligations to maintain all contract units in accordance with the housing quality standards.
2. The owner has violated any obligation under any other housing assistance payments contract under Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).
3. The owner has committed any fraud or made any false statement to the PHA or HUD in connection with the HAP contract.
4. The owner has committed fraud, bribery or any other corrupt or criminal act in connection with any Federal housing assistance program.

5. If the property where the contract units are located is subject to a lien or security interest securing a HUD loan or a mortgage insured by HUD and:
  - A. The owner has failed to comply with the regulations for the applicable mortgage insurance or loan program, with the mortgage or mortgage note, or with the regulatory agreement; or
  - B. The owner has committed fraud, bribery or any other corrupt or criminal act in connection with the HUD loan or HUD-insured mortgage.
6. The owner has engaged in any drug-related criminal activity or any violent criminal activity.

**b. PHA remedies**

1. If the PHA determines that a breach has occurred, the PHA may exercise any of its rights or remedies under the HAP contract.
2. The PHA must notify the owner in writing of such determination. The notice by the PHA to the owner may require the owner to take corrective action (as verified by the PHA) by a time prescribed in the notice.
3. The PHA's rights and remedies under the HAP contract include recovery of overpayments, termination or reduction of housing assistance payments, and termination of the HAP contract.

**c. PHA remedy is not waived**

The PHA's exercise or non-exercise of any remedy for owner breach of the HAP contract is not a waiver of the right to exercise that remedy or any other right or remedy at any time.

**16. OWNER DUTY TO PROVIDE INFORMATION AND ACCESS  
REQUIRED BY HUD OR PHA**

**a. Required information**

The owner must prepare and furnish any information pertinent to the HAP contract as may reasonably be required from time to time by the PHA or HUD. The owner shall furnish such information in the form and manner required by the

PHA or HUD.

**b. PHA and HUD access to premises**

The owner must permit the PHA or HUD or any of their authorized representatives to have access to the premises during normal business hours and, for the purpose of audit and examination, to have access to any books, documents, papers and records of the owner to the extent necessary to determine compliance with the HAP contract, including the verification of information pertinent to the housing assistance payments or the HAP contract.

**17. PHA AND OWNER RELATION TO THIRD PARTIES**

**a. Injury because of owner action or failure to act**

The PHA has no responsibility for or liability to any person injured as a result of the owner's action or failure to act in connection with the implementation of the HAP contract, or as a result of any other action or failure to act by the owner.

**b. Legal relationship**

The owner is not the agent of the PHA. The HAP contract does not create or affect any relationship between the PHA and any lender to the owner or any suppliers, employees, contractors or subcontractors used by the owner in connection with the implementation of the HAP contract.

**c. Exclusion of third party claims**

Nothing in the HAP contract shall be construed as creating any right of a family or other third party (other than HUD) to enforce any provision of the HAP contract, or to assert any claim against HUD, the PHA or the owner under the HAP contract.

**d. Exclusion of owner claims against HUD**

Nothing in the HAP contract shall be construed as creating any right of the owner to assert any claim against HUD.



## **18. PHA-OWNED UNITS**

Notwithstanding Section 17 of this HAP contract, a PHA may own units assisted under the project-based voucher program, subject to the special requirements in 24 CFR 983.59 regarding PHA-owned units.

## **19. CONFLICT OF INTEREST**

### **a. Interest of members, officers, or employees of PHA, members of local governing body, or other public officials**

1. No present or former member or officer of the PHA (except tenant-commissioners), no employee of the PHA who formulates policy or influences decisions with respect to the housing choice voucher program or project-based voucher program, and no public official or member of a governing body or State or local legislator who exercises functions or responsibilities with respect to these programs, shall have any direct or indirect interest, during his or her tenure or for one year thereafter, or in the HAP contract.
2. HUD may waive this provision for good cause.

### **b. Disclosure**

The owner has disclosed to the PHA any interest that would be a violation of the HAP contract. The owner must fully and promptly update such disclosures.

### **c. Interest of member of or delegate to Congress**

No member of or delegate to the Congress of the United States of America or resident-commissioner shall be admitted to any share or part of this HAP Contract or to any benefits arising from the contract.

## **20. EXCLUSION FROM FEDERAL PROGRAMS**

### **a. Federal requirements**

The owner must comply with and is subject to requirements of 24 CFR part 2424.

### **b. Disclosure**

The owner certifies that:

1. The owner has disclosed to the PHA the identity of the owner and any principal or interested party.
2. Neither the owner nor any principal or interested party is listed on the U.S. General Services Administration list of parties excluded from Federal procurement and nonprocurement programs; and none of such parties are debarred, suspended, subject to a limited denial of participation or otherwise excluded under 2 CFR part 2424.

**21. TRANSFER OF THE CONTRACT OR PROPERTY**

**a. When consent is required**

1. The owner agrees that neither the HAP contract nor the property may be transferred without the advance written consent of the PHA in accordance with HUD requirements.
2. "Transfer" includes:
  - A. Any sale or assignment or other transfer of ownership, in any form, of the HAP contract or the property;
  - B. The transfer of any right to receive housing assistance payments that may be payable pursuant to the HAP contract;
  - C. The creation of a security interest in the HAP contract or the property;
  - D. Foreclosure or other execution on a security interest; or
  - E. A creditor's lien, or transfer in bankruptcy.
3. If the owner is a corporation, partnership, trust or joint venture, the owner is not required to obtain advance consent of the PHA pursuant to paragraph a for transfer of a passive and non-controlling interest in the ownership entity (such as a stock transfer or transfer of the interest of a limited partner), if any interests so transferred cumulatively represent less than half the beneficial interest in the HAP contract or the property. The owner must obtain advance consent pursuant to paragraph a for transfer of any interest of a general partner.

**b Transferee assumption of HAP contract**

No transferee (including the holder of a security interest, the security holder's transferee or successor in interest, or the transferee upon exercise of a security interest) shall have any right to receive any payment of housing assistance payments pursuant to the HAP contract, or to exercise any rights or remedies under the HAP contract, unless the PHA has consented in advance, in writing to such transfer, and the transferee has agreed in writing, in a form acceptable to the PHA in accordance with HUD requirements, to assume the obligations of the owner under the HAP contract, and to comply with all the terms of the HAP contract.

**c. Effect of consent to transfer**

1. The creation or transfer of any security interest in the HAP contract is limited to amounts payable under the HAP contract in accordance with the terms of the HAP contract.
2. The PHA's consent to transfer of the HAP contract or the property does not change the terms of the HAP contract in any way, and does not change the rights or obligations of the PHA or the owner under the HAP contract.
3. The PHA's consent to transfer of the HAP contract or the property to any transferee does not constitute consent to any further transfers of the HAP contract or the property, including further transfers to any successors or assigns of an approved transferee.

**d. When transfer is prohibited**

The PHA will not consent to the transfer if any transferee, or any principal or interested party is debarred, suspended subject to a limited denial of participation, or otherwise excluded under 2 CFR part 2424, or is listed on the U.S. General Services Administration list of parties excluded from Federal procurement or nonprocurement programs.

**22. SUBSIDY LAYERING**

A subsidy layering review is not required for existing housing projects.

### **23. OWNER LOBBYING CERTIFICATIONS**

- a. The owner certifies, to the best of owner's knowledge and belief, that:
  1. No Federally appropriated funds have been paid or will be paid, by or on behalf of the owner, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of the HAP contract, or the extension, continuation, renewal, amendment, or modification of the HAP contract.
  2. If any funds other than Federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the HAP contract, the owner must complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- b. This certification by the owner is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352.

### **24. TERMINATION OF HAP CONTRACT FOR WRONGFUL SELECTION OF CONTRACT UNITS**

The HAP contract may be terminated upon at least 30 days notice to the owner by the PHA or HUD if the PHA or HUD determines that the contract units were not eligible for selection in conformity with HUD requirements.

### **25. NOTICES AND OWNER CERTIFICATIONS**

- a. Where the owner is required to give any notice to the PHA pursuant to the HAP contract or any other provision of law, such notice must be in writing and must be given in the form and manner required by the PHA.
- b. Any certification or warranty by the owner pursuant to the HAP contract shall be deemed a material representation of fact upon which reliance was placed when this transaction was made or entered into.

**26. ENTIRE AGREEMENT; INTERPRETATION**

- a. The HAP contract, including the exhibits, is the entire agreement between the PHA and the owner.
- b. The HAP contract must be interpreted and implemented in accordance with all statutory requirements, and with all HUD requirements, including amendments or changes in HUD requirements during the term of the HAP contract. The owner agrees to comply with all such laws and HUD requirements.

## EXHIBIT A: UNIT INFORMATION

The project site ("Grove Park") encompasses thirteen (13) separate multi-family apartment complexes each comprised of 8 apartment units (for a total of 104 units) with only a portion of the units being set aside for the HAP Agreement. Units range in bedroom counts from 1- to 3- bedrooms. The overall unit mix is (72) one bedroom units, (16) two-bedroom units, and (16) three-bedroom units.

Property addresses for the 13 residential buildings are as follows:

- 1) 12622 Keel Avenue Garden Grove, CA 92843
- 2) 12632 Keel Avenue Garden Grove, CA 92843
- 3) 12652 Keel Avenue Garden Grove, CA 92843
- 4) 12662 Keel Avenue Garden Grove, CA 92843
- 5) 12682 Keel Avenue Garden Grove, CA 92843
- 6) 12631 Morningside Avenue Garden Grove, CA 92843
- 7) 12651 Morningside Avenue Garden Grove, CA 92843
- 8) 12661 Morningside Avenue Garden Grove, CA 92843
- 9) 12572 Morningside Avenue Garden Grove, CA 92843
- 10) 12602 Morningside Avenue Garden Grove, CA 92843
- 11) 12612 Morningside Avenue Garden Grove, CA 92843
- 12) 12682 Morningside Avenue Garden Grove, CA 92843
- 13) 12692 Morningside Avenue Garden Grove, CA 92843

52 units ("contract units"), 50% of total project units, will be covered by the HAP Agreement and will be located within the thirteen separate buildings that comprise the project site. Please refer to the table below for a breakdown of contract units by size, number of bedrooms/bathrooms, and square footage.

Number of Units	Unit Type	Number of Bathrooms	Unit Square Footage
36	1-Bedroom	1	465-551
8	2-Bedroom	1	784
8	3-Bedroom	2	975

Initial contract rents to be charged upon rehab completion are as follows:

Initial Contract Rents*	
# Bedrooms	Section 8 Rent
One Bedroom	\$1,000
Two Bedroom	\$1,200
Three Bedroom	\$1,500

\*Pursuant to Section 2835(h)(1)(E) of the 2008 Housing Economic Recovery Act, the PHA shall not reduce the rent of any contract unit below the initial rent specified in this Exhibit.

## **EXHIBIT B: RESIDENT SERVICES, MAINTENANCE, EQUIPMENT**

The proposed Resident Services to be made available free of charge to residents at Grove Park will be selected from a group of services that address daily living concerns such as job skills training, parenting, health screenings/education, and English as a second language. Other potential services will include after school programs and computer literacy programs. The specific services will be identified following a resident needs assessment that will be conducted following the acquisition of the property. It is expected that members of the households will be participating in these services for the term of the HAP contract.

All contract units will be equipped with electric stoves, range hoods, refrigerators, and window coverings.

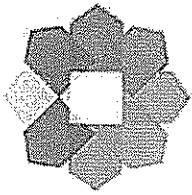


## **EXHIBIT C: UTILITIES, TENANT & OWNER PAYMENT**

Site utilities include: sanitary/storm sewer maintained by the City of Garden Grove/County of Orange (costs will be paid by Owner); Domestic water provided by the City of Garden Grove (costs will be paid by Owner); Natural Gas Service provided by The Gas Company (costs to be paid by Owner); and Electric Service provided by Southern California Edison (to be paid by residents).

## **EXHIBIT D: PROGRAM FEATURES TO COMPLY WITH SECTION 504 OF THE REHABILITATION ACT OF 1973**

The implementation of the acquisition/rehabilitation, lease up, and operation of the Grove Park project will be carried out in a manner that does not violate the provisions of Section 504 of the Rehabilitation Act of 1973. Policies included in our resident selection criteria and resident leases will ensure that no individual with a disability is discriminated against.



# Jamboree

## EXHIBIT E: JAMBOREE LETTER RE EFFECTIVE DATE

November 24, 2009

City of Garden Grove  
Attention: City Manager  
11222 Acacia Parkway  
Garden Grove, CA

To Whom It May Concern:

Grove Park, L.P. acknowledges and agrees that the effectiveness of the Housing Assistance Payments Contract-Existing Housing ("HAP") for the Grove Park Apartments is subject to and conditioned upon Grove Park, L.P. acquiring fee title to the Grove Park Apartments as more particularly described therein. Should Grove Park, L.P. not acquire fee title to the property, the HAP shall terminate and be of no further force or effect.

Grove Park, L.P.  
a California limited partnership

By: JHC-Grove Park LLC  
a California limited liability company  
Its: Managing General Partner

By: Jamboree Housing Corporation  
a California nonprofit public benefit corporation  
Its: Manager

By: 

Name: Laura Archuleta

Title: President